ANCOM LOGISTICS BERHAD

(Company No. 6614-W)
Incorporated in Malaysia

TOGETHER
WE CAN MAKE A DIFFERENCE

ANNUAL REPORT 2016

COVER RATIONALE

We create values for our customers by consistently providing exceptional service. A passion for logistics and entrepreneurial spirit permeate everything we do, driving process excellence and supporting our ambition to be viewed as the ultimate logistics professionals, integrity and respect are fundamental principles which infuse all our business relationships. Our constant focus is delivering results for customers and investors alike.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' (Dr) Siew Ka Wei
(Executive Vice Chairman)

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

Safrizal bin Mohd Said
(Independent Non-Executive Director)

Lim Hock Chye
(Independent Non-Executive Director)

Edmond Cheah Swee Leng
(Independent Non-Executive Director)

AUDIT COMMITTEE

Safrizal bin Mohd Said *(Chairman)*
Abdul Latif bin Mahamud
Lim Hock Chye

REMUNERATION & NOMINATION COMMITTEE

Lim Hock Chye *(Chairman)*
Dato' Abdul Latif bin Abdullah
Abdul Latif bin Mahamud
Safrizal bin Mohd Said

COMPANY SECRETARY

Stephen Geh Sim Whye

REGISTERED OFFICE

Unit C508, Block C, Kelana Square
Jalan SS 7/26, 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, Sek13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Office:
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : (603) 2783 9299
Fax : (603) 2783 9222

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

AUDITORS

BDO
Chartered Accountants

STOCK EXCHANGE LISTING

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

PRINCIPAL BANKER

OCBC Bank (Malaysia) Berhad

SOLICITOR

Shearn Delamore & Co

DOMICILE

Malaysia

FIVE-YEAR HIGHLIGHTS

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Sales	**32,366**	32,253	49,729	61,463	62,069
(Loss)/Profit before tax	**(286)**	758	14,939	2,761	5,132
(Loss)/Profit after tax	**(309)**	(453)	13,923	1,779	3,415
Effective percentage rate of tax - %	**>100**	>100	6.8	35.6	33.5
Net (loss)/profit attributable to shareholders of the Company	**(1,654)**	(1,540)	13,596	628	2,363
Assets Employed					
Property, plant and equipment	**29,988**	34,003	37,715	68,389	73,217
Investments	**1,802**	1,802	1,802	2,802	2,802
Other non-current assets	**-**	30	162	472	543
Current assets	**25,536**	24,226	41,301	24,223	23,285
Total assets	**57,326**	60,061	80,980	95,886	99,847
Financed by					
Share capital	**23,664**	23,664	47,329	47,329	47,329
Reserves	**8,526**	8,526	14,940	15,038	17,660
Accumulated losses	**(3,211)**	(1,557)	(11,164)	(5,829)	(6,518)
Shareholders' funds	**28,979**	30,633	51,105	56,538	58,471
Non-controlling interests	**14,670**	14,795	13,708	13,381	12,777
Total shareholders' fund and non-controlling interests	**43,649**	45,428	64,813	69,919	71,248
Non-current liabilities	**5,768**	6,511	7,099	9,761	10,882
Current liabilities	**7,909**	8,122	9,068	16,206	17,717
Total funds employed	**57,326**	60,061	80,980	95,886	99,847
Shareholders' Interests					
(Loss)/Earnings per share - sen	**(0.35)**	(0.33)	2.87	0.13	0.50
Gross dividend per share - sen	**-**	-	4.00	0.50	2.00
Net assets attributable to shareholders per share - sen	**6.12**	6.47	10.80	11.95	12.35
Depreciation	**4,463**	4,695	6,269	6,951	6,925
Interest expense	**101**	138	325	517	598

LIST OF PRINCIPAL OFFICES

ANCOM LOGISTICS BERHAD

No. 2A, Jalan 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

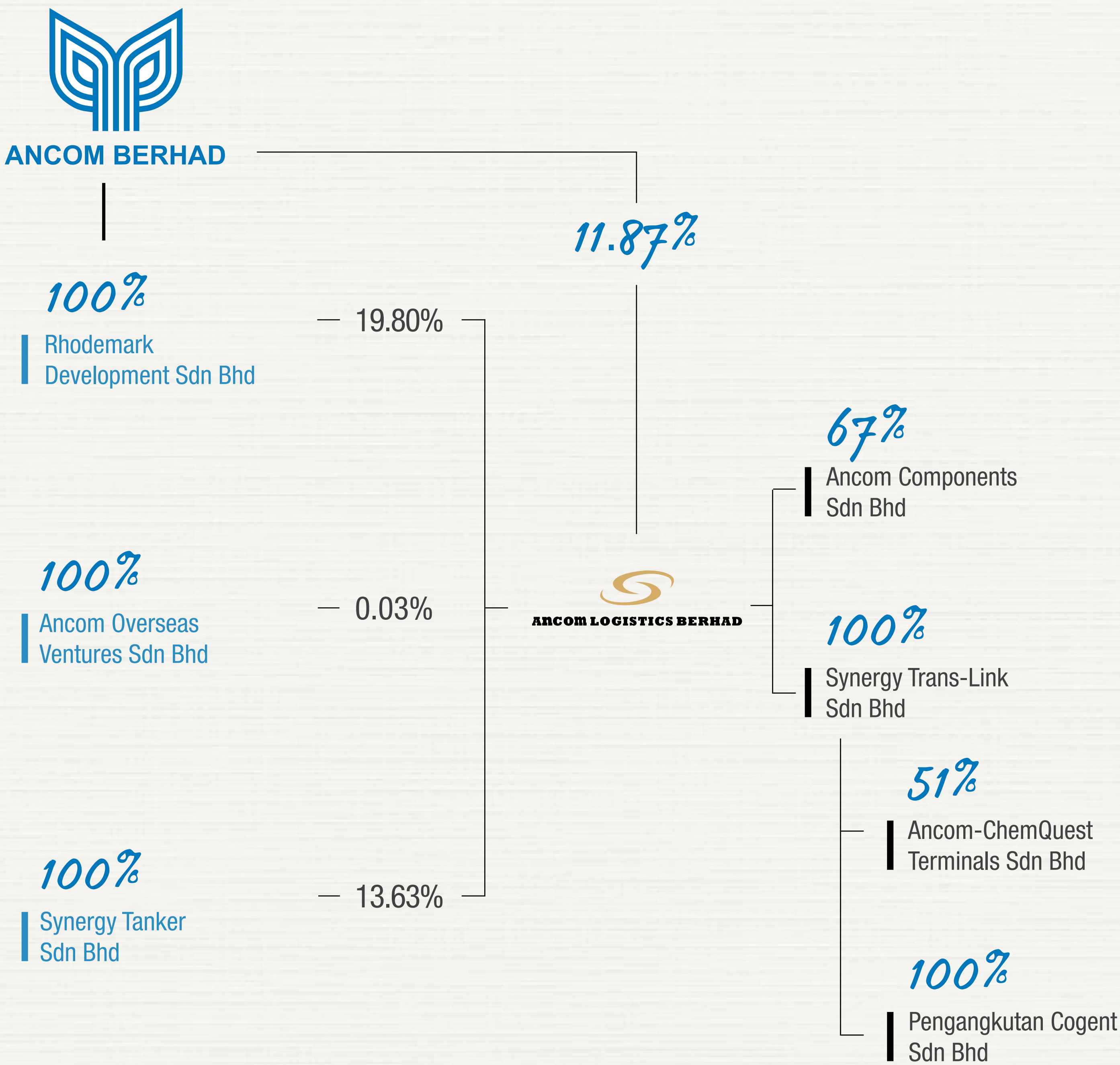
7, Jalan Empat
Off Jalan Chan Sow Lin
57100 Kuala Lumpur
Malaysia
Tel : (603) 9223 0288 / 0289
Fax : (603) 9223 7388

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 2016



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

DATO' ABDUL LATIF BIN ABDULLAH

Independent Non-Executive Chairman

Malaysian

AGE 66

Dato' Latif was appointed as Chairman of the Company on 20 August 2004. He was re-designated as Executive Chairman on 1 December 2004 and later as Non-Independent Non-Executive Chairman on 1 June 2006 and on 15 August 2014, as Independent Non-Executive Chairman of the Company. 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 started his career in 1975 with the Ministry of Foreign Affairs as Attachment Officer of the West Asian Desk. He later joined Malaysian International Shipping Corporation Berhad ("MISC") as a Management Trainee and was subsequently promoted to Assistant Manager, Liner Division. 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 of and heading 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 after his retirement in 2005.

He was previously a Public Interest Director in Bursa Malaysia Berhad; Executive Chairman of Realmild (M) Sdn Bhd and Chairman of Radicare (M) Sdn Bhd; Labuan Shipyard & Engineering Sdn Bhd; Penang Port Sdn Bhd, International Shipowners' Association of Malaysia, Amanah Raya Asian Finance Islamic Marine Fund and Vice-Chairman of the Malaysian Shipowners' Association.

Presently, Dato' Latif is the Chairman of Efficient E-Solutions Berhad and the Deputy Chairman of Ekowood International Berhad.

DATO' (DR) SIEW KA WEI

Executive Vice Chairman

Malaysian

AGE 60

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 respectively.

Qualified with a Bachelor of Science (Hons) degree in Chemical Engineering and a Master of Science degree in Operational Research from the Imperial College London, United Kingdom, Dato' Siew has extensive working experience in the field of petrochemicals locally and internationally for more than 30 years.

Dato' Siew was the Chairman of the Malaysian Chapter of the Young Presidents Organisation ("YPO"), an international grouping of more than 25,000 chief executive officers and leaders of major companies and organisations over the world. He was a director of the International Board of Directors of YPO from 2000 to 2003 during which he was the Chairman of YPO's Global Leadership Congress in Beijing, China. In April 2013, Dato' Siew was conferred an honorary degree in Doctor of Business Administration *honoris causa* by HELP University, 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. He is currently the President of the Imperial College Alumni Association of Malaysia and a Governor of the Board of Governors for Malborough College of Malaysia.

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.

ABDUL LATIF BIN MAHAMUD

Non-Independent Non-Executive Director

Malaysian

AGE 59

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 was the Managing Director of Ancom Berhad's Agricultural Chemicals division until his retirement in 2014.

Abdul Latif is currently a member of the Audit Committee and R&N Committee of the Company.

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

SAFRIZAL BIN MOHD SAID

Independent Non-Executive Director

Malaysian

AGE 50

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.

EDMOND CHEAH SWEE LENG

Independent Non-Executive Director

Malaysian

AGE 62

Edmond joined the Board on 31 December 2011.

A Chartered Accountant by profession, he is a member of the Malaysian Institute of Accountants and Association of Chartered Accountants, England & Wales as well as a Certified Financial Planner.

Edmond's career started with a professional accounting firm in London where he was an Audit Manager. He was later the Manager in charge of portfolio investment in a merchant bank in Malaysia and subsequently in charge of the corporate planning and investment division in a public listed company in Malaysia.

He was the Chief Executive Officer / Executive Director and a member of the Investment Committee of Public Mutual Berhad. He was a former Task Force member on Islamic Finance for Labuan International Offshore Financial Centre ("LOFSA"), a former council member and Chairman of the Secretariat of the Federation of Investment Managers Malaysia ("FIMM") and a former member on the Securities Market Consultation Panel of Bursa Malaysia Securities Berhad. Edmond is a founder member and a past President of the Financial Planning Association of Malaysia and a Treasurer of the Society for the Prevention of Cruelty to Animals ("SPCA").

Edmond is currently a director of Ancom Berhad and Nylex (Malaysia) Berhad. He is also the Chairman of Adventa Berhad as well as an Investment Committee Member and a Director of Manulife Asset Management Services Berhad.

LIM HOCK CHYE

Independent Non-Executive Director

Malaysian

AGE 61

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.

Hock Chye graduated 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 in Malaysia. Prior to that, he was a Deputy Editor with the Star Newspaper, where he wrote for the Business Section.

A former panel speaker for Bursatra Sdn Bhd on Continuing Education Programmes for public listed company directors, Hock Chye has been the Group Director of Strategic Planning & Corporate Affairs, HELP International Corporation Berhad since April 2008.

Currently, Hock Chye is a director of Ancom Berhad and Nylex (Malaysia) Berhad.

NOTES:

1. There are no family relationship amongst the Directors and/or major shareholders of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.
3. Other than traffic offences (if any), none of the Director has been convicted of any offence within the past five (5) years and there is no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. Please refer to *Statement on Corporate Governance* of this Annual Report for the Directors' meeting attendance records.
5. Please refer to *Directors' Report* of this Annual Report for the Directors' securities holdings in the Company and its related corporations.

KEY SENIOR MANAGEMENT PROFILE

DATO' (DR) SIEW KA WEI

Executive Vice Chairman
Age 60, Male, Malaysian

Details of Dato' (Dr) Siew Ka Wei are disclosed in the Director's profile on page 7 of this Annual Report.

LIM CHANG MENG

Chief Financial Officer
Age 44, Male, Malaysian

Chang Meng began his career as an Auditor with a Big Four firm in 1992 until 2000. He was the Audit Manager before leaving the firm. He subsequently joined a construction company and later in a stockbroking company as Finance Manager.

He joined Tamco Corporate Holdings Berhad (former name of the Company) in 2005 as the Corporate Accounting Manager. Chang Meng also served as the Head of Corporate Finance at Ancom Berhad in 2010. In 2011, he was promoted as the Company's Chief Financial Officer, overseeing the financial matters in the Group. He was appointed as the Chief Financial Officer of Ancom Berhad in July 2014.

Chang Meng is a member of the Malaysian Institute of Accountants (MIA).

He has no directorship in public listed companies and listed issuers.

CHOO SE ENG

Company Secretary
Age 55, Male, Malaysian
(Resigned on 12 August 2016)

Se Eng started his career as an Auditor in one of the Big Four firms in Malaysia in 1981 and qualified as a Chartered Accountant in 1988. During this period, he gained valuable working knowledge in accounting, taxation and secretarial practices.

Se Eng has worked in a merchant bank in the corporate finance division for 2 years and was with a public listed company as its Corporate Finance Manager for 4 years before joining Ancom in 1995 as its Senior Manager, Corporate Planning. He assumed the role of Company Secretary of Ancom in 1996 until his resignation in August 2016.

He was appointed the Joint Company Secretary of the Company when Ancom became its holding company in 1999.

Se Eng is a member of the Malaysian Institute of Certified Public Accountant (MICPA) and Malaysian Institute of Accountants (MIA).

Se Eng has no directorship in public listed companies and listed issuers.

BON KOK MENG

Division Head - Logistics
Age 53, Male, Malaysian

Kok Meng was appointed as the Managing Director of Pengangkutan Cogent Sdn Bhd and Ancom-ChemQuest Terminal Sdn Bhd (subsidiaries of the Company) and Executive Director of NYL Logistics Sdn Bhd (a subsidiary of Nylex (Malaysia) Berhad) in June 2016.

Prior to this, he was the Managing Director for Yick Loong Transport group of companies for more than 20 years.

Kok Meng holds a Master Degree in Business Administration from the University of Warwick, UK.

He has no directorship in public listed companies and listed issuers.

MOHD YUSOF BIN MUHAMAD DON

General Manager – Ancom Logistics Berhad
Age 50, Male, Malaysian

Mohd Yusof was appointed as the General Manager of the Company in February 2015. Prior to this position, he was a Senior Manager/Director of Hayara Sdn Bhd and Hayana Sdn Bhd, both based in Penang, from 2013 to 2015. Before that, he has held various senior managerial positons with Soi Yong Berhad and Koperasi Usaha Bersatu (M) Berhad.

Mohd Yusof holds a Bachelor Degree in Industrial Engineering from University of Alabama, Tuscaloosa, Alabama, USA.

He has no directorship in public listed companies and listed issuers.

CHEE HUN LEONG

General Manager – Ancom-ChemQuest Terminals Sdn Bhd
Age 62, Male, Malaysian

Hun Leong was appointed as General Manager of Ancom-ChemQuest Terminals Sdn Bhd (a subsidiary of the Company) in January 2013.

He has more than 30 years of experience in the bulk chemical business, specialising in chemical marketing, logistics and safety, having involved in the business since 1984. Prior to current position, he was with Perusahaan Kimia Gemilang Sdn Bhd (a subsidiary of Nylex (Malaysia) Berhad) in various positions, the last being the Senior Sales Manager.

Hun Leong completed his secondary school MCE “O” level education.

He has no directorship in public listed companies and listed issuers.

NOTES:

1) There is no family relationship between the Key Senior Management with any director and/or major shareholder of the Company.
2) Other than certain Related Party Transactions as disclosed in this Annual Report, none of the Key Senior Management has any financial interest in any business arrangement involving the Group.
3) Other than traffic offences (if any), none of the Key Senior Management has been convicted of any offence within the past five (5) years and there is no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S
STATEMENT

DATO' ABDUL LATIF BIN ABDULLAH

INDEPENDENT NON-EXECUTIVE CHAIRMAN

REVENUE
RM (Million)

32.4

In FY2016

Dear Shareholders,

On behalf of the Board of Directors ("the Board"), I am pleased to present to you the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended 31 May 2016 ("FY 2016").

FINANCIAL PERFORMANCE

For the financial year under review, the ALB Group posted a marginally higher revenue of RM32.4 million compared to RM32.3 million in the previous financial year. However, the Group posted a loss before taxation of RM0.3 million in the current financial year compared to profit before taxation of RM0.8 million in the last financial year.

After accounting for taxation and non-controlling interests, the loss attributable to shareholders was RM1.7 million (FY2015: RM1.5 million).

The loss per share for the current financial year was 0.35 sen compared to loss per share of 0.33 sen in the previous financial year.

REVIEW OF OPERATIONS

While our tank farm has remained stabled in FY2016 compared to FY2015, we continued to incur costs for the upgrading and maintenance work. These costs are necessary for the tank farm business to remain competitive. This has eroded our profitability in FY2016 to RM2.9 million from RM3.4 million in FY2015. As for the trucking business, the business environment remained challenging and we incurred a higher loss before tax of RM0.8 million in FY2016 compared to a loss before taxation of RM0.4 million in FY2015 due to decline in revenue. The management is reviewing the infrastructures of the trucking business and will formulate strategies to be more competitive.

PROSPECTS FOR NEXT FINANCIAL YEAR

The chemical industry is expected to face multiple issues of oversupply, growing inventories and slower demand growth well into 2017 which will affect the logistics' aspect associated with the industry. In view of the difficult operating environment, it is important that we remain vigilant and disciplined in managing our costs. The Board will continue to seek ways to safeguard the Group's profitability.

CHANGE IN BOARDROOM

On 16 November 2015, Mr Lim Hock Heng resigned as a Director of the Company. The Board takes this opportunity to thank Hock Heng for his past contributions.

APPRECIATION

On behalf of the Board, I wish to express our sincere appreciation to the management and all employees for their commitment, dedication and contribution throughout the year. The Board would also like to extend our gratitude to all our valued shareholders, customers, suppliers, business partners, bankers and all regulatory authorities for their continued support and confidence in the Group.

Dato' Abdul Latif bin Abdullah
Chairman
Petaling Jaya, Selangor Darul Ehsan
9 September 2016

REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

Group

For the current financial year ended 31 May 2016 ("FY2016"), the ALB Group posted a marginally higher revenue of RM32.4 million compared to RM32.3 million in the previous financial year ended 31 May 2015 ("FY2015"). However, the Group posted a loss before taxation of RM0.3 million in FY2016 compared to profit before taxation ("PBT") of RM0.8 million in FY2015.

Logistics Division

In FY2016, the revenue posted by the Logistics Division (excluding inter-segmental sales) declined to RM28.2 million compared to RM28.7 million in FY2015. Segmental profit decreased to RM2.0 million in FY2016 from RM3.1 million in FY2015. Segmental profit in FY2016 declined mainly due to higher maintenance costs incurred for both the tank farms and the trucking business.

Ancom-ChemQuest Terminals Sdn Bhd ("ACT"), which operates the tank farm business in Westport, Klang, posted revenue of RM9.7 million in FY2016 which is similar to FY2015. However, PBT declined to RM2.9 million from RM3.4 million in FY2015. The lower PBT was mainly due to the upgrading and maintenance works during the financial year. These costs are necessary for the business as it would enable ACT to boost its efficiency in a longer term.

Pengangkutan Cogent Sdn Bhd ("PCSB") owns and operates a fleet of road tankers. The revenue of PCSB decreased to RM18.5 million in FY2016 compared to RM18.9 million in FY2015. PCSB posted a loss before taxation of RM0.8 million in FY2016 compared to a loss before taxation of RM0.4 million in FY2015, which is mainly due to the lower revenue in light of the continuous competitive business environment. The management will continue to review and monitor the cost structure and infrastructures of PCSB. Additional capital expenditure is being planned over the next few years to improve efficiencies and productivity of the company.

Other Segment

Other segment includes the results of the investment holding company and the remaining subsidiaries of the Group, in particular Ancom Components Sdn Bhd ("ACM").

This segment (excluding inter-segmental sales) posted revenue of RM4.1 million in FY2016 compared to RM3.6 million in FY2015. Segmental profit improved to RM0.7 million compared to a segment loss of RM3.1 million in FY2015, which was mainly due to RM3.0 million dividend income received from a subsidiary.

OUTLOOK AND PROSPECTS

The management expects the Group's business to remain difficult as the chemical industry continues to face issues of oversupply, growing inventories and slower demand growth well into 2017 which will affect the logistics' aspect associated with the industry. The management will continue to focus on cost control measures and increase operational efficiencies in order to improve profitability.

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 is fully committed to ensuring that the Company and its subsidiary companies ("Group") adopt and continuously practice good corporate governance throughout the Group's operations to ensure the highest standards of accountability and transparency, as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group.

The Board is pleased to present this statement outlining the applications by the Group of the principles and recommendations as set out in The Malaysian Code on Corporate Governance 2012 ("Code") with reference to the Corporate Governance Guide ("Guide") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") for the financial year ended 31 May 2016.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The Company is led by an experienced Board, which comprises one (1) Independent Non-Executive Chairman, one (1) Executive Vice Chairman ("EVC"), one (1) Executive Director (who has resigned in November 2015), one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The Board assumes full responsibility for the overall management of the Group by providing strategic guidance to an effective oversight of Management. It also provides clear and effective entrepreneurial leadership to Management. In addition to its stewardship responsibilities, the Board is also involved in overseeing the Group's business affairs and assessing management effectiveness in carrying out the Board's policies. The Board also ensures that Management has in place an achievable strategic plan and objectives, and appropriate processes for risk assessment, risk management and internal controls.

There is a clear distinction between the roles of the Non-Executive Chairman and the EVC with clear division of responsibilities to ensure a balance of power and authority. The Chairman holds a non-executive position and is primarily responsible for ensuring the Board's effectiveness and conduct in discharging its responsibilities. The EVC, who heads the Management, is responsible for implementing and executing the Board's corporate decisions and strategies, in addition to the day-to-day operations of the Group to achieve the financial goals set by the Board.

Clear Roles and Responsibilities of the Board

The Board retains full and effective control of and responsibility for the Group. It is primarily responsible for charting and reviewing the strategic direction of the Group. The principal duties and responsibilities of the Board are, inter alia, as follows:

- Formulating and charting the strategic direction and setting out the Group's short and long-term plans and objectives. This will then be the basis for the EVC and the Management team to formulate a detailed business plan and annual budgets for the Board's approval. The Board will, at the quarterly Board meetings, review the business plan with the EVC;
- Reviewing and approving the Group's key operational policies and initiatives and major investment and funding decisions of the Group, and reviewing the same with the EVC at the quarterly Board meetings;
- Overseeing and reviewing the Group's business operations and financial performance within a systematic and controlled environment to evaluate whether the business is being properly managed and sustained with the EVC at the quarterly Board meetings;
- Assessing the performance of the Board and Committees as well as of the Directors, including the EVC and Senior Management;
- Overseeing the development, implementation and review of the succession plan for the Directors and the EVC;
- Overseeing the development, implementation and review of the shareholders' communication policy for the Company;
- Overseeing the development, implementation and review/monitoring of the risk management framework and the 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
- Formulating and promoting ethical and best corporate governance cultures within the Group.

To ensure that the Board and Management team are clearly aware of where the limits of responsibility lie and that due consideration is given to issues at the appropriate level, certain matters are formally reserved for the Board's collective decision. These include the business strategies, annual business plan and budgets; 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 and related party transactions of a material nature. In addition, the Board is responsible for setting the Board policies, as well as authority limits of the EVC and the Management team. The Board policies and authority limit are subject to regular reviews by the Board.

The Board plays an active role in formulating the Group's strategic direction with the EVC and the Management team. The Board does not involve itself in the day-to-day business operations of the Group. The Board delegates the authority and responsibility of the Group's management and day-to-day operations to the EVC and the Management team. The EVC is responsible overall for the day-to-day management of the Group's business and operations and for implementing the business plans and strategies, in compliance with the Board policies and procedures as approved by the Board.

To assist the Board in carrying out its responsibilities more effectively, the Board has established an Audit Committee and a Remuneration and Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company and with authority to act on behalf of the Board in accordance with their respective Terms of Reference. These are elaborated upon in more detail in the ensuing paragraphs of this statement.

Formalised Ethical Standard through Code of Ethics

The Board, in discharging its oversight role, conducts its business in strict adherence to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

A summary of the Code of Ethics is available on the Company's website at www.ancomlogistics.com.my.

The Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with the aim of achieving the following objectives:

- To establish a standard of ethical behaviour for Directors based on trustworthiness and value that can be accepted and upheld by the Directors; and
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations, and guidelines for administering a company.

The Code of Ethics requires all Directors to observe high ethical business standards, to apply these values in all aspects of the Directors' conduct in discharging the Board's oversight responsibilities and to act in good faith in the best interests of the Company and its shareholders.

Strategically Promoting Sustainability

The Board practices good corporate governance in the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance and value creation for its shareholders.

The Group continued to carry out activities which demonstrate its commitment towards creating a better environmental, social and governance and sustainability agenda during the financial year ended 31 May 2016 as reported in the *Corporate Social Responsibility Statement* in this Annual Report.

Access to Information and Advice

All Directors have unrestricted access to information of the Group and on an ongoing 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 during the quarterly Board of Directors Meetings or as and when they deem necessary. There is no restriction placed on the Directors to request for meetings between the Directors and Management. All Directors have unrestricted access to the service and advice of the Company Secretaries who will advise and update the Directors on new statutory enactments as well as applicable rules, regulations and compliance matters. The Directors may obtain independent professional advice on specific matters relevant to furtherance of their duties whenever necessary at the Company's expense without having the specific approval of the EVC.

Prior to the Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain 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. The Company Secretaries will strive to provide these materials to the Directors seven (7) days prior to the Board/Committee meetings, working within the challenges and constraints of the information gathering process; otherwise, the materials will be provided two (2) days before the meetings while those of a confidential nature will be provided during the Board/Committee meetings.

Senior Management is invited to be in attendance at Board and Committee meetings to provide insight and to furnish clarification on issues that may be raised by the Directors. Whenever required, professional advisers appointed by the Company are invited to attend the Board/Committee meetings to provide the Board/Committees, as the case may be, with explanations and clarifications which the Directors may require to facilitate informed decision-making.

Qualified and Competent Company Secretaries

The Board is supported by two (2) Company Secretaries. One of them is a Chartered Accountant (a member of MICPA/MIA) who has been the Company Secretary of the Company for more than 20 years. He is supported by another who is a Chartered Accountant (a member of MICPA/MIA) with more than 20 years of experience in company secretarial practices.

The Company Secretaries play an advisory role to the Board in formulating the Company's constitution and Board policies and procedures. The Company Secretaries have a key role to play in ensuring that the Board policies and procedures are both followed and regularly reviewed. They are responsible for the efficient administration of the Company's secretarial practices, particularly with regard to ensuring compliance with the Company's constitution, the Board policies and procedures, the statutory and regulatory requirements and for ensuring that decisions of the Board of Directors are implemented. They are also responsible for regularly updating and apprising the Board on new regulations issued by the regulatory authorities.

One of the key responsibilities of the Company Secretaries is to prepare and organise Directors and Committee meetings and the shareholders meetings. In consultation with the Chairman, the Company Secretaries will prepare the agenda and the relevant documents for these meetings. The Company Secretaries will also attend these meetings in order to ensure that the legal requirements are fulfilled, and provide such information as is necessary. This responsibility will involve the issue of proper notices of meetings, preparation of agenda, circulation of relevant papers and taking and producing minutes to record the business transacted at the meetings and the decisions taken.

The Company Secretaries are also responsible for ensuring that the Company files its various documents/returns and maintains its statutory records in accordance with the requirements of the Companies Act, 1965.

The Company Secretaries work 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 Management.

Board Charter

In discharging its duties, the Board is guided by the Board Charter. A copy of the Company's Board Charter, which was approved by the Board on 16 October 2013, is available on the Company's website at www.ancomlogistics.com.my.

The Board Charter sets out the authorities, roles, functions, composition and responsibilities of the Board to assist the Directors in being aware of their duties and responsibilities to effectively discharge their fiduciary duties in managing the affairs of the Company.

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, which was last reviewed on 28 July 2016, shall be reviewed and updated from time to time to reflect changes to the Board's practices and amendments to the relevant rules, requirements and regulations.

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Company is led by an experienced Board, which comprises one (1) Independent Non-Executive Chairman, one (1) Executive Vice Chairman ("EVC"), one (1) Executive Director (who has resigned in November 2015), one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The composition of the Board complies with the requirements of the Listing Requirements where at least one-third (1/3) of the Board must comprise Independent Non-Executive Directors.

To assist the Board in carrying out its responsibilities more effectively, the Board has established an Audit Committee and a Remuneration and Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company and with authority to act on behalf of the Board in accordance with their respective Terms of Reference.

Remuneration and Nomination Committee

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

The Terms of Reference of the R&N Committee, which were last reviewed on 28 July 2016, are available on the Company's website at www.ancomlogistics.com.my.

During the financial year, the membership of the R&N Committee, which is composed entirely of Non-Executive Directors, was as follows:

Lim Hock Chye	(Chairman)
Safrizal Bin Mohd Said	(Member)
Abdul Latif Bin Mahamud	(Member)
Dato' Abdul Latif Bin Abdullah	(Member)

The R&N Committee is primarily responsible for recruiting and recommending suitable appointments to the Board and Board Committees and for recommending the re-appointment of the retiring Directors. The R&N Committee will take into consideration the Board structure, size, composition and the required mix of expertise and experience which the candidates should bring to the Board. In such evaluation, the R&N Committee will consider the candidates' qualifications, skills, knowledge, expertise and experience, time availability, professionalism, integrity and in the case of appointment of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities and functions as expected of them.

The R&N Comittee is also responsible for reviewing and assessing the performance and effectiveness of the Board and the Board Committees as a whole, and of its Directors individually and collectively as well as the performance of the EVC.

The final decision as to who shall be appointed a Director remains the responsibility of the Board, after considering the recommendations of the R&N Committee.

The R&N Committee is also primarily responsible for determining and recommending to the Board the remuneration packages of the EVC of the Company. It is also responsible for reviewing and recommending to the Board the remuneration of the Non-Executive Directors. It is the ultimate responsibility of the Board to decide the remuneration of the Directors. The Directors' fees will be endorsed by the Board for approval by the shareholders at the Company's annual general meeting.

Annual Assessment

The R&N Committee reviews and evaluates the performance of the Directors as well as the Board Committees annually. The results of this assessment form the basis of the R&N Committee's recommendation to the Board for new appointments, if any, and the re-election of Directors at the Company's annual general meeting.

During the financial year ended 31 May 2016, the R&N Committee had ONE (1) meeting in July 2015. The R&N Committee, after reviewing the current composition of the Board and the Board Committees, was satisfied that the Board and Board Committees comprised Directors who are persons of calibre and credibility with extensive expertise and a wealth of experience in legal, accounting, corporate finance, marketing, public services and business practice, as required under the Board Charter and the Terms of Reference of the Board Committees, to support the Group's continuous growth and prosperity. Accordingly, the R&N Committee recommended that the current composition of the Board and Board Committees be retained.

Board Diversity Policy

The R&N Committee has taken note of the recommendation in the Code pertaining to the establishment of a policy on boardroom diversity including gender diversity. The Board is supportive of gender diversity in the boardroom as recommended by the Code to promote the representation of women in the composition of the Board.

The Board currently does not have any formal board diversity policy or target. The appointment of new Board Directors will be guided by the skills, knowledge, experience and qualifications of the candidates rather than by their gender or ethnicity.

Nevertheless, the Board will endeavour to ensure that gender and ethnicity diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board in future.

Remuneration of Directors

The R&N Committee is responsible for recommending the remuneration of the Non-Executive Directors, including Directors' fees, and after taking into account a comparison with payments by similar companies, to the Board for its endorsement.

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

The R&N Committee also assumes the task of recommending to the Board the remuneration package for the EVC, drawing on outside advice as necessary at the Company's expense, and taking into consideration the EVC's responsibilities, contributions and performance, as well as the market rate for similar positions in comparable companies. The EVC did not participate in the Board's deliberation on his remuneration at the Board meeting. The remuneration of the EVC comprises monthly salary, bonuses, benefits-in-kind ("BIK") and other benefits that the Board approves from time to time. The EVC is not entitled to the Director's fee and attendance allowance for the Board and Board Committee meetings he attends.

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

Directors' fees

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' fees 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' fees of RM325,000 was approved by the shareholders at the 49th annual general meeting of the Company.

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

During the financial year under review, Ancom Berhad, the Company's holding company, engaged a firm of consultants to provide a review of the directors' fees for Non-Executive Directors of 30 Malaysian Public Listed Companies listed on the Main Market of Bursa Securities, based on their most recent annual reports as at 1 January 2016.

Based on the findings of the review and the members' personal experience, the R&N Committee is of the opinion that the amount of Directors' fees and allowances paid in the last financial year were reflective of the current market rates and recommended the same amount of remuneration to be paid to the Non-Executive Directors in the current financial year.

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

Subject to the approval of the Company's shareholders of the Directors' fees at the forthcoming 50th annual general meeting of the Company, the details of the remuneration received and receivable by the Directors from the Company and its subsidiaries during the financial year, by category and in bands of RM50,000, are as shown below:

Remuneration by category		Executive Director*	Non-Executive Director	Total
Fees	RM'000	-	325	325
Salaries	RM'000	20	-	20
Other emoluments	RM'000	204	15	219
Benefits-in-kind	RM'000	-	16	16
Total	RM'000	224	356	580

Remuneration in bands of RM50,000	Executive Director*	Non-Executive Director	Total
RM50,001 to RM100,000	-	5	5
RM200,001 to RM250,000	1	-	1
Total	1	5	6

* Paid to Lim Hock Heng, who has resigned on 16 November 2015.

The EVC did not receive any remuneration during the financial year.

In addition to the above, the Company has taken up Directors' and Officers' Liability ("D&O") insurance for the benefit of all the Directors. The D&O insurance covers the Directors' defence costs and legal representation expenses incurred by the Directors concerned should any action be brought against them for their actions as Director of the Company and/or its subsidiaries. Nevertheless, the D&O insurance does not indemnify a Director if he is proven to have acted fraudulently or dishonestly or for any intentional breach of the law.

PRINCIPLE 3: REINFORCE INDEPENDENCE

Assessment of Independence

The Board, through the R&N Committee, assesses the independence of the Independent Directors. The criteria for an Independent Director include the following:

- The Independent Director is neither an employee nor is related to any major shareholders/Management of the Group and does 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 judgement on matters at hand; and
- He/she is a person of calibre, credibility and has the necessary skill and experience to bring independent judgement to bear on the issues of strategy, business performance, resources and standards of conduct and to challenge Management in an effective and constructive manner. He/she is able to provide independent views in the Board's discussions and has not shown to have compromised on his/her independent judgement

The R&N Committee, having conducted the assessment on the Independent Non-Executive Directors, concluded that each of the Independent Non-Executive Directors continues to demonstrate that he has fulfilled the above criteria of an Independent Director.

Tenure of Independence

The Board notes 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 are appointed, they are 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. The important criteria that must be possessed by the Independent Directors are their independence from Management and their freedom from any business and other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Board also believes that valuable contributions can be obtained from Directors who have developed valuable insight of the Group and its business due to their long tenure of directorship in the Company. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision-making processes of the Board notwithstanding their tenure on the Board.

In addition, the Board has adopted the criteria set out above and as per the definition of "Independent Directors" in the Listing Requirements to assess the 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 Director) are irrelevant.

Pursuant thereto, the Board is satisfied that Lim Hock Chye and Safrizal Bin Mohd Said have fulfilled the criteria of being Independent Directors and that their independence has not been impaired or compromised in any way, notwithstanding that they have served as Independent Directors of the Board for more than nine (9) years as at 31 May 2016. The Board therefore decided unanimously to retain Lim Hock Chye have and Safrizal Bin Mohd Said as Independent Directors of the Company.

The Board has decided to dispense with the need to appoint a Senior Independent Non-Executive Director to whom any concerns should be conveyed. The Board operates in an open environment whereby opinions and information are freely exchanged and in these circumstances, any concerns need not be focused on a single Director as all members of the Board fulfil this role individually and collectively.

Separation of the Positions of the Chairman and the EVC

The position of the Chairman and the EVC are held by two (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 authority, such that no one individual has unfettered powers of decision-making.

PRINCIPLE 4: FOSTER COMMITMENT

Time Commitment

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

The Directors are also required to inform the Board, including the proposed proportion of time to be committed to each of their appointments, should they wish to accept new board directorships in other public listed companies.

To help the Directors in planning their attendance at the Board and Committee meetings, the Company Secretaries would, at the end of each calendar year, draw up a proposed timetable for all the Board and Committee meetings, including the annual general meeting, to be held in the next calendar year. Reminders are also sent to the Directors prior to each Board/Committee meeting.

The Board holds its Board meetings quarterly and additional meetings are convened as and when necessary as determined by the Chairman or as requested by the Directors.

There were four (4) Board meetings, five (5) Audit Committee meetings and one (1) R&N Committee meeting held during the financial year. The attendance records below demonstrate the level of commitment of the Directors in carrying out their duties as Directors of the Company:

Name of Director	Attendance
Board Meeting:	
Dato' Abdul Latif bin Abdullah	2/4
Dato' (Dr) Siew Ka Wei	3/4
Lim Hock Heng (resigned on 16 November 2015)	1/2
Abdul Latif bin Mahamud	4/4
Safrizal bin Mohd Said	4/4
Edmond Cheah Swee Leng	4/4
Lim Hock Chye	4/4
Audit Committee Meeting:	
Safrizal bin Mohd Said	5/5
Abdul Latif bin Mahamud	5/5
Lim Hock Chye	5/5
R&N Committee Meeting:	
Lim Hock Chye	1/1
Safrizal bin Mohd Said	1/1
Dato' Abdul Latif bin Abdullah	0/1
Abdul Latif bin Mahamud	1/1

All the Directors have fulfilled the required attendance of Board meetings during the financial year as prescribed under the Listing Requirements.

The proceedings of all meetings, including all issues raised, deliberations, decisions and conclusions made at the Board of Directors and Board Committee meetings, were recorded in the minutes of the Board of Directors and Board Committee meetings respectively.

Continuing Education Programme and Training

All Directors have completed the Directors' Mandatory Accreditation Programme ("DMAP") prescribed by Bursa Securities.

The Board has assumed the onus of determining and overseeing the training needs of the Directors. The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to effectively discharge their responsibilities and are encouraged to attend forums, training and seminars in accordance with their respective needs in discharging their duties as Directors. The Company Secretaries will also provide updates to the Directors from time to time on relevant guidelines and statutory and regulatory requirements.

In May 2016, the Board of the holding company, Ancom Berhad, organised a workshop on "Corporate Governance Review 2015 and Amendments to the Listing Requirements 2016" facilitated by a professional trainer for the Directors of the Company.

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 EVC does not have a service contract for which the notice period for termination is more than one year. The EVC 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 are voted on individually, unless a resolution for the re-election of two (2) or more Directors by a single resolution shall have been passed by the annual general meeting without any vote against it.

The R&N Committee is responsible for making recommendations to the Board on the re-election of Directors who are retiring pursuant to the Articles of Association of the Company.

To assist shareholders in making their decisions in the re-election of Directors, sufficient information such as personal profiles, attendance at Board and Committee meetings and the shareholdings in the Company of the Directors standing for re-election is furnished in the Annual Report.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Board strives to present true and fair, comprehensive, balanced and meaningful evaluation and assessment of the financial performance, financial position and future prospects of the Group in the Annual Audited Financial Statements and the Quarterly Interim Financial Reports of the Company and of the Group.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and the Group, to enable them to ensure that the financial statements are prepared in accordance with the Companies Act, 1965 ("CA"), the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), the Listing Requirements and other statutory and regulatory requirements.

The Board has established an Audit Committee to assist the Board in discharging its responsibility more effectively. The activities of the Audit Committee are elaborated on in more detail in the Audit Committee Report in this Annual Report.

At the Audit Committee meetings, the Audit Committee reviews the Quarterly Interim Financial Reports of the Group together with Management while it reviews the Annual Audited Financial Statements together with Management and the External Auditors. Thereafter, the Audit Committee will recommend to the Board to approve the same prior to releasing the Quarterly Interim Financial Reports and Annual Audited Financial Statements to Bursa Securities within the stipulated time frame.

Assessment of Suitability and Independence of External Auditors by the Audit Committee

The Company has a formal and transparent relationship with BDO, the Group's External Auditors, primarily through the Audit Committee and the Board.

Under its Terms of Reference, the Audit Committee has explicit authority to communicate directly with the External Auditors. Meetings with the External Auditors are held as appropriate to discuss audit plans, audit findings and the financial statements. Whenever required, the Audit Committee will hold private sessions with the External Auditors in the absence of the Management to discuss the issues affecting the Group, if any.

The Audit Committee is empowered by the Board to assess the independence and performance of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

The assessment of independence focuses on whether there exists 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 objectivity in carrying out the responsibilities entrusted to them. The assessment of performance focuses on the External Auditors' experience, competency, resources of the firm, the quality of the staff assigned to audit the Company and its subsidiaries' accounts and the Audit Committee's opinion on the quality of the reports to the Audit Committee.

During the financial year, the Audit Committee conducted a review of the External Auditors' performance and independence based on the above criteria and was satisfied of the External Auditors' competency and independence. The External Auditors have given a written assurance to the Audit Committee that they have complied with the relevant ethical requirements regarding professional independence.

As such, the Audit Committee has recommended to the Board to re-appoint BDO as the External Auditors. The Board concurred with the Audit Committee's recommendation and has recommended to the shareholders to approve BDO's re-appointment at the forthcoming annual general meeting.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risk

The Board acknowledges its responsibility to maintain a sound Risk Management and Internal Control system covering not only financial controls but also operational and compliance controls to identify risks in operations and finance and to design measures to manage those risks. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board, through the Audit Committee, seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the Internal Auditors.

As per its Terms of Reference, the Audit Committee has been explicitly accorded the power to appoint, and 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 necessary to carry out its responsibilities. It will also approve the Internal Audit Plan and review and assess the performance of the internal audit function.

Internal Audit Function

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investments and the Group's assets, the Board outsourced the internal audit function to an independent professional consulting firm during the financial year.

The Internal Auditors conduct regular audits to review the adequacy and effectiveness of the Group's Risk Management and Internal Control system in identifying and managing principal risks, ensuring compliance with the law and regulations and preserving the quality of assets and the integrity of the management information system.

Please refer to the Audit Committee Report in this Annual Report for more details.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Board acknowledges the importance of timely and thorough dissemination of information to its investors and shareholders. The Board regards regular communications with the public via various announcements and the issuance of Annual Reports, circulars and press releases as key to building a good relationship with its shareholders.

In line with the Listing Requirements and best practices recommended by the Code, the Company must disclose to the public all Material Information necessary for informed investment decisions 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 website at www.ancomlogistics.com.my, and to ensure that such information is handled properly to avoid leakage and improper use of such information.

The Company shall disclose all Material Information required to be disclosed under applicable securities laws, in accordance with a consistent procedure and in accordance with such laws, as per the disclosure principles listed below:

- Material Information will be announced immediately to Bursa Malaysia first and made available on the Company website;
- Material Information may be kept confidential temporarily if the immediate release of the information would be unduly detrimental to the interests of the Company;
- Content of disclosure must be factual and non-speculative and must include any information the omission of which would make the rest of the disclosure misleading;
- The disclosure must be corrected immediately if the Company learns that an earlier disclosure by the Company contained a material error at the time it was originally disclosed;
- The Company does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the internet. Should Bursa Securities request that the Company make a definitive statement in response to a market rumour that is causing significant volatility in the price of the Company's securities, the EVC will respond appropriately after consulting with the Board for advice if time permits, before a reply is given to Bursa Securities; and

- All investors must have equal access to Material Information. Selective disclosure is not allowed.

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/her choice of actions.

The Company Secretary is responsible for compiling such information for the approval of the Board as soon as possible and for releasing such information to the market as stipulated by Bursa Securities.

Leverage on Information Technology

The Company disseminates information in relation to its financial performance, operations and corporate developments through the Annual Reports, Quarterly Interim Financial Reports, circulars and various general announcements. The Company releases all Material Information publicly through Bursa Securities and via its website at www.ancomlogistics.com.my.

Shareholders and investors are also encouraged to convey their queries and concerns to the Company via the Company's website at www.ancomlogistics.com.my or via email to cosec@ancom.com.my. The queries will be attended to by the Company's Senior Management or the Board, as the case may be.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders' Participation at General Meetings

The Company's general meetings provide a means of communication with shareholders. At the general meetings, the Board encourages and welcomes shareholders to ask questions regarding the affairs of the Group, its financial performance and the resolutions being proposed at the meetings. The EVC will 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, will give a brief background on the items to be voted on and shareholders are invited to give their views and comments before voting takes place.

The Company holds its general meetings at places that are easily accessible and at a time convenient to the shareholders to encourage them to attend the meetings.

In line with the Listing Requirements, to encourage more shareholders' participation at the Company's general meetings, the Company allows any member who is entitled to attend and vote at the general meeting to appoint a proxy to attend and vote for him/her and 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. Notices of meeting convening the general meetings and related circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices are advertised in a national English newspaper within the prescribed deadlines.

All meetings are recorded by the Company Secretaries and minutes of the general meetings are available for inspection in accordance with the provisions of the CA.

Poll Voting

At the general meetings, the Chairman will inform the shareholders of their right to demand for a poll vote. Thus far, all resolutions put forth to the shareholders for approval were generally carried out by a show of hands, unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company.

However, in accordance with the requirement of the Listing Requirements, which has recently been amended, all motions tabled at the coming 50th annual general meeting will be decided by poll voting.

Effective Communication and Proactive Engagement with Shareholders

The Company does not have meetings with equity research analysts, fund managers, institutional shareholders and investors. The Board believes that adequate information regarding the Company's performance, market outlook, business operations and other matters affecting shareholders' interest, as well as news and highlights, is available on the Company's website at www.ancomlogistics.com.my.

Announcements on corporate developments are made on a timely basis to Bursa Securities and these are made available to the public via Bursa Securities' website at www.bursamalaysia.com as well as on the Company's website.

Shareholders and investors are encouraged to submit their queries and concerns to the Company via the Company's website at www.ancomlogistics.com.my or email at cosec@ancom.com.my. The queries will be attended to by the Company's Senior Management or the Board, as the case may be.

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and has made it a corporate policy to continuously improve on its 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 2016.

TERMS OF REFERENCE

The Audit Committee is governed by its Terms of Reference, a copy of which is available on the Company's website at www.ancomlogistics.com.my.

MEMBERS AND MEETINGS

The membership of the Audit Committee is as follows:

Safrizal Bin Mohd Said
(Independent Non-Executive Director) - Chairman

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

Lim Hock Chye
(Independent Non-Executive Director) - Member

The composition of the Audit Committee during the financial year complied with the Terms of Reference of the Audit Committee.

The Audit Committee held a total of five (5) meetings during the financial year. The attendance records of the members are as follows:

Members	Attendance
Safrizal Bin Mohd Said	5/5
Abdul Latif Bin Mahamud	5/5
Lim Hock Chye	5/5

The Internal Auditors attended four (4) meetings while the External Auditors attended three (3) meetings.

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee carried out its duties as set out in its Terms of Reference and undertook the following activities:

Financial Results

The Audit Committee reviewed the Quarterly Interim Financial Reports, which were presented by the Management, with the aim of ensuring that the Reports, inter alia, complied with the disclosure requirements of the Listing Requirements, the approved Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), the Companies Act, 1965, and other statutory and regulatory requirements, prior to recommending the Reports to the Board for consideration and approval, and for subsequent release to Bursa Malaysia Securities Berhad. The Audit Committee also sought explanations from Management on the Group's performance as against the prior year's results.

The Audit Committee also reviewed the Annual Audited Financial Statements, which were presented by the Management, with the External Auditors, with the aim of ensuring that the Statements, inter alia, complied with the disclosure requirements of the approved MFRSs, IFRSs, the Companies Act, 1965, the Listing Requirements and other statutory and regulatory requirements, and to resolve any contentious issues, if any, prior to recommending the Statements to the Board for consideration and approval, and for subsequent release to Bursa Malaysia Securities Berhad and for dispatch to the shareholders of the Company.

Internal Audits

The Audit Committee recognises the importance of the internal audit function and the need for it to be independent of Management in order to carry out its function effectively. During the financial year, the Group's internal audit function was outsourced to an independent firm of consultants. The Internal Audit function assists the Board in reviewing the adequacy and effectiveness of the Group's internal control system in identifying and managing principle risks, ensuring compliance with the law and regulations, preserving the quality of assets and the integrity of the management information system and consequently determining the future requirements for the internal control system.

The Internal Audit reviews are conducted on a functional areas basis that concentrates on areas of concern where the Internal Auditors can play a role in providing inputs for further improvements, thus providing a valuable resource to evaluate processes and give assurance in relation to internal control effectiveness. The Internal Audit review is conducted according to the Internal Audit Plan approved by the Audit Committee. The deliverables include the Internal Audit Review Report with major findings and recommendations to be presented to the Audit Committee.

The Internal Audit Plan covers the key functional areas and business activities of the major subsidiaries of the Group. The Internal Audit review places emphasis on best practices and management assurance that encompass all the business risks, particularly on:

- The effectiveness and efficiency of operations;
- Reliability of reporting;
- Compliance with applicable law and regulations; and
- Safeguarding of assets.

The Internal Audit review evolves with changing risk profiles and adds value to the business, as well as assisting with improving business efficiency performance. The Internal Audit approach broadly involves inquiry, analysis and review of the internal audit areas.

The Internal Auditors conducted four (4) reviews during the financial year. At the Audit Committee meetings, the Internal Auditors presented their quarterly Internal Audit Review Reports to the Committee for review and discussion with Management. The Quarterly Internal Audit Review Reports highlighted the Internal Auditors' review and findings on the Group's compliance with the established internal policies and procedures, their assessment of the magnitude of the financial effects arising from the weaknesses noted, as well as the Internal Auditors' recommendations on the corrective actions to overcome the weaknesses and Management's comments and agreed actions thereon. The Internal Auditors reported their follow-up findings and highlighted any non-actions by Management in subsequent Audit Committee meetings.

In all the Internal Audit reviews, the Internal Auditors have reported that the internal control environment of the companies audited are generally in place with minimum control issues.

The Audit Committee is satisfied with the results of the Internal Audit reviews during the financial year. None of the findings has resulted in any material losses that would require separate disclosure in this Report and the Audit Committee has reported the same to the Board of Directors.

The total cost incurred for the Group's internal audit function during the financial year was RM8,000.

External Audits

The Audit Committee discussed with the External Auditors their annual Statutory Audit Plan for the financial year prior to commencement of audit.

During the financial year under review, the Audit Committee carried out the following activities:

- Reviewed the external audit plan, scope and nature of statutory audit of the Group's financial statements prior to the commencement of audit;
- Reviewed the external audit reports and the results of the External Auditors' examination on the financial statements of the Group;
- Reviewed the External Auditors' recommendations and Management responses in relation;
- Reviewed and discussed the impact of new and proposed changes in Financial Reporting Standards and other new developments in financial reporting with the External Auditors;
- Reviewed the suitability of the External Auditors for re-appointment through a performance and independence checklist which had been adopted by the Audit Committee, taking into consideration amongst others, their independence, performance, competence, experience of audit team assigned, provision of non-audit services and audit fees; and
- Received from the External Auditors their written assurance confirming their professional independence to the audit engagement. Based on the results of the assessment, the Audit Committee was of the opinion that the External Auditors are independent and competent during their tenure in office, and recommended them to continue in office for the ensuing year.

Assessment of Independence and Performance

The Audit Committee assessed the independence, performance and the suitability for re-appointment of the External Auditors as has been disclosed in the *Statement on Corporate Governance* in this Annual Report.

Risk Management

The Audit Committee reviewed the Risk Management Framework and the Risk Registry of the Group and the ongoing identification, evaluation and management of the significant risks affecting the Group, as has been reported in the *Statement on Risk Management and Internal Control* of this Annual Report.

Related Party Transactions

The Audit Committee reviewed the procedures for related party transactions, including the recurrent related parties transactions ("RRPT") of a revenue and trading nature, that had arisen within the Company and the Group during the financial year and is satisfied that the said procedures are sufficient to ensure that the related party transactions undertaken are on arm's length basis and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The Audit Committee is also satisfied that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The Audit Committee conducts the review of these procedures and processes at least once in a financial year.

Employees' Share Option Scheme

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

CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties in accordance with the Terms of Reference during the financial year, and that the Group's Risk Management and Internal Control system has been adequate and effective.

Please refer to the *Statement on Risk Management and Internal Control* in this Annual Report for more information.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements")

INTRODUCTION

The Board is pleased to provide the Group's Statement on Risk Management and Internal Control for the financial year ended 31 May 2016 made pursuant to Paragraph 15.26(b) of the 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 of Bursa Securities.

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

BOARD 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:

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

It is important to note that the Group's Risk Management and Internal Control system is designed to manage and mitigate, rather than to eliminate, the risks that may impede the achievement of the Group's business objectives due to its inherent limitations and the consideration of cost factors. As such, the Group's Risk Management and Internal Control system can only provide reasonable and not absolute assurance against material misstatement of management or financial information, financial losses or fraud.

RISK MANAGEMENT PROCESS AND INTERNAL CONTROL SYSTEM

The main features of the Group's Risk Management Process and Internal Control system are summarised as follows:

- ***Organisational Structure and Responsibility Levels***

  The Group's organisational structure has clearly defined levels of authority and lines of responsibility, from operating units up to the Board level, to ensure accountabilities for risk management and control activities. There is proper segregation of duties and responsibilities to eliminate the incidence of an employee having total control of a business process.

  The Board has entrusted the daily running of the business to the Executive Vice Chairman ("EVC") and his Management team. The EVC is assisted by the Divisional Managing Directors who are "hands on" in running the operating divisions. Experienced and competent employees have been placed in positions of responsibility to ensure that the objectives of the Group's Risk Management and Internal Control System are achieved.

- ***Risk Management Process***

  The Risk Management process in the Group is embedded within the Group's business operations and guided by the operational manuals and policies and procedures of the Group. The Group's Risk Management Framework encompasses an ongoing process for identifying and assessing the key risks affecting the Group's operations and results. The process of mitigating these risks is then identified and evaluated on its effectiveness and finally, the owners who will be responsible to monitor the occurrence of the risks are assigned.

  The following are the types of risks affecting the Group's operations:

  - Hazard risks, which include risks from fire and other property damage, windstorms and other natural perils, theft and other crime, personal injury, business interruption, disease and disability and liability claims;
  - External/Market risks due to changes in the external economic environment of the organisation;
  - Operational risks due to changes to the internal environment of the organisation arising from daily tactical business activities;
  - Strategic risks due to long-term policies or strategic objectives taken by the organisation to maintain operational competitiveness;
  - Financial risks which are associated with the effective management and control of the finances of the organisation and the effects of external factors such as availability of credit, foreign exchange rate fluctuations, interest rate movements and other market exposures; and
  - Compliance risks such as occupational, health & safety, environmental, trade regulations, consumer protection, data and intellectual property protection, employment practices and regulatory requirements.

- ***Audit Committee and Internal Audit***

  The Audit Committee has been entrusted by the Board to ensure that an effective and adequate Risk Management and Internal Control system is in place at all times. A Risk Management Working Group ("RMWG") has been set up to report to the Audit Committee on matters relating to Risk Management and Internal Control.

  The RMWG shall consider any matters relating to the identification, assessment, monitoring and management of risks associated with the Group that it determines to be appropriate. With respect to Risk Management, the duties of the RMWG shall include:

- assessment and monitoring of risks associated with the operations of the Group;
- development and implementation of internal compliance and control systems and procedures to manage risk;
- assessment and monitoring of the effectiveness of controls instituted;
- reviewing and making recommendations to the Audit Committee in relation to Risk Management;
- considering and making recommendations to the Audit Committee in connection with the compliance by the Group with its Risk Management Strategy;
- reporting to the Audit Committee on any material changes to the risk profile of the Group;
- monitoring and referring to the Audit Committee any instances involving material breaches or potential breaches of the Group's Risk Management Strategy;
- reporting to the Audit Committee in connection with the Group's annual reporting responsibilities in relation to matters pertaining to the Group's Risk Management Strategy; and
- undertaking annual review, in accordance with the Group's Risk Management Framework, and making recommendations to the Audit Committee in connection with changes required to be made to the Group's Risk Management Strategy.

The Audit Committee shall have the authority to seek any information it requires from any officer or employee of the Group or its subsidiary companies and such officers or employees shall be required to respond to such enquiries.

The Audit Committee is authorised to seek such independent professional advice as it considers necessary. On a periodical basis, the Audit Committee will review its own performance and Terms of References to ensure that it is operating at maximum effectiveness, recommending any changes it considers necessary to the Group.

To assist the Audit Committee in discharging its duties and responsibilities relating to the Risk Management and Internal Control system, the Audit Committee outsources the Group's Internal Audit function to an independent professional consulting firm.

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 necessary 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.

- ***Reporting and Review***

  The EVC holds meetings whenever applicable with the Divisional Managing Directors 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 explanations on significant variances are presented to the Board during the Board meetings.

  The Group's Quarterly Interim Financial Report and Annual Audited Financial Statements are only released to Bursa Securities 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 for the Management and employees of the Group to carry 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, finance, 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.

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement in accordance with the scope set out in the Recommended Practice Guide 5 issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 May 2016, and reported to the Board that nothing has come to their attention that that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement on Risk Management and Internal Control factually inaccurate.

CONCLUSION

The Board has received assurance from the EVC and Chief Financial Officer that the Group's Risk Management and Internal Control system operated adequately and effectively during the financial year and up to the date of issuance of this Annual Report.

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 this Annual Report has been 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. The Board will continue to take measures and maintain an ongoing commitment to strengthen the Group's Risk Management and Internal Control system.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

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

- the Group shall conduct its business ethically and with integrity, honesty and fairness and with the utmost level of corporate governance;
- the Group shall not breach the regulations and laws, and shall respect the culture of the countries in which it operates;
- the Group will build relationship with its shareholders, suppliers, customers, employees, partners and authorities that are based on trust, 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 Company and its subsidiaries ("Group") have carried out certain activities during the financial year ended 31 May 2016 which focuses on three main focal areas as disclosed below:

Environment

Workplace

Community

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 its employees.

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 ("Listing Requirements")

In accordance with the Companies Act, 1965, the Directors of the Company are required to prepare audited financial statements ("Audited Financial Statements") for each financial year which shall give a true and fair view of the state of affairs and financial position 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.

The Directors hereby state that they are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company and the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and of the Group as at 31 May 2016 and the profit and loss of the Company and the Group for the financial year ended 31 May 2016. The Directors are also responsible for ensuring that the Audited Financial Statements comply with the Companies Act, 1965 and the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), the Listing Requirements and other statutory and regulatory requirements.

In preparing the Audited Financial Statements, the Directors have:

- adopted accounting policies which are appropriate and which are consistently applied;
- made judgements and estimates which are reasonable and prudent;
- prepared the Audited 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 Audited Financial Statements.

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

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(309)	(881)
Attributable to:		
Owners of the parent	(1,654)	(881)
Non-controlling interests	1,345	-
	(309)	(881)

DIVIDEND

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors who held for office since the date of the last 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	
Edmond Cheah Swee Leng	
Lim Hock Heng	(Resigned on 16 November 2015)

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

DIRECTORS' INTERESTS

The Director holding office at the end of the financial year and his beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 May 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.05 each			
	Balance as at 1.6.2015	**Bought**	**Sold**	**Balance as at 31.5.2016**
Shares in the Company				
Direct interest:				
Dato' (Dr) Siew Ka Wei	725,867	-	-	**725,867**
Indirect interest:				
Dato' (Dr) Siew Ka Wei	215,873,196	-	(400,000)	**215,473,196**

	Number of ordinary shares of RM1.00 each			
	Balance as at 1.6.2015	**Bought**	**Sold**	**Balance as at 31.5.2016**
Shares in the holding company, Ancom Berhad				
Direct interest:				
Dato' (Dr) Siew Ka Wei	22,589,265	219,600	-	**22,808,865**
Indirect interest:				
Dato' (Dr) Siew Ka Wei	20,611,748	-	-	**20,611,748**

DIRECTORS' INTERESTS (CONTINUED)

	Number of ordinary shares of RM1.00 each			
	Balance as at 1.6.2015	**Bought**	**Sold**	**Balance as at 31.5.2016**
Shares in a related company, Nylex (Malaysia) Berhad				
Direct interest:				
Dato' (Dr) Siew Ka Wei	1,522,049	-	-	**1,522,049**
Indirect interest:				
Dato' (Dr) Siew Ka Wei	93,671,435	-	-	**93,671,435**

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

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received and receivable by the Directors as disclosed in Note 22 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 27 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss, 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 provision for doubtful debts and have satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the 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 STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

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

HOLDING COMPANY

The Directors regard Ancom Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding and ultimate holding company.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors.

DATO' ABDUL LATIF BIN ABDULLAH
Director

DATO' (DR) SIEW KA WEI
Director

Kuala Lumpur
26 August 2016

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 42 to 110 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 31 to the financial statements on page 111 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

DATO' ABDUL LATIF BIN ABDULLAH
Director

DATO' (DR) SIEW KA WEI
Director

Kuala Lumpur
26 August 2016

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 financial statements set out on pages 42 to 111 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
26 August 2016)

LIM CHANG MENG

Before me:

BALOO A/L T.PICHAI
Commissioner for Oaths (No. W663)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the members of Ancom Logistics Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ancom Logistics Berhad, which comprise statements of financial position as at 31 May 2016 of the Group and of the Company, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 110.

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 also 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 about 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 accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 May 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

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

(b) We have considered the accounts and the auditors' report of a subsidiary of which we have not acted as auditors, which is indicated in Note 8 to the financial statements.

(c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 31 to the financial statements 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

The financial statements of Ancom Logistics Berhad for the financial year ended 31 May 2015 were audited by another firm of Chartered Accountants, whose report dated 23 September 2015, expressed an unqualified opinion on those statements.

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.

BDO
AF: 0206
Chartered Accountants

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Kuala Lumpur
26 August 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**29,988**	34,003	**145**	515
Investments in subsidiaries	8	**-**	-	**22,474**	22,474
Investment in an associate	9	**1,802**	1,802	**1,833**	1,833
Deferred tax assets	10	**-**	30	**-**	-
		31,790	35,835	**24,452**	24,822
Current assets					
Inventories	11	**614**	400	**-**	-
Trade and other receivables	12	**15,325**	16,860	**6,837**	6,996
Current tax assets		**699**	396	**-**	-
Other investments	13	**508**	868	**-**	-
Cash and bank balances	14	**8,339**	5,651	**1,780**	4
		25,485	24,175	**8,617**	7,000
Non-current assets held for sale	15	**51**	51	**-**	-
TOTAL ASSETS		**57,326**	60,061	**33,069**	31,822
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	**23,664**	23,664	**23,664**	23,664
Accumulated losses		**(3,211)**	(1,557)	**(2,866)**	(1,985)
Merger reserve	17	**8,526**	8,526	**-**	-
		28,979	30,633	**20,798**	21,679
Non-controlling interests	8(a)	**14,670**	14,795	**-**	-
TOTAL EQUITY		**43,649**	45,428	**20,798**	21,679

Statements of Financial Position

As at 31 May 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	18	**126**	495	**59**	276
Deferred tax liabilities	10	**5,642**	6,016	**-**	-
		5,768	6,511	**59**	276
Current liabilities					
Trade and other payables	20	**6,600**	6,404	**12,156**	9,750
Borrowings	18	**1,287**	1,041	**39**	117
Current tax liabilities		**22**	677	**17**	-
		7,909	8,122	**12,212**	9,867
TOTAL LIABILITIES		**13,677**	14,633	**12,271**	10,143
TOTAL EQUITY AND LIABILITIES		**57,326**	60,061	**33,069**	31,822

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

STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 May 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	21	**32,366**	32,253	**1,530**	-
Cost of sales		**(27,724)**	(24,690)	**-**	-
Gross profit		**4,642**	7,563	**1,530**	-
Other operating income		**2,149**	1,031	**467**	309
Administrative and other operating expenses		**(6,976)**	(7,698)	**(2,271)**	(3,192)
Finance costs		**(101)**	(138)	**(590)**	(248)
(Loss)/Profit before tax	22	**(286)**	758	**(864)**	(3,131)
Tax expense	23	**(23)**	(1,211)	**(17)**	(42)
Loss for the financial year		**(309)**	(453)	**(881)**	(3,173)
Loss attributable to:					
Owners of the parent		**(1,654)**	(1,540)	**(881)**	(3,173)
Non-controlling interests	8(a)	**1,345**	1,087	**-**	-
		(309)	(453)	**(881)**	(3,173)

		Group	
		2016	**2015**
		Sen	**Sen**
Basic and diluted:			
Loss per ordinary share	24	**(0.35)**	(0.33)

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 May 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Loss for the financial year		**(309)**	(453)	**(881)**	(3,173)
Other comprehensive income, net of tax		**-**	-	**-**	-
Total comprehensive loss		**(309)**	(453)	**(881)**	(3,173)
Total comprehensive loss attributable to:					
Owners of the parent		**(1,654)**	(1,540)	**(881)**	(3,173)
Non-controlling interests	8(a)	**1,345**	1,087	**-**	-
		(309)	(453)	**(881)**	(3,173)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2016

Group	Note	Share capital RM'000	Merger reserve RM'000	Accumulated losses RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 June 2015		**23,664**	**8,526**	**(1,557)**	**30,633**	**14,795**	**45,428**
(Loss)/Profit for the financial year			-	(1,654)	(1,654)	1,345	(309)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive (loss)/income		-	-	(1,654)	(1,654)	1,345	(309)
Transaction with owners							
Dividend paid to non-controlling interests of a subsidiary	8(b)	-	-	-	-	(1,470)	(1,470)
Total transaction with owners		-	-	-	-	(1,470)	(1,470)
As at 31 May 2016		**23,664**	**8,526**	**(3,211)**	**28,979**	**14,670**	**43,649**

Consolidated Statement of Changes in Equity

For the financial year ended 31 May 2016

Group	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Accumulated losses RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 June 2014		47,329	6,414	8,526	(11,164)	51,105	13,708	64,813
(Loss)/Profit for the financial year		-	-	-	(1,540)	(1,540)	1,087	(453)
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive (loss)/income		-	-	-	(1,540)	(1,540)	1,087	(453)
Transactions with owners								
Capital repayment	16(a)	(18,932)	-	-	-	(18,932)	-	(18,932)
Capital reduction	16(a)	(4,733)	-	-	4,733	-	-	-
Cancellation of share premium		-	(6,414)	-	6,414	-	-	-
Total transactions with owners		(23,665)	(6,414)	-	11,147	(18,932)	-	(18,932)
As at 31 May 2015		23,664	-	8,526	(1,557)	30,633	14,795	45,428

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2016

Company	Note	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total equity RM'000
As at 1 June 2014		47,329	6,414	(9,959)	43,784
Loss for the financial year		-	-	(3,173)	(3,173)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss		-	-	(3,173)	(3,173)
Transactions with owners					
Capital repayment	16(a)	(18,932)	-	-	(18,932)
Capital reduction	16(a)	(4,733)	-	4,733	-
Cancellation of share premium		-	(6,414)	6,414	-
Total transactions with owners		(23,665)	(6,414)	11,147	(18,932)
As at 31 May 2015		**23,664**	**-**	**(1,985)**	**21,679**
Loss for the financial year		**-**	**-**	**(881)**	**(881)**
Other comprehensive income, net of tax		**-**	**-**	**-**	**-**
Total comprehensive loss		**-**	**-**	**(881)**	**(881)**
As at 31 May 2016		**23,664**	**-**	**(2,866)**	**20,798**

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

STATEMENTS OF CASH FLOWS

For the fnancial year ended 31 May 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities					
(Loss)/Profit before tax:		**(286)**	758	**(864)**	(3,131)
Adjustments for:					
Deposits written off		**2**	-	**-**	-
Depreciation of property, plant and equipment	7	**4,463**	4,695	**100**	132
Dividend income from a subsidiary	21	**-**	-	**(1,530)**	-
Gain on disposal of property, plant and equipment		**-**	(12)	**-**	-
Loss on disposal of property, plant and equipment		**184**	-	**70**	-
Impairment loss on:					
- trade receivables	12(g)	**304**	287	**-**	-
- other receivables	12(g)	**-**	-	**102**	1,346
Reversal of impairment loss on trade receivables	12(g)	**(292)**	(287)	**-**	-
Interest expenses		**101**	138	**590**	248
Interest income		**(333)**	(232)	**(419)**	(229)
Fair value gain in other investments		**(40)**	(56)	**-**	-
Property, plant and equipment written off	7	**75**	-	**-**	-
Unrealised gain on foreign exchange		**(160)**	(47)	**-**	-
Operating profit/(loss) before changes in working capital		**4,018**	5,244	**(1,951)**	(1,634)
Increase in inventories		**(214)**	(12)	**-**	-
Decrease/(Increase) in trade and other receivables		**1,531**	(7,346)	**57**	928
Increase/(Decrease) in trade and other payables		**193**	(1,206)	**2,406**	(2,193)
Cash generated from/(used in) operations		**5,528**	(3,320)	**512**	(2,899)
Tax paid		**(1,325)**	(1,278)	**-**	(60)
Net cash from/(used in) operating activities		**4,203**	(4,598)	**512**	(2,959)

Statements of Cash Flows

For the fnancial year ended 31 May 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash Flows From Investing Activities					
Dividend income from a subsidiary		**-**	-	**1,530**	-
Interest income		**333**	232	**419**	229
Placement of deposits pledged to a licensed bank		**(23)**	(3)	**-**	-
Withdrawal of other investments		**400**	2,200	**-**	-
Proceeds from disposal of property, plant and equipment		**267**	151	**200**	-
Purchase of property, plant and equipment	7	**(974)**	(798)	**-**	(5)
Net cash from investing activities		**3**	1,782	**2,149**	224
Cash Flows From Financing Activities					
Capital repayment	16	**-**	(18,932)	**-**	(18,932)
Net repayment of hire purchase and lease creditors		**(542)**	(566)	**(295)**	(111)
Dividend paid to non-controlling interests of a subsidiary		**(1,470)**	-	**-**	-
Interest expenses		**(101)**	(138)	**(590)**	(248)
Net drawdown/(repayment) of bankers' acceptances		**740**	(1,003)	**-**	-
Net cash used in financing activities		**(1,373)**	(20,639)	**(885)**	(19,291)
Net increase/(decrease) in cash and cash equivalents		**2,833**	(23,455)	**1,776**	(22,026)
Effect of exchange rate changes on cash and cash equivalents		**153**	17	**-**	-
Cash and cash equivalents at beginning of financial year		**4,771**	28,209	**4**	22,030
Cash and cash equivalents at end of financial year	14	**7,757**	4,771	**1,780**	4

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the ACE Market of Bursa Malaysia Securities Berhad.

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, Malaysia.

The principal place of business of the Company is located at Lot 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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

The consolidated financial statements for the financial year ended 31 May 2016 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 26 August 2016.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 42 to 110 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 31 to the financial statements set out on page 111 has been prepared 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.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

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

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiary is consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Basis of consolidation (continued)

If the Group loses control of a subsidiary, the profit or loss on disposal is 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 (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits respectively*;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Business combinations (continued)

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

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

4.4 Property, plant and equipment and depreciation

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

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

Buildings	13 - 30 years
Plant and machinery	10 - 15%
Motor vehicles	10 - 20%
Furniture, fittings and office equipment	10 - 20%
Renovations	20 - 33%

Freehold land has unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.7 to the financial statements on impairment of non-financial assets).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment and depreciation (continued)

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Investments (continued)

(b) Associate

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals or exceeds its interest in the associates, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in end of the reporting periods is not more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and an associate), are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

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

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

The impairment loss is recognised in profit or loss immediately.

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

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

Such reversals are recognised as income immediately in profit or loss.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present condition and location. Cost of finished goods include the cost of raw materials, direct labour, other direct cost and an appropriate portion of production overheads based on normal operating capacity of the production facilities.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments

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

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

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

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

(a) Financial assets

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

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

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

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

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

(ii) Held-to-maturity investments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments (continued)

(a) Financial assets (continued)

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

(iii) Loans and receivables

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

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

(iv) Available-for-sale financial assets

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments (continued)

(b) Financial liabilities

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

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

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

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

(ii) Other financial liabilities

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

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

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

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

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

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments (continued)

(c) Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary share capital and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

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

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4.10 Impairment of financial assets

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

(a) Loans and receivables

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

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

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

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

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Impairment of financial assets (continued)

(b) Available-for-sale financial assets (continued)

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed to profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

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

4.12 Income taxes

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

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) The same taxable entity; or

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

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax related to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

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

4.13 Provisions

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

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Contingent liabilities and contingent assets

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

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

In the acquisition of subsidiary by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.15 Employee benefits

(a) Short term employee benefits

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

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

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

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

4.16 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of 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, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Revenue recognition

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

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Services rendered

Revenue in respect of the rendering of services is recognised when the services are performed, net of taxes and discounts.

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

d) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(e) Dividend income

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

4.18 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets shall be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. The probability of shareholders' approval is considered as part of the assessment of whether the sale is highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

Immediately before the initial classification as held for sale, the carrying amounts of the assets are measured in accordance with applicable MFRSs. On initial classification as held for sale, non-current assets (other than employee benefits assets, and financial assets carried at fair value) are measured at the lower of its carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.18 Non-current assets held for sale (continued)

The Group measures a non-current asset (or disposal group) classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

Non-current assets held for sale are classified as current assets in the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

If the Group has classified an asset as held for sale but subsequently, the criteria for classification is no longer met, the Group ceases to classify the asset as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

(a) Its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and

(b) Its recoverable amount at the date of the subsequent decision not to sell.

4.19 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

    (i) The combined reported profit of all operating segments that did not report a loss; and

    (ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.21 Fair value measurements

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

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

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

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

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

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSS AND AMENDMENT TO MFRSS

5.1 New MFRSs adopted during the financial year

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

Title	Effective Date
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 - 2013 Cycle*	1 July 2014

There is no material effect upon the adoption of these Standards during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141: *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements 2012 - 2014 Cycle*	1 January 2016
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarifications to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and measurement of Share-based Payment Transctions*	1 January 2018
MFRS 16 *Leases*	1 January 2019
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

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

The Directors are of the opinion that there are no significant changes in estimates during the reporting period and at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following is judgement made by the management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6.3 Key sources of estimation uncertainty

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

(a) Depreciation of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of these assets; therefore future depreciation charges could be revised. A ten percent (10%) difference in the average useful lives of these assets from management's estimates would result in approximately a RM446,000 variance in loss for the financial year.

(b) Impairment of investments in subsidiaries

The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.3 Key sources of estimation uncertainty (continued)

(c) Impairment of the investment in an associate

The Group reviews the investment in an associate for impairment when there is an indication of impairment.

The Group is currently in the process of liquidating the associate. Judgments made by management in the process of applying the Group's accounting policies in respect of investment in the associate are as follows:

The Group determines whether its investment is impaired following certain indications of impairment such as, amongst others, ensuring that the investment is not carried at more than their recoverable amount.

(d) Impairment on receivables

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

(e) Fair value measurement

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

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

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

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

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

The Group measures financial instruments at fair value as disclosed in Note 25 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.6.2015 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Disposal RM'000	Written off RM'000	Balance as at 31.5.2016 RM'000
2016						
Carrying amount						
Freehold land	1,016	-	-	-	-	1,016
Buildings	2,954	37	(147)	-	-	2,844
Plant and machinery	23,020	468	(2,518)	-	-	20,970
Motor vehicles	6,445	263	(1,588)	(451)	(66)	4,603
Furniture, fittings and office equipment	563	206	(205)	-	(9)	555
Renovations	5	-	(5)	-	-	-
	34,003	974	(4,463)	(451)	(75)	29,988

	At 31.5.2016		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	1,016	-	1,016
Buildings	4,030	(1,186)	2,844
Plant and machinery	52,414	(31,444)	20,970
Motor vehicles	27,162	(22,559)	4,603
Furniture, fittings and office equipment	2,713	(2,158)	555
Renovations	173	(173)	-
	87,508	(57,520)	29,988

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Balance as at 1.6.2014 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Disposal RM'000	Reclassified as asset held for sale RM'000	Balance as at 31.5.2015 RM'000
2015						
Carrying amount						
Freehold land	1,016	-	-	-	-	1,016
Buildings	3,098	-	(144)	-	-	2,954
Plant and machinery	25,102	464	(2,546)	-	-	23,020
Motor vehicles	7,930	475	(1,770)	(139)	(51)	6,445
Furniture, fittings and office equipment	558	229	(224)	-	-	563
Renovations	11	5	(11)	-	-	5
	37,715	1,173	(4,695)	(139)	(51)	34,003

	At 31.5.2015		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	1,016	-	1,016
Buildings	3,993	(1,039)	2,954
Plant and machinery	51,946	(28,926)	23,020
Motor vehicles	28,999	(22,554)	6,445
Furniture, fittings and office equipment	2,526	(1,963)	563
Renovations	172	(167)	5
	88,652	(54,649)	34,003

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Balance as at 1.6.2015 RM'000	Depreciation charge for the financial year RM'000	Disposal RM'000	Balance as at 31.5.2016 RM'000
2016				
Carrying amount				
Motor vehicles	510	(99)	(270)	141
Furniture, fittings and office equipment	5	(1)	-	4
	515	(100)	(270)	145

	At 31.5.2016		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Motor vehicles	973	(832)	141
Furniture, fittings and office equipment	16	(12)	4
	989	(844)	145

Company	Balance as at 1.6.2014 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2015 RM'000
2015				
Carrying amount				
Motor vehicles	641	-	(131)	510
Furniture, fittings and office equipment	1	5	(1)	5
	642	5	(132)	515

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	At 31.5.2015		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Motor vehicles	1,444	(934)	510
Furniture, fittings and office equipment	16	(11)	5
	1,460	(945)	515

(a) The Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Purchase of property, plant and equipment	**974**	1,173	**-**	5
Financed by hire purchase and finance lease arrangements	**-**	(375)	**-**	-
Cash payments on purchase of property, plant and equipment	**974**	798	**-**	5

(b) As of 31 May 2016, the carrying amounts of the property, plant and equipment of the Group and of the Company under hire purchase and finance lease arrangements are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Motor vehicles	**402**	1,338	**141**	510

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 19 to the financial statements.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
Unquoted shares, at cost	**23,185**	23,185
Less: Accumulated impairment losses	**(711)**	(711)
	22,474	22,474

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity 2016 %	Effective interest in equity 2015 %	Principal activities
*Ancom Components Sdn Bhd	Malaysia	**67**	67	Manufacturing and marketing of low voltage switchgear
Synergy Trans-Link Sdn Bhd	Malaysia	**100**	100	Investment holding
Hikmat Ikhlas Sdn Bhd	Malaysia	**35**	35	Dormant
Subsidiaries of Synergy Trans-Link Sdn Bhd				
Ancom-ChemQuest Terminals Sdn Bhd	Malaysia	**51**	51	Build, own, operate, lease and manage chemical tank farm and warehouse
Pengangkutan Cogent Sdn Bhd	Malaysia	**100**	100	Providing transportation and related services

* Not audited by BDO or BDO Member Firms.

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

	Ancom-ChemQuest Terminals Sdn Bhd RM'000	Others* RM'000	Total RM'000
2016			
NCI percentage of ownership interest and voting interest (%)	**49%**		
Carrying amount of NCI	**14,836**	**(166)**	**14,670**
Profit allocated to NCI	**1,345**	**-**	**1,345**
2015			
NCI percentage of ownership interest and voting interest (%)	49%		
Carrying amount of NCI	14,961	(166)	14,795
Profit allocated to NCI	1,096	(9)	1,087

* The NCI of all other subsidiaries that are not wholly-owned by the Group are deemed to be immaterial.

(b) The summarised financial information before intra-group elimination of the subsidiary that has material NCI as at the end of each reporting period is as follows:

	Ancom-ChemQuest Terminals Sdn Bhd RM'000
2016	
Assets and liabilities	
Non-current assets	**21,879**
Current assets	**14,613**
Non-current liabilities	**(4,581)**
Current liabilities	**(1,634)**
Net assets	**30,277**

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The summarised financial information before intra-group elimination of the subsidiary that have material NCI as at the end of each reporting period are as follows: (continued)

	Ancom-ChemQuest Terminals Sdn Bhd RM'000
Results	
Revenue	**9,699**
Profit for the financial year	**2,745**
Total comprehensive income	**2,745**
Cash flows from operating activities	**3,895**
Cash flows from investing activities	**75**
Cash flows used in financing activity	**(3,000)**
Net increase in cash and cash equivalents	**970**
Dividend paid to NCI	**1,470**
2015	
Assets and liabilities	
Non-current assets	23,692
Current assets	12,673
Non-current liabilities	(4,719)
Current liabilities	(1,114)
Net assets	30,532
Results	
Revenue	9,718
Profit for the financial year	2,236
Total comprehensive income	2,236
Cash flows used in operating activities	(2,537)
Cash flows from investing activities	1,619
Cash flows from financing activities	-
Net decrease in cash and cash equivalents	(918)
Dividend paid to NCI	-

9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares, at cost	**3,902**	3,902	**3,902**	3,902
Group's share of post acquisition results	**(31)**	(31)	**-**	-
	3,871	3,871	**3,902**	3,902
Less: Impairment loss	**(2,069)**	(2,069)	**(2,069)**	(2,069)
	1,802	1,802	**1,833**	1,833

The details of the associate are as follows:

Name of company	Country of incorporation	Effective Interest in equity 2016	Effective Interest in equity 2015	Principal activity
Tamco Chongqing Switchgear Company Limited	China	**49%**	49%	Under voluntary liquidation

Tamco Chongqing Switchgear Company Limited ("TCS") has been placed under liquidation in previous financial years. The completion of the liquidation is pending local regulatory requirements in China.

10. DEFERRED TAX LIABILITIES/(ASSETS)

(a) The deferred tax liabilities/(assets) are made up of the following:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 June 2015/2014	**5,986**	6,402	**-**	18
Recognised in profit or loss (Note 23)	**(344)**	(416)	**-**	(18)
Balance as at 31 May 2016/2015	**5,642**	5,986	**-**	-
Presented as:				
Deferred tax assets, net	**-**	(30)	**-**	-
Deferred tax liabilities, net	**5,642**	6,016	**-**	-

10. DEFERRED TAX LIABILITIES/(ASSETS) (CONTINUED)

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

Deferred tax liabilities of the Group	Property, plant and equipment RM'000	Others RM'000	Total RM'000
2016			
Balance as at 1 June 2015	**6,015**	**1**	**6,016**
Recognised in profit or loss	**(142)**	**27**	**(115)**
Balance as at 31 May 2016	**5,873**	**28**	**5,901**
2015			
Balance as at 1 June 2014	6,281	283	6,564
Recognised in profit or loss	(266)	(282)	(548)
Balance as at 31 May 2015	6,015	1	6,016

Deferred tax assets of the Group	Others RM'000	Total RM'000
2016		
Balance as at 1 June 2015	**(30)**	**(30)**
Recognised in profit or loss	**(229)**	**(229)**
Balance as at 31 May 2016	**(259)**	**(259)**
2015		
Balance as at 1 June 2014	(162)	(162)
Recognised in profit or loss	132	132
Balance as at 31 May 2015	(30)	(30)

10. DEFERRED TAX LIABILITIES/(ASSETS) (CONTINUED)

(c) In the previous financial year, the components and movements of deferred tax liabilities of the Company are as follows:

Deferred tax liabilities of the Company	Property, plant and equipment RM'000	Total RM'000
2015		
Balance as at 1 June 2014	18	18
Recognised in profit or loss	(18)	(18)
Balance as at 31 May 2015	-	-

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unutilised tax losses	**3,089**	3,073	**33**	-

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not certain that these subsidiaries will have future taxable profits to offset the unutilised tax losses.

11. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost		
Raw materials	**228**	77
Consumable	**8**	28
Finished goods	**299**	179
	535	284
At net realisable value		
Finished goods	**79**	116
	614	400

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM2,638,000 (2015: RM2,196,000).

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables				
Third parties	**6,791**	9,062	**-**	-
Amounts owing by related companies	**1,264**	933	**-**	-
Amount owing by a related party	**20**	-	**-**	-
	8,075	9,995	**-**	-
Less: Impairment loss	**(711)**	(699)	**-**	-
	7,364	9,296	**-**	-
Other receivables				
Amount owing by holding company	**6,759**	5,592	**6,759**	5,592
Amounts owing by subsidiaries	**-**	-	**2,044**	3,232
Amounts owing by related companies	**-**	818	**-**	-
Amount owing by a related party	**38**	-	**38**	-
Other receivables	**361**	387	**1**	76
Deposits	**184**	130	**11**	11
	7,342	6,927	**8,853**	8,911
Less: Impairment loss	**-**	-	**(2,034)**	(1,932)
	7,342	6,927	**6,819**	6,979
Loans and receivables	**14,706**	16,223	**6,819**	6,979
Prepayments	**619**	637	**18**	17
	15,325	16,860	**6,837**	6,996

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2015: 30 to 120 days) from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) Amount owing by holding company is unsecured, bears interest at a rate of 6% (2015: 6%) per annum and is repayable on demand in cash and cash equivalents.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Amounts owing by subsidiaries in other receivables represent advances and expenses paid on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents except for an amount of RM1,707,000 which bears an interest rate of 6% per annum.

(d) Amounts owing by related companies and amount owing by a related party in other receivables represent advances and expenses paid on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents.

(e) The currency exposure profile of loans and receivables is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Singapore Dollar	**893**	664	**-**	-
Ringgit Malaysia	**13,813**	15,559	**6,819**	6,979
	14,706	16,223	**6,819**	6,979

(f) The ageing analysis of trade receivables of the Group is as follows:

	Group	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	**2,911**	4,020
Past due not impaired		
1 to 30 days	**2,054**	2,338
31 to 60 days	**1,388**	1,938
61 to 90 days	**412**	583
91 to 120 days	**585**	94
More than 120 days	**14**	323
	4,453	5,276
Past due and impaired	**711**	699
	8,075	9,995

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(f) The ageing analysis of trade receivables of the Group is as follows: (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

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

Receivables that are past due but not impaired

At the end of the reporting period, trade receivables of the Group that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Receivable that are past due and impaired

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

	Individually impaired Group	
	2016 RM'000	**2015 RM'000**
Trade receivables	**711**	699
Less: Impairment loss	**(711)**	(699)
	-	-

(g) The reconciliation of movement in impairment loss is as follows:

	Group	
Trade receivables	**2016 RM'000**	**2015 RM'000**
At 1 June 2015/2014	**699**	699
Charge for the financial year (Note 22)	**304**	287
Reversal of impairment loss (Note 22)	**(292)**	(287)
At 31 May 2016/2015	**711**	699

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(g) The reconciliation of movement in impairment loss is as follows: (continued)

	Company	
	2016	**2015**
Other receivables	**RM'000**	**RM'000**
At 1 June 2015/2014	**1,932**	586
Charge for the financial year (Note 22)	**102**	1,346
At 31 May 2016/2015	**2,034**	1,932

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

(h) Information on financial risks of trade and other receivables is disclosed in Note 26 to the financial statements.

13. OTHER INVESTMENTS

	Group	
	2016	**2015**
	RM'000	**RM'000**
Current		
Fair value through profit or loss		
Unit trusts	**508**	868

Information on fair value hierarchy is disclosed in Note 25(d) to the financial statements.

14. CASH AND BANK BALANCES

Cash and bank balances comprise the following as at the end of the reporting period:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	**8,207**	5,542	**1,780**	4
Deposits with a licensed bank	**132**	109	**-**	-
	8,339	5,651	**1,780**	4

(a) Deposits with a licensed bank of the Group amounting to RM132,000 (2015: RM109,000) have been pledged to a licensed bank for bank guarantee facilities granted to a subsidiary of the Group.

(b) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Singapore Dollar	**2,202**	1,091	**-**	-
Ringgit Malaysia	**6,137**	4,560	**1,780**	4
	8,339	5,651	**1,780**	4

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	**8,339**	5,651	**1,780**	4
Less:				
Deposits pledged with a licensed bank	**(132)**	(109)	**-**	-
Bank overdrafts (Note 18)	**(450)**	(771)	**-**	-
	7,757	4,771	**1,780**	4

(d) Information on financial risks of cash and bank balances is disclosed in Note 26 to the financial statements.

15. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2016 RM'000	**2015 RM'000**
Current		
Motor vehicles	**51**	51

On 5 May 2015, a subsidiary of the Group entered into an agreement for the sale of motor vehicles for a consideration of RM110,000. During the financial year, the sale has not been completed as the subsidiary is in the midst of transferring the titles of the motor vehicles.

This transaction was completed subsequent to the financial year end in July 2016.

16. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares	**RM'000**	**Number of shares**	**RM'000**
Ordinary shares of RM0.05 each:				
Authorised	**10,000,000**	**500,000**	10,000,000	500,000
Issued and fully paid				
At 1 June 2015/2014	**473,286**	**23,664**	473,286	47,329
Capital repayment	**-**	**-**	-	(18,932)
Capital reduction	**-**	**-**	-	(4,733)
At 31 May 2016/2015	**473,286**	**23,664**	473,286	23,664

(a) In the previous financial year, the Company undertook a 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 made a cash distribution of RM18,932,000 to all shareholders of the Company on the basis of RM0.04 for each of the ordinary shares. The balance of RM0.01, together with credit arising from cancellation of share premium account was used to set-off against the accumulated losses of the Company, in accordance with Section 60 and 64 of the Companies Act, 1965, Malaysia. Pursuant to the capital reduction and repayment, the authorised share capital remained at RM500,000,000 comprising 10,000,000,000 ordinary shares of RM0.05 each and the issued and fully paid share capital reduced from RM47,329,000 to RM23,664,000 comprising 473,286,000 ordinary shares of RM0.05 each.

16. SHARE CAPITAL (CONTINUED)

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

17. MERGER RESERVE

	Group	
	2016 RM'000	2015 RM'000
Merger reserve	**8,526**	8,526

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

18. BORROWINGS

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current liabilities					
Secured					
Hire purchase and lease creditors	19	**126**	495	**59**	276
Current liabilities					
Secured					
Bankers' acceptances		**740**	-	**-**	-
Bank overdraft		**450**	771	**-**	-
Hire purchase and lease creditors	19	**97**	270	**39**	117
		1,287	1,041	**39**	117
		1,413	1,536	**98**	393
Total borrowings					
Bankers' acceptances		**740**	-	**-**	-
Bank overdraft	14	**450**	771	**-**	-
Hire purchase and lease creditors	19	**223**	765	**98**	393
		1,413	1,536	**98**	393

18. BORROWINGS (CONTINUED)

(a) The bankers' acceptances and bank overdraft of the Group are secured by the corporate guarantees provided by the Company.

(b) Borrowings are denominated in Ringgit Malaysia.

(c) Information on financial risks of borrowings is disclosed in Note 26 to the financial statements.

19. HIRE PURCHASE AND LEASE CREDITORS

The future minimum lease payments under the hire purchase arrangements together with the net minimum lease payments are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Minimum lease payables:				
Not later than one (1) year	**109**	303	**43**	133
Later than one (1) year and not later than five (5) years	**128**	525	**61**	292
Total minimum lease payments	**237**	828	**104**	425
Less: Future interest charges	**(14)**	(63)	**(6)**	(32)
Present value of minimum lease payments	**223**	765	**98**	393
Repayable as follows:				
Current liabilities:				
- not later than one (1) year	**97**	270	**39**	117
Non-current liabilities:				
- later than one (1) year and not later than five (5) years	**126**	495	**59**	276
	223	765	**98**	393

Information of financial risks of hire purchase and lease creditors is disclosed in Note 26 to the financial statements.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables				
Third parties	**2,039**	2,219	**-**	-
Amounts owing to related companies	**503**	-	**-**	-
	2,542	2,219	**-**	-
Other payables				
Other payables	**726**	1,077	**84**	547
Accruals	**2,073**	1,324	**427**	79
Deposits	**10**	-	**-**	-
Amount owing to holding company	**59**	59	**-**	-
Amounts owing to related companies	**917**	1,725	**493**	410
Amount owing to a related party	**273**	-	**-**	-
Amounts owing to subsidiaries	**-**	-	**11,152**	8,714
	4,058	4,185	**12,156**	9,750
	6,600	6,404	**12,156**	9,750

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2015: 30 to 90 days) respectively from date of invoice.

(b) Amount owing to holding company, amounts owing to related companies, amount owing to a related party and amounts owing to subsidiaries in other payables represent advances and expenses paid on behalf, which are unsecured, interest-free and repayable on demand other than an amount owing to a subsidiary of RM9,476,000 (2015: RM8,133,000), which bears interest of 6% (2015: 6%) per annum.

(c) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
United States Dollar	**12**	117	**-**	-
Singapore Dollar	**174**	19	**-**	-
Ringgit Malaysia	**6,414**	6,268	**12,156**	9,750
	6,600	6,404	**12,156**	9,750

20. TRADE AND OTHER PAYABLES (CONTINUED)

(d) Information on financial risks of trade and other payables is disclosed in Note 26 to the financial statements.

21. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of goods	**4,153**	3,600	**-**	-
Services rendered	**28,213**	28,653	**-**	-
Dividend income	**-**	-	**1,530**	-
	32,366	32,253	**1,530**	-

22. (LOSS)/PROFIT BEFORE TAX

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
(Loss)/Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- statutory					
- to auditors of the Company:					
- current year		**105**	103	**60**	60
- under-provision in prior years		**2**	-	**-**	-
- other auditors:					
- current year		**6**	6	**-**	-
- non-statutory					
- to auditors of the Company		**8**	8	**8**	8
Deposits written off		**2**	-	**-**	-
Depreciation of property, plant and equipment	7	**4,463**	4,695	**100**	132
Directors' remuneration:					
- fees	29	**410**	396	**325**	325
- salaries and other emoluments	29	**383**	863	**15**	15
Impairment loss on:					
- trade receivables	12(g)	**304**	287	**-**	-
- other receivables	12(g)	**-**	-	**102**	1,346

22. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
(Loss)/Profit before tax is arrived at after charging: (continued)					
Interest expense:					
- bankers' acceptances		**11**	25	**-**	-
- bank overdrafts		**58**	69	**-**	-
- hire purchases and lease creditors		**32**	44	**17**	22
- amount owing to a subsidiary		**-**	-	**573**	226
Loss on disposal of property, plant and equipment		**184**	-	**70**	-
Property, plant and equipment written off	7	**75**	-	**-**	-
Rental of premises		**668**	597	**-**	-
Rental of equipment		**132**	147	**-**	-
And crediting:					
Bad debts recovered		**59**	-	**-**	-
Reversal of impairment loss on trade receivables	12(g)	**292**	287	**-**	-
Dividend income from a subsidiary	21	**-**	-	**1,530**	-
Gain on foreign exchange:					
- realised		**134**	43	**-**	-
- unrealised		**160**	47	**-**	-
Gain on disposal of property, plant and equipment		**-**	12	**-**	-
Fair value gain in other investments		**40**	56	**-**	-
Rental income from:					
- third parties		**82**	74	**-**	-
- a related party		**48**	48	**48**	48
Interest income from:					
- holding company		**317**	198	**317**	198
- a subsidiary		**-**	-	**102**	-
- others		**16**	34	**-**	31

23. TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense based on profit for the financial year	**1,170**	1,637	**17**	-
(Over)/Under-provision in prior years	**(803)**	(10)	**-**	60
	367	1,627	**17**	60
Deferred tax (Note 10)				
Relating to origination and reversal of temporary differences	**(513)**	(657)	**-**	-
Under/(Over)-provision in prior years	**169**	241	**-**	(18)
	(344)	(416)	**-**	(18)
	23	1,211	**17**	42

The numerical reconciliations between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit before tax	**(286)**	758	**(864)**	(3,131)
Taxation at statutory tax rate of 24% (2015: 25%)	**(69)**	190	**(207)**	(783)
Tax effects in respect of:				
Expenses not deductible for tax purposes	**722**	250	**583**	223
Income not subject to tax	**-**	-	**(367)**	-
Utilisation of unrecognised tax losses	**(4)**	(20)	**-**	-
Deferred tax assets not recognised	**8**	560	**8**	560
(Over)/Under-provision in prior years:				
- income tax	**(803)**	(10)	**-**	60
- deferred tax	**169**	241	**-**	(18)
	23	1,211	**17**	42

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profit for the fiscal year.

24. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

The basic loss per ordinary share for the financial year has been calculated based on the consolidated loss for the year attributable to owners of the parent of RM1,654,000 (2015: RM1,540,000) and the weighted average number of 473,286,000 (2015: 473,286,000) ordinary shares in issue during the financial year.

	Group	
	2016	**2015**
Loss attributable to equity holders of the parent (RM'000)	**(1,654)**	(1,540)
Weighted average number of ordinary shares in issue ('000)	**473,286**	473,286
Basic loss per ordinary share for the financial year (sen)	**(0.35)**	(0.33)

(b) Diluted loss per ordinary share

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted loss per ordinary share equals basic loss per ordinary share.

25. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while it maintains acceptable capital ratios in order to support its business and maximise shareholder value. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2016 and 31 May 2015.

The Group monitors capital using a gearing ratio. This ratio is calculated as total debts divided by total equity. Total debts are calculated as total borrowings (comprising current and non-current borrowings as shown in the statements of financial position). Total equity represents equity attributable to the owners of the parent.

	Group	
	2016 RM'000	**2015 RM'000**
Total debts	**1,413**	1,536
Total equity	**28,979**	30,633
Gearing ratio	**0.05**	0.05

25. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Capital management (continued)

Pursuant to the requirements of Guidance Note No.3/2006 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital of the Company. The Company has complied with this requirement during the financial year ended 31 May 2016.

(b) Financial instruments

Financial assets	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
2016			
Group			
Trade and other receivables	**14,706**	**-**	**14,706**
Other investments	**-**	**508**	**508**
Cash and bank balances	**8,339**	**-**	**8,339**
	23,045	**508**	**23,553**
Company			
Trade and other receivables	**6,819**	**-**	**6,819**
Cash and bank balances	**1,780**	**-**	**1,780**
	8,599	**-**	**8,599**
2015			
Group			
Trade and other receivables	16,223	-	16,223
Other investments	-	868	868
Cash and bank balances	5,651	-	5,651
	21,874	868	22,742
Company			
Trade and other receivables	6,979	-	6,979
Cash and bank balances	4	-	4
	6,983	-	6,983

25. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments (continued)

Financial liabilities	Other financial liabilities RM'000	Total RM'000
2016		
Group		
Trade and other payables	**6,600**	**6,600**
Borrowings	**1,413**	**1,413**
	8,013	**8,013**
Company		
Trade and other payables	**12,156**	**12,156**
Borrowings	**98**	**98**
	12,254	**12,254**
2015		
Group		
Trade and other payables	6,404	6,404
Borrowings	1,536	1,536
	7,940	7,940
Company		
Trade and other payables	9,750	9,750
Borrowings	393	393
	10,143	10,143

25. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Methods and assumptions used to estimate fair value

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

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

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and short term borrowings are reasonable approximation of fair value, 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 end of the reporting period.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

(ii) Hire purchase and lease creditors

The fair values of the hire purchase and lease creditors are estimated by discounting future contractual cash flows at current market interest rates available to the Group by reference to similar leasing arrangements.

(iii) Unit trusts

Unit trusts 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, the risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

(d) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

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

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

25. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2016 Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trusts	-	508	-	508	-	-	-	-	508	508
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	227	-	227	227	223

25. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position: (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2015 **Group**	**Level 1** **RM'000**	**Level 2** **RM'000**	**Level 3** **RM'000**	**Total** **RM'000**	**Level 1** **RM'000**	**Level 2** **RM'000**	**Level 3** **RM'000**	**Total** **RM'000**	**Total fair value** **RM'000**	**Carrying amount** **RM'000**
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trusts	-	868	-	868	-	-	-	-	868	868
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	794	-	794	794	765

25. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position: (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2016 Company	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	**-**	**-**	**-**	**-**	**-**	**100**	**-**	**-**	**100**	**98**
2015 Company										
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	408	-	-	408	393

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk and credit risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

It is, and has been throughout the financial year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity and cash flow risk and credit risk. Management reviews and agrees policies for managing each of these risks and these are summarised below:

(i) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the functional currency, Ringgit Malaysia.

The Group also holds cash and bank balances denominated in foreign currency for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM2,202,000 (2015: RM1,091,000) in Singapore Dollar ('SGD') for the Group.

The exposure of the Group to foreign currency risk is monitored on an on-going basis to ensure the net exposure is at an acceptable level.

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the SGD and USD exchange rates against the functional currency of the Group, with all other variables held constant:

		Group	
		2016	**2015**
Loss after tax		**RM'000**	**RM'000**
SGD/RM	- strengthen by 3% (2015: 3%)	**67**	126
	- weaken by 3% (2015: 3%)	**(67)**	(126)
USD/RM	- strengthen by 3% (2015: 3%)	**(1)**	(3)
	- weaken by 3% (2015: 3%)	**1**	3

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk

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

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from the Group's borrowings and deposits places with licensed banks. The Group manages the borrowings through the use of fixed and floating rates and monitors the interest rates on borrowings closely to ensure that the borrowings are maintained at favourable rates. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

In view of the insignificant financial effect on the Group's loss net of tax with the possible change in interest rates, the management did not separately disclose the effect of this sensitivity in the financial statements.

The following tables set out the carrying amounts, the effective annual interest rates as at the end of reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
2016									
Fixed rates									
Deposits with a licensed bank	14	**3.15% - 3.30%**	**132**	**-**	**-**	**-**	**-**	**-**	**132**
Hire purchase and lease creditors	19	**2.42% - 3.60%**	**97**	**101**	**25**	**-**	**-**	**-**	**223**
Floating rates									
Bank overdraft	18	**8.60%**	**450**	**-**	**-**	**-**	**-**	**-**	**450**
Bankers' acceptances	18	**5.00% - 6.00%**	**740**	**-**	**-**	**-**	**-**	**-**	**740**
2015									
Fixed rates									
Deposits with a licensed bank	14	3.15% - 3.30%	109	-	-	-	-	-	109
Hire purchase and lease creditors	19	2.41% - 3.70%	270	211	258	26	-	-	765
Floating rates									
Bank overdraft	18	8.60%	771	-	-	-	-	-	771

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Interest rate risk (continued)

The following tables set out the carrying amounts, the effective annual interest rates as at the end of reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk: (continued)

	Note	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Company									
2016									
Fixed rates									
Hire purchase and lease creditors	19	**2.80%**	**39**	**41**	**18**	**-**	**-**	**-**	**98**
2015									
Fixed rates									
Hire purchase and lease creditors	19	2.41% - 2.80%	117	123	129	24	-	-	393

(iii) Liquidity and cash flow risk

It is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments, monitoring and maintaining a level of cash and cash equivalents deemed adequate for the Group's operations.

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2016				
Group				
Financial liabilities				
Trade and other payables	**6,600**	**-**	**-**	**6,600**
Borrowings	**1,299**	**128**	**-**	**1,427**
Total undiscounted financial liabilities	**7,899**	**128**	**-**	**8,027**

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Liquidity and cash flow risk (continued)

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2016				
Company				
Financial liabilities				
Trade and other payables	**12,156**	**-**	**-**	**12,156**
Borrowings	**43**	**61**	**-**	**104**
Total undiscounted financial liabilities	**12,199**	**61**	**-**	**12,260**
2015				
Group				
Financial liabilities				
Trade and other payables	6,404	-	-	6,404
Borrowings	1,074	525	-	1,599
Total undiscounted financial liabilities	7,478	525	-	8,003
Company				
Financial liabilities				
Trade and other payables	9,750	-	-	9,750
Borrowings	133	292	-	425
Total undiscounted financial liabilities	9,883	292	-	10,175

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk

Cash deposits and receivables may give rise to credit risk, which requires the loss to be recognised if a counter party failed to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period granted by the Group ranged from 30 to 120 days (2015: from 30 to 120 days). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of the reporting period, the maximum exposures to credit risk of the Group and of the Company are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of the reporting period, the Group and the Company did not have any significant exposure to any individual customer or counter party nor did it have any major concentration of credit risk related to any financial instruments other than amount owing by holding company of RM6,759,000 (2015: RM5,592,000).

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 12 to the financial statements.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 12 to the financial statements.

Financial guarantees

The Company provides unsecured financial guarantees to a bank in respect of facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

A nominal amount of RM1,190,000 (2015: RM711,000) relating to corporate guarantees provided by the Company to a bank in respect of facilities of its subsidiary.

The Directors are of the view that the fair value of such corporate guarantees given by the Group and the Company is negligible as the chances of the financial institution to call upon the corporate guarantees are remote.

27. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries as disclosed in Note 8 to the financial statements.

(b) 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	
	2016 RM'000	**2015 RM'000**
Holding company:		
Interest received	**317**	198
Related companies:		
Rendering of services	**7,135**	9,487
Purchase of property, plant and equipment	**-**	100
Related parties:		
Rendering of services to a Company which owned by a corporate shareholder of a subsidiary	**158**	-
Rental income received from Company which a Director of the Company has substantial indirect shareholding	**48**	48

	Company	
	2016 RM'000	**2015 RM'000**
Holding company:		
Interest received	**317**	198
Subsidiaries:		
Interest received	**102**	-
Interest paid	**573**	226
Dividends received	**1,530**	-
Related party:		
Rental income received from Company which a Director of the Company has substantial indirect shareholding	**48**	48

The Directors of the Group and of the Company are of the opinion that the above transactions were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

27. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of key management personnel

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

The remuneration of Directors and other key management personnel of the Group and of the Company during the financial year was as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term employee benefits	**141**	374	**-**	-
Defined contribution plan	**23**	26	**-**	-
Other emoluments	**219**	463	**15**	15
	383	863	**15**	15

28. COMMITMENTS

(a) Capital commitments

Capital commitments not provided for in the financial statements are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
In respect of purchase of property, plant and equipment:		
Contracted but not provided for	**355**	252
Approved but not contracted for	**158**	-
	513	252

(b) Operating lease commitments

The Group has aggregate future minimum leases commitments as at the end of each reporting period, as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Not later than one year	**676**	461
Later than one year and not later than five years	**4,269**	4,137
Later than five years	**1,921**	2,775
	6,866	7,373

29. EMPLOYEE BENEFITS

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	**6,946**	6,171	**917**	763
Defined contribution plan	**717**	686	**90**	74
Other benefits	**280**	521	**2**	2
	7,943	7,378	**1,009**	839

Included in the employee benefits of the Group are Executive Director's remuneration and other emoluments amounting to RM224,000 (2015: RM688,000).

The details of remuneration received/receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive Director				
- salaries, bonus and allowances	**20**	240	**-**	-
- other emoluments	**204**	448	**-**	-
	224	688	**-**	-
Non-Executive Directors				
- fees	**325**	325	**325**	325
- other emoluments	**15**	15	**15**	15
	340	340	**340**	340
Total remuneration of Directors of the Company	**564**	1,028	**340**	340
Other Directors of the subsidiaries				
- fees	**85**	71		
- salaries and other emoluments	**121**	134	**-**	-
- defined contribution plan	**23**	26	**-**	-
	229	231	**-**	-
	793	1,259	**340**	340

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM16,000 (2015: RM16,000) and RM16,000 (2015: RM16,000) respectively.

29. EMPLOYEE BENEFITS (CONTINUED)

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

	Number of Directors			
	2016		2015	
	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
Directors of the Company				
RM50,001 to RM100,000	**-**	**5**	-	5
RM200,001 to RM250,000	**1***	**-**	-	-
RM650,001 to RM700,000	**-**	**-**	1*	-
	1*	**5**	1*	5

* The Director resigned on 16 November 2015.

30. OPERATING SEGMENTS

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.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations before tax. These policies have been applied consistently throughout the current and previous financial years.

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the statements of financial position.

The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilites reported in the statements of financial position.

30. OPERATING SEGMENTS (CONTINUED)

(a) Operating segments

	Logistics		Others		Adjustments and eliminations			Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**Note**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**		**RM'000**	**RM'000**
Revenue									
External customers	**28,213**	28,653	**4,153**	3,600	**-**	-		**32,366**	32,253
Inter-segment	**12**	12	**-**	-	**(12)**	(12)	(a)	**-**	-
Total revenue	**28,225**	28,665	**4,153**	3,600	**(12)**	(12)		**32,366**	32,253
Segment profit/(loss) before tax	**2,018**	3,071	**670**	(3,101)	**(2,974)**	788		**(286)**	758
Dividend income	**-**	-	**3,060**	-	**(3,060)**	-	(b)	**-**	-
Interest income	**577**	229	**432**	229	**(676)**	(226)		**333**	232
Depreciation and amortisation	**4,344**	4,540	**119**	155	**-**	-		**4,463**	4,695
Interest expense	**15**	22	**762**	342	**(676)**	(226)		**101**	138
Other material non-cash items:									
- reversal of impairment loss on trade receivables	**-**	-	**292**	287	**-**	-		**292**	287
- impairment loss on trade receivables	**12**	-	**292**	287	**-**	-		**304**	287
- (loss)/gain on disposal of property, plant and equipment	**(114)**	12	**(70)**	-	**-**	-		**(184)**	12
- gain on foreign exchange (net)	**160**	47	**-**	-	**-**	-		**160**	47
Segment assets	**54,714**	58,355	**66,573**	66,656	**(63,961)**	(64,950)	(c)	**57,326**	60,061
Investment in an associate	**-**	-	**1,833**	1,833	**(31)**	(31)		**1,802**	1,802
Additions to non-current assets	**933**	1,137	**41**	36	**-**	-	(d)	**974**	1,173
Segment liabilities	**21,312**	23,956	**16,917**	16,117	**(24,552)**	(25,440)	(e)	**13,677**	14,633

30. OPERATING SEGMENTS (CONTINUED)

(a) Operating segments (continued)

Note:

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

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

(c) Inter-segment assets are deducted from the segment assets to arrive at total assets reported in the consolidated statement of financial position.

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

(e) Inter-segment liabilities are deducted from the segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

(b) Geographical segments

In determining the geographical segments of the Group, revenue is based on the geographical location of external customers.

	Revenue	
	2016 RM'000	**2015 RM'000**
Malaysia	**28,279**	27,965
Singapore	**4,087**	4,288
	32,366	32,253

31. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The accumulated losses as at the end of the reporting period are analysed as follows:

	2016	
	Group RM'000	Company RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
Realised	6,688	(2,866)
Unrealised	(5,442)	-
	1,246	(2,866)
Less: Consolidated adjustments	(4,457)	-
Total accumulated losses	(3,211)	(2,866)

ADDITIONAL INFORMATION

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

ULTILISATION OF PROCEEDS

The Company did not issue proceeds from any corporate exercise during the financial year.

AUDIT FEE AND NON-AUDIT FEE

The disclosure on audit fee and non-audit fee paid or payable to BDO is set out in Note 22 to the financial statements.

MATERIAL CONTRACTS

There was no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies which involves the Directors and major shareholders, either still subsisting at the end of the financial year ended 31 May 2016 or entered into since the end of the previous financial year.

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, CKG and Fermpro	Storage services	4,378	Dato' (Dr) Siew Ka Wei, 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
Pengangkutan Cogent Sdn Bhd	PKG, Fermpro and Nylex	Transportation services	2,757	

Notes:

PKG - Perusahaan Kimia Gemilang Sdn Bhd
Fermpro - Fermpro Sdn Bhd
CKG - CKG Chemicals Pte Ltd
Nylex - Nylex (Malaysia) Berhad

LIST OF PROPERTIES

As at 31 May 2016

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2016 (RM'000)	Date of Acquisition/ Revaluation
Ancom-ChemQuest Terminals Sdn Bhd					
Jeti Petrokimia Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 8 years (Expiring on 31 August 2024)	9.8 acres	Tank farm, office and warehouse Age of building: approximately 19 years	21,662	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 7 years	3,416	2010

ANALYSIS OF SHAREHOLDINGS

As at 5 September 2016

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	:	12,098

Distribution Schedule

Holdings	No. of holders	Total Holdings	%
Less than 100	3,439	166,331	0.1
101 to 1,000	5,149	2,191,525	0.5
1,001 to 10,000	2,491	9,124,965	1.9
10,001 to 100,000	810	32,776,517	6.9
100,001 to less than 5% of issued shares	205	134,032,202	28.3
5% and above of issued shares	4	294,994,773	62.3
	12,098	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	64,504,192	13.63	-	-
Ancom Berhad	56,191,485	11.87	158,356,272[(1)]	33.46
Dato' (Dr) Siew Ka Wei	725,867	0.15	215,473,196[(2)]	45.53
Chan Thye Seng	-	-	214,562,757[(3)]	45.33
Pacific & Orient Berhad	-	-	214,562,757[(4)]	45.33

Notes:

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

Directors' Shareholdings

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' (Dr) Siew Ka Wei	725,867	0.15	215,473,196[(1)]	45.53

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 5 September 2016

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

	Name	No. of shares	%
1	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Rhodemark Development Sdn Bhd (PB)	93,725,580	19.80
2	Lim Hock Heng	80,573,516	17.02
3	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Synergy Tanker Sdn Bhd (PB)	64,504,192	13.63
4	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Ancom Berhad (PB)	56,191,485	11.87
5	Tina Jennifer Pereira A/P Sebastian Ellarian Pereira	15,002,000	3.17
6	Kenneth William Khoo Boo Hor	9,458,100	2.00
7	Ling Yoke Tek	6,582,000	1.39
8	RHB Nominees (Tempatan) Sdn Bhd - Amara Investment Management Sdn Bhd for Tan Jit Liang	5,296,000	1.12
9	Tan Jit Liang	4,493,200	0.95
10	Public Invest Nominees (Tempatan) Sdn Bhd - Exempt AN for Phillip Securities Pte Ltd (Clients)	3,639,800	0.77
11	Wong Sick Kiew	3,045,000	0.64
12	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Fook Yew (E-SS2)	2,993,800	0.63
13	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledge Securities Account for Ong Yoong Nyock (8039533)	2,600,000	0.55
14	RHB Nominees (Tempatan) Sdn Bhd - Amara Investment Management Sdn Bhd for Toh Chin Woon	1,900,000	0.40
15	Loh Kah Guan	1,867,300	0.39
16	Quek Tuan Soon	1,822,100	0.38
17	HSBC Nominees (Asing) Sdn Bhd - Six Sis for Bank Sarasin CIE	1,792,000	0.38
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	Agnes Chan Wai Ching	1,576,900	0.33
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	Loh Boon Hong	1,250,000	0.26
24	Loh Boon Hong	1,200,000	0.25
25	Loh Kah Peng	1,200,000	0.25
26	Universal Trustee (Malaysia) Berhad - Malaysian Association for The Prevention Of Tuberculosis	1,200,000	0.25
27	Law Say Huat	1,156,100	0.24
28	Chan Eu Khin	1,117,500	0.24
29	Teh Yeng Song	1,100,000	0.23
30	Lim Kau	1,050,000	0.22
	Total	**372,257,373**	**78.62**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 50th Annual General Meeting of the Company will be held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 19 October 2016 at 2.30 p.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 2016; **(Please refer Explanatory Note 1)**

2. To approve the payment of Directors' fees for the financial year ended 31 May 2016; **[Resolution 1]**

3. To re-elect the following Directors who retire pursuant to Article 103 of the Company's Articles of Association:
   3.1 Dato' Abdul Latif Bin Abdullah; and **[Resolution 2]**
   3.2 Dato' (Dr) Siew Ka Wei **[Resolution 3]**

4. To re-appoint Messrs BDO 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 resolution as Ordinary Resolutions:

Ordinary Resolutions

5. Proposed Issuance Of New Ordinary Shares Of RM0.05 Each Pursuant To Section 132D of the Companies Act, 1965 **[Resolution 5]**

   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares of RM0.05 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."

6. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of A Revenue or Trading Nature **[Resolution 6]**

"THAT subject always to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries shall be mandated to enter into RRPT of a revenue or trading nature with those related parties as specified in Section 2.4 of the Circular to Shareholders dated 27 September 2016 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 Company's 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 unless revoked or varied by an ordinary resolution by the shareholders of the Company in general meeting commence upon the passing of this resolution and remain valid until the conclusion of the next annual general meeting of the Company or after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act; and

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

STEPHEN GEH SIM WHYE
Secretary

Petaling Jaya
27 September 2016

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 Act shall not apply to the Company.

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

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

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

5. In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 October 2016 ('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 SS 7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.

EXPLANATORY NOTES

1. Item 1 of the Agenda

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

2. Item 5 of the Agenda

Resolution 5 proposed under item 5 of the Agenda is for the purpose of granting a renewal of a general mandate and if passed, will give the Directors authority 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.

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

3. Item 6 of the Agenda

Resolution 6 proposed under item 6 of the Agenda, if passed, will give the Company and its subsidiaries authority to enter into recurring transactions of a revenue or trading nature with its related parties as defined in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. 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.

Further details relating to Resolution 6 are set out in the Company's Circular to Shareholders dated 27 September 2016 in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature, a copy of which is sent to you together with the Company's 2016 Annual Report.

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

FORM OF PROXY

CDS A/C No.	No. of shares held

I/We ____ NRIC No. ____________________
(Full Name in Block Letters)

of ____
(Full Address)

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

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

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 50th Annual General Meeting of the Company to held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 19 October 2016 at 2.30 p.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 for financial year ended 31 May 2016	1		
3.	To re-elect the Directors who retire pursuant to Article 103 of the Company's Articles of Association:			
	Dato' Abdul Latif Bin Abdullah	2		
	Dato' (Dr) Siew Ka Wei	3		
4.	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration	4		
5.	To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965.	5		
6.	To approve the renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	6		

(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 __________ 2016

____

[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 Act shall not apply to the Company.

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

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

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

5. In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 October 2016 ('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 SS 7/26, 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 SS 7/26, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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www.ancomlogistics.com.my