ANNUAL
REPORT
2010

Together we can
make a difference

ANCOM BERHAD (8440-M)
(Incorporated in Malaysia)

Cover **Rationale**

Chess is a competitive game that requires concentration, tactics, and experience. Just like a game of chess, today's challenging and ever-changing environment requires expertise, knowledge and proper training in order to "win". Hence, ANCOM BERHAD focuses on its people - with its expert and competent team, working in unity and trust, striving to be the best in the business.

ANCOM BERHAD *(8440-M)*
(Incorporated in Malaysia)

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS
Dato'Johari Razak
(Non-Independent Non-Executive Chairman)

Dato' Siew Ka Wei
(Group Managing Director)

Tan Sri Dato' Dr Lin See Yan
(Independent Non-Executive Director)

Datuk Ir (Dr) Mohamed Al Amin Abdul Majid
(Non-Independent Non-Executive Director)

Chan Thye Seng
(Non-Independent Non-Executive Director)

Edmond Cheah Swee Leng
(Independent Non-Executive Director)

Dato' Mohammed Hussein
(Independent Non-Executive Director)

AUDIT COMMITTEE
Edmond Cheah Swee Leng *(Chairman)*
Dato' Johari Razak
Dato' Mohammed Hussein

REMUNERATION & NOMINATION COMMITTEE
Tan Sri Dato' Dr Lin See Yan *(Chairman)*
Edmond Cheah Swee Leng
Dato' Mohammed Hussein

COMPANY SECRETARIES
Choo Se Eng
Wong Wei Fong

REGISTERED OFFICE
Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia
Tel. : (603) 2264 8888
Fax : (603) 2282 2733

BUSINESS ADDRESS
102-1002 Blok A, Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel. : (603) 7660 0008
Fax : (603) 7660 0010

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

AUDITORS
BDO (AF 0206), Chartered Accountants

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
- Industrial Products Sector

PRINCIPAL BANKERS
CIMB Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
AmBank Malaysia Berhad

SOLICITORS
Shearn Delamore & Co

DOMICILE
Malaysia

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
Sales	1,513,137	1,650,935	2,391,168	2,096,920	1,205,514
Profit/(loss) before tax					
- continued operations	34,604	15,090	31,241	61,998	27,230
- discontinued operations	-	(25,498)	146,224	-	-
	34,604	(10,408)	177,465	61,998	27,230
Profit/(loss) after tax					
- continued operations	22,855	8,707	19,310	54,072	13,603
- discontinued operations	-	(25,498)	147,710	-	-
	22,855	(16,791)	167,020	54,072	13,603
Effective percentage rate of tax - %	34	42*	6	13	50
Net earnings/(loss) for Ancom shareholders	1,480	(6,648)	55,256	26,050	4,261
Assets Employed					
Fixed assets	223,017	227,729	237,216	280,018	275,746
Investments	16,165	16,301	37,343	55,185	50,494
Other non-current assets	113,820	102,890	81,844	76,328	48,744
Current assets	549,120	533,635	891,323	858,248	628,916
Total assets	902,122	880,555	1,247,726	1,269,779	1,003,900
Financed by					
Share capital	218,956	218,956	202,338	201,857	201,857
Reserves	102,567	190,905	152,565	106,095	90,870
Less : Treasury Shares, at cost	(2,073)	(2,073)	(1,408)	(3,708)	(9,206)
Ancom shareholders' interests	319,450	326,788	353,495	304,244	283,521
Minority shareholders' interests	116,454	107,763	152,151	154,253	135,860
Total shareholders' funds and minority interests	435,904	434,551	505,646	458,497	419,381
Non-current liabilities	45,511	56,003	90,835	168,588	117,544
Current liabilities	420,707	390,001	651,245	642,694	466,975
Total funds employed	902,122	880,555	1,247,726	1,269,779	1,003,900
Shareholders' Interests					
Earnings/(loss) per share – sen	0.65	(3.07)	27.70	13.50	2.24
Gross dividend per share – sen	1.5	18	5	5	5
Net assets per share – RM	1.48	1.51	1.75	1.55	1.50
Depreciation & amortization	20,389	21,285	31,436	31,451	34,220
Interest expense	10,508	15,761	25,129	23,161	16,012

* In respect of continuing operations.

LIST OF PRINCIPAL OFFICES

Ancom Berhad – Corporate Office
102-1002, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0008
Fax : (603) 7660 0010

Ancom-ChemQuest Terminals Sdn Bhd
Jeti Petrokimia, West Port,
42920 Pulau Indah, Port Klang
Selangor Darul Ehsan, Malaysia
Tel : (603) 3101 1372
Fax : (603) 3101 1461

Ancom Crop Care Sdn Bhd
Lot 5, Section 15, Persiaran Selangor
40000 Shah Alam,
Selangor Darul Ehsan, Malaysia
Tel : (603) 5519 4022
Fax : (603) 5510 3888

Ancom Electrical (Hong Kong) Limited
Room 1501, 15/F, CAC Tower
165 Hoi Bun Road
Kwun Tong, Kowloon, Hong Kong
Tel : (852) 2833 6966
Fax : (852) 2838 0724

Ancom Electrical (Malaysia) Sdn Bhd
No.35 Persiaran Industri
Bandar Sri Damansara
52200 Kuala Lumpur, Malaysia
Tel : (603) 6276 8732
Fax : (603) 6272 1137

Ancom Logistics Berhad
802, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0008
Fax : (603) 7660 5006

Ancom Systems (Singapore) Pte Ltd
No.5 Penjuru Close, 3rd Floor
Singapore 608600
Tel : (65) 6862 3777
Fax : (65) 6862 8628

ChemResources China (Agencies) Limited
Room C, 26th Floor Capitol Centre Tower II
28 Jardine's Crescent
Causeway Bay, Hong Kong
Tel : (852) 2736 7868
Fax : (852) 2736 3056

CKG Chemicals Pte Ltd
133, New Bridge Road
#25-02, Chinatown Point
Singapore 059413
Tel : (65) 6737 2219
Fax : (65) 6235 6342

Dynamic Chemical Trading Pte Ltd
133, Cecil Street
#12-03, Keck Seng Tower
Singapore 069535
Tel : (65) 6224 4142
Fax : (65) 6224 6460

Fermpro Sdn Bhd
202, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

Focus Media Network Sdn Bhd
502, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : (603) 7956 1713
Fax : (603) 7956 2676

IEnterprise Online Sdn Bhd
Unit 1003 & 1005, Blok B
Pusat Dagangan Phileo Damansara II
No.15 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : (603) 7665 1988
Fax : (603) 7665 1638

Kumpulan Kesuma Sdn Bhd / Wedon Sdn Bhd
No.6 Lorong SS13/6A
Subang Jaya Industrial Estate
47500 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 5633 6229
Fax : (603) 5634 9915

Meru Utama Sdn Bhd
Suite E13-21, Block E, Plaza Mont Kiara
No.2 Jalan Kiara, 50480 Kuala Lumpur Malaysia
Tel : (603) 6201 1488
Fax : (603) 6201 8633

MSTi Corporation Sdn Bhd
No. 56-1 & 56-2, Jalan Puteri 5/2
Bandar Puteri, 47100 Puchong
Selangor Darul Ehsan, Malaysia
Tel : (603) 8063 1677
Fax : (603) 8063 1977

Nylex (Malaysia) Berhad
Lot 16, Persiaran Selangor, Section 15
40200 Shah Alam Selangor Darul Ehsan, Malaysia
Tel : (603) 5519 1706
Fax : (603) 5510 0008

Nylex Specialty Chemicals Sdn Bhd / Speciality Phosphates (Malaysia) Sdn Bhd
Lot 593 & 624, Persiaran Raja Lumu
Kawasan Perusahaan Pandamaran
42000 Port Klang, Selangor Darul Ehsan, Malaysia
Tel : (603) 3168 8282
Fax : (603) 3168 5711

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

Perusahaan Kimia Gemilang Sdn Bhd
302, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

Point Cast (Asia) Sdn Bhd / Point Cast (M) Sdn Bhd
502, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7956 1713
Fax : (603) 7956 2676

PT Nylex Indonesia
Desa Sumengko Km31 Kecamatan
Wringinanom, Kabupaten Gresik
East Java, 61176 Indonesia
Tel : (6221) 898 2625
Fax : (6221) 898 2623

RedBerry Sdn Bhd
702, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0053
Fax : (603) 7660 5006

RedBerry Outdoors Sdn Bhd / RedBerry Outdoors Productions Sdn Bhd
3A02, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 7960 0155
Fax : (603) 7960 7155

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

Vision IP Services Sdn Bhd
Level 14, Menara Aik Hua
6 Changkat Raja Chulan
50200 Kuala Lumpur
Tel : (603) 2718 4222
Fax : (603) 2031 2028

CORPORATE STRUCTURE As At 31 May 2010

ANCOM BERHAD

- 100% **Rhodemark Development Sdn Bhd**
- 100% **Ancom Crop Care Sdn Bhd**
  - 100% Polytensides Sdn Bhd
  - 100% Ancom Bioscience Sdn Bhd
  - 100% Ancom Nutrifoods Sdn Bhd
  - 100% ChemResources China (Agencies) Ltd
  - 51% Timber Preservatives Sdn Bhd
  - 49% Nufarm Technologies (M) Sdn Bhd
- 75.2% **Synergy Trans-Link Sdn Bhd**
  - 51% Ancom-ChemQuest Terminals Sdn Bhd
  - 100% SinSenMoh Transportation Pte Ltd
  - 100% Pengangkutan Cogent Sdn Bhd
- 100% **RedBerry Sdn Bhd**
  - 100% Point Cast (M) Sdn Bhd
  - 100% RedBerry Outdoors Sdn Bhd
    - 100% RedBerry Outdoors Productions Sdn Bhd
  - 100% Vision IP Services Sdn Bhd
  - 90% RedBerry Events Sdn Bhd
  - 83.86% Focus Media Network Sdn Bhd
  - 77.01% Wheel Sport Management Sdn Bhd
  - 54.9% Meru Utama Sdn Bhd
  - 51% RedBerry Animation Sdn Bhd
  - 49% RedBerry Media Sdn Bhd
  - 40% MagiqAds Sdn Bhd
- 45% **MSTi Corporation Sdn Bhd**
- 97.3% **IEnterprise Online Sdn Bhd**
- 100% **Ancom Overseas Ventures Sdn Bhd**
  - 100% Syarikat Wandeerfull Sdn Bhd
    - 30% Wandeerfull Industries Sdn Bhd

* Only major companies are shown in the Corporate Structure.

- 100% **Rhodemark Development Sdn Bhd**
  - 36.12% **ANCOM LOGISTICS BERHAD**
- 100% **Ancom Overseas Ventures Sdn Bhd**
  - 0.05% **ANCOM LOGISTICS BERHAD**

ANCOM LOGISTICS BERHAD

- 100% Ancom Systems (Singapore) Pte. Ltd.
  - 100% Ancom Electrical & Environmental (S) Pte. Ltd.
  - 100% Ancom Electrical (Hong Kong) Ltd.
- 100% Ancom Electrical (Malaysia) Sdn. Bhd.
- 67% Ancom Components (M) Sdn. Bhd.

100.0% **Rhodemark Development Sdn Bhd**

- 21.2% **NYLEX (MALAYSIA) BERHAD**

27.0% **NYLEX (MALAYSIA) BERHAD**

- 100.0% Nycon Manufacturing Sdn Bhd
- 100.0% Nylex Polymer Marketing Sdn Bhd
- 100.0% PT Nylex Indonesia
- 100.0% Perusahaan Kimia Gemilang Sdn Bhd
  - 90.0% Dynamic Chemical Trading Pte Ltd
  - 100.0% Perusahaan Kimia Gemilang (Vietnam) Company Ltd
  - 51.0% PT PKG Lautan Indonesia
  - 30.0% Ancom Kimia Sdn Bhd
- 100.0% Fermpro Sdn Bhd
- 100.0% Kumpulan Kesuma Sdn Bhd
- 100.0% Wedon Sdn Bhd
- 100.0% CKG Chemicals Pte Ltd
- 100.0% Nylex Specialty Chemicals Sdn Bhd
- 51.0% Speciality Phosphates (Malaysia) Sdn Bhd
- 70.0% Malaysian Roofing Industries Sdn Bhd
  - 70.0% PT Indomalay Ekatana Roofing Industries

Legend:

- Agricultural & Industrial Chemicals Division
- Logistics Division
- Media Division
- IT Division
- Engineering Division
- Polymer Division
- Building Products Division

BOARD OF DIRECTORS

Dato' Johari Razak
Aged 55, Malaysian
Non-Independent Non-Executive Chairman

Dato' Johari joined the Board on 27 November 1992. He was appointed the Group Managing Director on 2 July 1994 and the Executive Chairman on 30 July 2003. He was re-designated to his present position on 1 August 2007. He is currently a member of the Audit Committee.

Dato' Johari holds a Bachelor of Laws degree from the University of Kent, United Kingdom. He was called to the Bar of England and Wales at Lincoln's Inn in 1976 and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1977. He practiced law with a leading law firm in Malaysia from 1979 and was a partner of the firm from 1981 to 1994. He re-joined the firm as a Partner in 1 August 2007.

Presently, Dato' Johari is a Director of Hong Leong Industries Berhad, British American Tobacco (Malaysia) Berhad, Deutsche Bank (Malaysia) Berhad and Daiman Golf Berhad; Chairman of Daiman Development Berhad; Deputy Chairman of Nylex (Malaysia) Berhad. In the academic field, Dato' Johari is presently an Adjunct Professor at University of Technology Mara Law Faculty.

Dato' Siew Ka Wei
Aged 54, Malaysian
Group Managing Director/Chief Operating Officer

Dato' Siew joined the Board on 23 October 1985. He was appointed the Deputy Group Managing Director/Chief Operating Officer on 17 October 1995 and assumed his present position on 30 July 2003.

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

Dato' Siew is a substantial shareholder of the Company.

Tan Sri Dato' Dr Lin See Yan
Aged 71, Malaysian
Independent Non-Executive Director

Tan Sri Dato' Dr. Lin joined the Board on 30 October 2000 and is currently the Chairman of the Remuneration and Nomination Committee.

Tan Sri Lin is an independent strategy and finance consultant. Qualified as a Chartered Statistician, Tan Sri Lin graduated from the University of Malaya in Singapore and Harvard University (where he received three degrees, including a PhD in economics). Tan Sri Lin is Professor of Economics (Adjunct) Universiti Utara Malaysia and Professor of International Finance & Business (Adjunct) Universiti Malaysia Sabah as well as an Eisenhower Fellow. He is also a Chartered Statistician, London and a Chartered Scientist, London .

Tan Sri Lin has a long and distinguished career in the public service and the private sector. He was Chairman/President and Chief Executive Officer of the Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia , having been a central banker for 34 years. Tan Sri Lin continues to serve the public interest; some current appointments include: Member of the Prime Minister's Economic Action Council Working Group and key Steering Committees at the Ministry of Higher Education. Tan Sri Lin is Economic Advisor, Associated Chinese Chamber of Commerce & Industry of Malaysia . He is also Governor, Asian Institute of Management, Manila ; Director on the Board of Monash University Sunway Campus Malaysia ; Chairman Emeritus, Harvard Graduate School Alumni Council at Harvard University and Regional Director for Asia , Harvard Alumni Association at the University. Dr Lin is President, Harvard Club of Malaysia.

Tan Sri Lin sits on the boards of a number of public listed and private businesses in Malaysia, Singapore and Indonesia. He is currently a Director of Fraser & Neave Holdings Berhad, Genting Berhad, Genting Malaysia Berhad, Wah Seong Corporation Berhad, JobStreet Corporation Berhad, KrisAssets Holdings Berhad and Top Glove Corporation Berhad

Datuk Ir. (Dr.) Mohamed Al Amin Abdul Majid
Aged 55, Malaysian
Non-Independent Non-Executive Director

Datuk Al Amin joined the Board on 16 June 1997.

Datuk Al Amin qualified with a Diploma in Technology from Oxford College of Further Education and holds a degree in Bachelor of Science in Civil Engineering from the University of Aston, Birmingham, United Kingdom. He is a Corporate Member of Institute of Engineers Malaysia ("IEM") and is a professional Engineer. He was conferred an Honorary Doctorate Degree – Doctor of Science from Aston University, United Kingdom.

Datuk Al Amin has extensive experience in business and corporate management. Currently he is the Executive Chairman of Country View Berhad; Chairman of Nylex (Malaysia) Berhad, Small Medium Industries Development Corporation ("SMIDEC") and Zurich Insurance (M) Berhad.

Datuk Al Amin also holds stewardship position in several private companies which are involved in a wide range of businesses such as construction, investment, distributorship, general trading and project management.

Dato' Mohammed Hussein
Aged 60, Malaysian
Independent Non-Executive Director

Dato' Mohammed joined the Board on 16 October 2009. He is currently a member of the Audit Committee and the Remuneration and Nomination Committee.

Dato' Mohammed holds a Bachelor of Commerce (Accounting) from University of Newcastle, Australia in 1970 and completed the Harvard Business School Advanced Management Programme in Boston, USA in 2003.

Dato' Mohammed joined the Malayan Banking Berhad ("Maybank") group of companies in 1977 and assumed various senior positions within the Maybank Group including Head of Corporate Banking, Head of Commercial Banking, Head of Malaysian Operations, Head of Investment Banking Group, Executive Director (Business Group). He was the Deputy President and Chief Financial Officer of Maybank until January 2008 when he retired from the Maybank Group.

Currently Dato' Mohammed is the Chairman of Quill Capital Trust; a Director of Hap Seng Consolidated Berhad, MCB Bank Limited (a commercial bank listed on the Karachi Stock Exchange), Danajamin Nasional Berhad, Export-Import Bank of Malaysia Berhad, CapitalCommercial Trust Management Limited (the management company of CapitalCommercial Trust which is listed on the Singapore Stock Exchange), PT Maybank Indocorp, University Malaysia Kelantan and several other private limited companies. He is also a member of the Corporate Debt Resolution Committee which is sponsored by Bank Negara Malaysia to facilitate restructuring and resolution of major corporate debts of companies in Malaysia.

Edmond Cheah Swee Leng
Aged 56, Malaysian
Independent Non-Executive Director

Mr. Cheah joined the Board on 30 August 2005. He is currently the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

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

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

Mr. Cheah is currently an Investment Committee Member and Director of MAAKL Mutual Berhad and the Treasurer for the Society for the Prevention of Cruelty to Animals ("SPCA"). He is also the Chairman of Adventa Berhad and a Director of Nylex (Malaysia) Berhad.

Chan Thye Seng
Aged 54, Malaysian
Non-Independent Non-Executive Director

Mr. Chan joined the Board on 19 October 1999.

Mr. Chan graduated with a Bachelor of Law (Hons.) degree from University College Cardiff, United Kingdom. He had 13 years experience as a practicing lawyer, after having been called to the Bar at Middle Temple in 1980 and the Malaysian Bar in 1992.

Mr. Chan was previously on the Boards of the Kuala Lumpur Commodities Exchange and Malaysian Futures Clearing Corporation Sdn Bhd. He is currently the Managing Director / Chief Executive Officer of Pacific & Orient Berhad ("P&O") and Pacific & Orient Insurance Co. Berhad.

Mr. Chan is a substantial shareholder of the Company through his shareholding in P&O, a substantial shareholder of the Company.

Notes :

1. *There are no family relationship amongst the Directors and substantial shareholders of the Company.*
2. *Other than certain Related Party Transactions as disclosed in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.*
3. *None of the Director has been convicted for any offence other than traffic offences (if any) within the past ten (10) years.*
4. *Please refer to page 19 – Statement on Corporate Governance of this Annual Report for the Directors' meeting attendance records.*
5. *Please refer to pages 40 to 41 Directors' Report of this Annual Report for the Directors' securities holdings in the Company and its related corporations.*

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and of the Company for the financial year ended 31 May 2010 ("FY2010").

CHAIRMAN'S STATEMENT

FINANCIAL PERFORMANCE

The Group posted a 8% lower revenue of RM1.51 billion compared to RM1.65 billion last year. This was mainly due to a 12.1% decrease in revenue from Industrial Chemical Division. Despite a lower revenue, profit before taxation ("PBT") of the Group improved to RM34.6 million compared to RM15.1 million last year. The gradual improvements in market conditions provided better margins for our products. The net profit attributable to shareholders, after minority interests, was RM1.5 million (2009: net loss of RM6.6 million).

Earnings per share attributable to equity holders rose to 0.68 sen from a loss of 3.07 sen last year while the consolidated net assets per share was RM1.48 as at the end of FY2010 (2009: RM1.51).

REVIEW OF OPERATIONS

The Agricultural and Industrial Chemical Division remains the main pillar of the Group with revenue of RM1.22 billion in FY2010. Despite the lower revenue compared to previous year, the Division recorded an improved segmental profit of RM45.8 million compared to RM37.9 million a year ago. The higher profit for the Division was a result of the more favourable market conditions which resulted in higher profit margins for the Division's products in FY2010.

The Polymer Division achieved a higher level of revenue and profitability in FY2010 compared to FY2009. The Division's revenue of RM122.5 million and profit of RM16.6 million represent an increase of 9.9% and 280.4% respectively over the revenue and earnings in FY2009. Overall improved market condition in addition to various cost optimisation initiatives undertaken by the Division has resulted in a positive improvement to its results.

The Logistics Division continued its steady growth with marginally higher revenue of RM53.9 million compared to last year. The Division's profit fell to RM3.1 million from RM29.8 million last year as the profit in FY2009 included RM21 million one-off gain from the sale of property.

The results of the Engineering Division was less satisfactory compared to last year due to the slowdown in trading business experienced in the Malaysian market. Revenue fell to RM51.3 million as compared to RM66.1 million last year resulting in the Division incurring a loss of RM0.9 million as compared to a profit of RM3.8 million last year. The Division secured numerous projects towards the end of the financial year, thus indicating a better outlook in the market next year. However, the deliveries would only be executed in the following financial year.

The Media Division has shown great resilience last year despite being a new entry in the industry. It recorded a much higher revenue of RM54.0 million compared to RM29.8 million last year. All companies within the Division experienced healthy growth in revenue as the Division gained its foothold in the industry. The Division recorded a substantially reduced loss of RM8.8 million compared to a loss of RM18.7 million last year.

MAJOR CORPORATE DEVELOPMENT

The corporate restructuring of Ancom Logistics Berhad (formerly known as Tamco Corporate Holdings Berhad) ("ALB"), a subsidiary listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), which comprised, inter-alia, the proposed purchase by the Company of ALB's property in Section 13, Petaling Jaya and the proposed purchase by ALB of the Group's interests in the logistics companies, is nearing completion having been approved by ALB's shareholders and the relevant authorities. The restructuring is now pending the sanction of the High Court for the proposed capital reduction. Barring any unforeseen circumstances, the restructuring is expected to be completed in January 2011.

PROSPECTS FOR NEXT FINANCIAL YEAR

Malaysia gross domestic product ("GDP") grew by 9.5% year-on-year in the first half of 2010. The strong GDP growth is expected to moderate to between 5%

and 6% in the second half of the year. Despite initial optimism in the economic growth, there are now concerns that outlook is likely to remain lacklustre due to the sluggish external demand and lingering uncertainties in the external environment especially the sovereign debt crisis in Europe and slow recovery in the United States.

The Group will undertake the necessary measures to ensure that it remains competitive and will continue to seek ways to enhance sales growth, to strengthen our operational and productivity efficiency in order to improve profitability of its business despite the challenges ahead.

Barring unforeseen circumstances, the Board expects the Group's performance for the next financial year to be satisfactory.

APPRECIATION

The Board wishes to express its appreciation to the shareholders for their unwavering loyalty and support. The Board also wishes to thank its valued customers, suppliers, bankers, business associates and the regulatory authorities for their continued assistance and co-operation. Last but not least, the Board wishes to express its heartfelt gratitude to the Management and staff of the Group for their continuous dedication and commitment.

DATO' JOHARI RAZAK
Non-Executive Chairman
Petaling Jaya, Selangor Darul Ehsan
18 October 2010

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan kepada tuan-tuan Laporan Tahunan dan Penyata Kewangan Teraudit Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Mei 2010 ("FY2010").

KENYATAAN PENGERUSI

PRESTASI

Kumpulan mencatat hasil yang lebih rendah sebanyak RM1.51 bilion berbanding dengan RM1.65 bilion pada tahun lepas. Ini terutamanya disebabkan oleh pengurangan 12.1% dalam hasil daripada Bahagian Kimia Perusahaan. Muskipun hasil yang lebih rendah, keuntungan sebelum cukai ("PBT") Kumpulan meningkat kepada RM34.6 juta berbanding dengan RM15.1 juta pada tahun yang lepas. Keadaan pasaran yang semakin bertambah baik memberikan margin yang lebih baik bagi produk kami. Keuntungan bersih boleh dikaitkan kepada pemegang-pemegang saham, selepas kepentingan minoriti, adalah RM1.5 juta (2009: kerugian bersih sebanyak RM6.6 juta).

Perolehan setiap saham boleh dikaitkan kepada pemegang-pemegang ekuiti meningkat kepada 0.68 sen daripada kerugian sebanyak 3.07 sen pada tahun yang lepas manakala aset bersih disatukan setiap saham adalah RM1.48 pada akhir FY2010 (2009: RM1.51).

ULASAN OPERASI

Bahagian Kimia Pertanian dan Perusahaan kekal menjadi penyumbang utama Kumpulan dengan hasil sebanyak RM1.22 bilion pada FY2010. Di sebalik hasil yang lebih rendah berbanding dengan tahun sebelumnya, Bahagian ini mencatat keuntungan mengikut segmen yang meningkat sebanyak RM45.8 juta berbanding dengan RM37.9 juta pada tahun yang lepas. Keuntungan yang lebih tinggi bagi Bahagian ini adalah berpunca daripada keadaan pasaran yang lebih baik yang menghasilkan margin keuntungan yang lebih tinggi bagi produk Bahagian pada FY2010.

Bahagian Polimer mencapai tahap hasil dan keuntungan yang lebih tinggi pada FY2010 berbanding dengan FY2009. Hasil Bahagian ini sebanyak RM122.5 juta dan keuntungan sebanyak RM16.6 juta mewakili peningkatan sebanyak 9.9% dan 280.4% masing-masing bagi hasil dan perolehan pada FY2009. Keadaan pasaran keseluruhan yang bertambah baik di samping beberapa inisiatif pengoptimuman kos yang dilaksanakan oleh Bahagian ini telah menghasilkan peningkatan yang positif kepada keputusannya.

Bahagian Logistik terus mencatat pertumbuhan yang stabil dengan hasil yang lebih tinggi sebanyak RM53.9 juta berbanding dengan tahun yang lepas. Keuntungan Bahagian ini jatuh kepada RM3.1 juta daripada RM29.8 juta pada tahun yang lepas memandangkan keuntungan pada FY2009 termasuk RM21 juta keuntungan sesekali daripada jualan hartanah.

Keputusan Bahagian Kejuruteraan agak kurang memuaskan berbanding dengan tahun yang lepas disebabkan oleh kelembapan dalam perniagaan perdagangan yang dialami dalam pasaran Malaysia. Hasil jatuh kepada RM51.3 juta berbanding dengan RM66.1 juta pada tahun yang lepas mengakibatkan Bahagian ini menanggung kerugian sebanyak RM0.9 juta berbanding dengan keuntungan sebanyak RM3.8 juta pada tahun yang lepas. Bahagian mendapat beberapa projek menjelang akhir tahun kewangan, dengan itu menunjukkan harapan yang lebih baik dalam pasaran pada tahun yang akan datang. Walau bagaimanapun, penyerahan hanya akan disempurnakan dalam tahun kewangan berikutnya.

Bahagian Media telah menunjukkan kebingkasan yang ketara pada tahun lepas walaupun Bahagian ini merupakan pemain baru dalam industri. Ia mencatat hasil yang lebih tinggi sebanyak RM54.0 juta berbanding dengan RM29.8 juta pada tahun yang lepas. Semua syarikat dalam Bahagian ini mengalami pertumbuhan yang sihat dalam hasil apabila Bahagian mula mendapat tapak dalam industri. Bahagian mencatat kerugian yang berkurangan dengan ketaranya sebanyak RM8.8 juta berbanding dengan kerugian sebanyak RM18.7 juta pada tahun yang lepas.

PERKEMBANGAN KORPORAT UTAMA

Penyusunan semula korporat Ancom Logistics Berhad (dahulunya dikenali sebagai Tamco Corporate Holdings Berhad) ("ALB"), sebuah anak syarikat yang disenaraikan di Pasaran ACE Bursa Malaysia Securities Berhad ("Bursa Securities"), yang terdiri daripada, antara lainnya, cadangan pembelian oleh Syarikat akan hartanah ALB di Seksyen 13, Petaling Jaya dan cadangan pembelian oleh ALB akan kepentingan Kumpulan dalam syarikat-syarikat logistik, hampir selesai dilaksanakan setelah diluluskan oleh pemegang-pemegang saham ALB dan pihak-pihak berkuasa berkenaan. Penyusunan semula sekarang

hanya menunggu sanksi Mahkamah Tinggi bagi cadangan pengurangan modal. Dalam ketiadaan sebarang keadaan di luar jangkaan, penyusunan semula dijangka akan selesai dilaksanakan pada Januari 2011.

PROSPEK BAGI TAHUN KEWANGAN AKAN DATANG

Keluaran Dalam Negeri Kasar Malaysia ("KDNK") meningkat sebanyak 9.5% atas dasar tahun-ke-tahun dalam setengah tahun pertama 2010. Pertumbuhan KDNK yang kukuh dijangka akan menjadi sederhana di antara 5% dan 6% dalam setengah tahun kedua. Di sebalik optimisma awal dalam pertumbuhan ekonomi, kini terdapat kebimbangan bahawa harapan mungkin suram disebabkan oleh permintaan luaran yang semakin berkurangan dan ketidakpastian yang berpanjangan dalam persekitaran luaran terutamanya krisis hutang asing di Eropah dan pemulihan yang agak perlahan di Amerika Syarikat.

Kumpulan akan mengambil langkah-langkah yang perlu bagi memastikan agar ia kekal berdaya saing dan akan terus mencari jalan untuk meningkatkan pertumbuhan jualan, bagi mengukuhkan kecekapan operasi dan produktiviti kami untuk meningkatkan keberuntungan dalam perniagaannya di sebalik cabaran-cabaran yang mendatang.

Dalam ketiadaan keadaan di luar jangkaan, Lembaga menjangkakan prestasi Kumpulan bagi tahun kewangan akan datang sebagai memuaskan.

PENGHARGAAN

Lembaga ingin menyampaikan penghargaannya kepada pemegang-pemegang saham atas kesetiaan dan sokongan padu mereka. Lembaga juga ingin mengucapkan terima kasih kepada semua pelanggan, pembekal, jurubank, sekutu perniagaan dan pihak berkuasa yang amat dihargai atas bantuan dan kerjasama berterusan mereka. Akhir sekali dan tidak kurang pentingnya, Lembaga ini mengucapkan ucapan tulus ikhlasnya kepada Pengurusan dan kakitangan Kumpulan atas dedikasi dan komitmen berterusan mereka.

DATO' JOHARI RAZAK
Pengerusi Bukan Eksekutif
Petaling Jaya, Selangor Darul Ehsan
18 Oktober 2010

STATEMENT ON
CORPORATE GOVERNANCE

INTRODUCTION

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

The Board has taken steps as far as practical to comply with the principles of The Code of Corporate Governance issued by the Finance Committee on Corporate Governance and the Malaysian Code on Corporate Governance (Revised 2007) (collectively the "Code") during the financial year ended 31 May 2010 to the extent as disclosed in this Statement.

1. **THE BOARD OF DIRECTORS**

1.1 **Composition**

During the financial year ended 31 May 2010, the Board comprised seven (7) Directors. One of them an Executive Director, who was also the Group Managing Director and six were Non-executive Directors, including the Non-executive Chairman. Three (3) of the Non Executive Directors were Independent Directors. The composition of the Board complied with the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") which required at least one-third (1/3) of its members to be Independent Directors.

During the financial year, Dato' Mohd Ismail Che Rus, an Independent Non-Executive Director, resigned on 20 July 2009. On 16 October 2009, Dato Mohammed Hussein, an Independent Non-Executive Director, was appointed to the Board.

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

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

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

The profile of the Directors are set out in pages 8 to 11 of this Annual Report.

1.2 **Duties and Responsibilities**

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

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

- Formulating the business direction and objectives of the Group;

- Reviewing, adopting and approving the Group's annual budgets, strategic plan, key operational initiatives, major investment and funding decisions;

- Overseeing the conduct of business of the Group by reviewing its performance against budgets; and

- Reviewing the risk management framework and adequacy and integrity of the Group's internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group.

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

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

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

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

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

The roles of the Non-executive Chairman and the Group Managing Director are distinct and separated with clear division of responsibilities to ensure a balance of power and authority. The Chairman holds a Non-executive position and is primarily responsible for ensuring the Board's effectiveness and conduct in discharging its responsibilities. The Group Managing Director has overall responsibility for the day-to-day management of the Group's business and operations and for implementing the Board's policies and decisions. He is supported by the management team and the various divisional heads.

1.3 **Meeting and Supply of Information**

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

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

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

Senior management staff or professional advisers appointed by the Company to advise the Company on its corporate proposals were invited to attend the Board meetings and to provide the Board with explanation and clarifications to facilitate informed decision making.

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

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

The decisions of the Board were decided by a simple majority of votes of the Directors present at the Board meetings. In the event of an equality of votes, the Chairman shall have a second or casting vote.

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

1.4 **Attendance**

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

Name of Directors	Attendance
Tan Sri Dato' Dr. Lin See Yan	4/4
Dato' Johari Razak	4/4
Dato' Siew Ka Wei	4/4
Datuk Ir (Dr) Mohamed Al Amin Abdul Majid	4/4
Chan Thye Seng	4/4
Edmond Cheah Swee Leng	4/4
Dato' Mohammed Hussein	3/3

Dato' Mohd Ismail Che Rus, who resigned on 20 July 2009, did not attend any Board meeting, during the financial year.

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

1.5 **Training and Education**

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

In addition to the courses arranged by the Company Secretary, the Directors have on their own initiative requested to attend courses according to their individual needs as a Director or as members of a Board committee on which he serves.

The Directors have participated in various relevant training programmes to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, regulations and business environment in order to discharge their duties more effectively.

The training programmes attended by the Directors are as listed below:

- Latest Trends & Developments in Corporate Governance, Internal Audit Detection and Prevention;
- Accounting & Financial Management : Effective Use of Consolidated Financial Statement
- Business Continuation Planning;
- Understanding & Minimizing the Risk of Accounting Manipulation;
- Understanding Financial & Accounting Reports;
- Update on Regulatory Issues, Risk Management, Directors Remuneration and Nomination and Investors Relation;

- Audit Committee Unique Competency Requirements;
- Corporate Practices & Governance for Company's Directors;
- Leadership in Challenging Times & Making Corporate Board More Effective;
- Compensation and Nomination Committee
- New Framework for Listing and Equity Fund Raising and Key Changes to the Listing Requirements;
- Best Practices of Board Room Affairs;
- Modern Internal Auditing for Directors, Audit Committee, Senior Management and Auditors;
- Financial Institutions Directors' Education Programme;
- The Global Economy in the Aftermath of the Financial Crisis;
- Board Evaluation;
- Improving Business Acumen and Decision Making;
- Advanced Negotiation; and
- Senior Managers' Conference on Branding and Leadership in a New Competitive Environment.

The Board is of the opinion that the Directors have attended adequate trainings. The Directors will continue to attend seminars and further training which the Directors consider as relevant and useful in the changing environment in order to effectively discharge their duties as Directors.

1.6 **Re-election**

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

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

For Directors who has attained the age of 70, he will retire at every annual general meeting pursuant to Section 129(2) of the Companies Act, 1965. He is, nevertheless, entitled to seek to be re-appointed as a Director at the annual general meeting pursuant to Section 129(6)of the Companies Act, 1965.

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

The Remuneration & Nomination Committee is responsible for making recommendation to the Board on the re-election of Directors To assist shareholders in making their decision in the re-election of Directors, sufficient information such as personal profile, attendance at Board and Committee meetings and the shareholdings in the Company of the Director standing for re-election were furnished in a separate statement accompanying the Notice of Annual General Meeting.

Dato' Johari Razak and Dato' Siew Ka Wei retired by rotation and Tan Sri Dato' Dr Lin See Yan retired pursuant to Section 129(2) of the Companies Act, 1965 respectively at the 40th Annual General Meeting of the Company on 26 November 2009. They were duly re-elected / re-appointed as Directors of the Company at the meeting.

1.7 **Board Committees**

The Board has established the following Board Committees to assist the Board in carrying out its duties and responsibilities:

Audit Committee

The report of the Audit Committee are set out separately on pages 26 to 31 - Audit Committee Report, of this Annual Report.

Remuneration & Nomination Committee

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

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

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

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

During the financial year ended 31 May 2010, the members of the R&N Committee are as follows:

Tan Sri Dato' Dr Lin See Yan (Chairman)
Edmond Cheah Swee Leng (Member)
Dato' Mohd Ismail Che Rus (Member) - resigned on 20 July 2009
Dato' Mohammed Hussein (Member) – appointed on 16 October 2009.

During the financial year, the R&N Committee had one meeting which was attended by 2 members (Dato' Mohd Ismail Che Rus resigned prior to the meeting and a new director was not appointed then). During the meeting, the R&N Committee reviewed and assessed the composition of the Board and the Board Committees and was satisfied that the Board composition was appropriate and that there was a mix of Executive and Non-executive Directors on the Board. The R&N Committee was also satisfied with the caliber, credibility, skills and experiences of the Non-executive Directors to bring independent judgment to bear on issue of strategy, performance and resources. The Board and the Board Committees were effective in discharging their respective responsibilities.

The R&N Committee had not engaged a consultant to do a comparative study on the Directors' remuneration. These will be further elaborated in the ensuing paragraphs.

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

2. **DIRECTORS' REMUNERATION**

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

2.1 **Directors' fee**

In the last financial year, the Chairman of the Board and the Non-executive Directors of the Board received RM70,000 and RM50,000 respectively as Directors' fee per annum. The members of the Audit Committee received RM15,000 each while the members of the R&N Committee received RM5,000 each per annum. These were as recommended by the R&N Committee and the total Directors' fee of RM380,000 were approved by the shareholders at the 40th 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 as recommended by the R&N Committee. Other than the Non-executive Chairman who was provided with a car and a driver, the Non-executive Directors are not entitled to any BIK.

For the current financial year, the R&N Committee had not engaged a consultant to do a comparative study on the Directors' remuneration. Based on the members' personal experience, the R&N Committee proposed that the Directors' fee for the Chairman of the Board and the Non-executive Directors to remain at RM70,000 and RM50,000 respectively. Members of the Audit Committee receive an increased fee of RM30,000 each while the members of the R&N Committee will receive an increased fee of RM20,000 each with effect from the current financial year. The total Directors' fee payable by the Company for the current financial year amounts to RM445,890. The increase in fee is due to the heavier responsibilities of the Committee members. The R&N Committee, however, decided that the attendance allowances remained the same as in the previous financial year.

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

The Group Managing Director is not entitled to the Director's fee and attendance allowance for the Board and Board Committee meeting he attended.

Subject to the approval of the Company's shareholders on the Directors' fee amounting to RM445,890, 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	70	671	741
Salaries and bonuses (including EPF)	RM'000	4,786	1,076	5,862
Other emoluments	RM'000	5	80	85
Benefits-in-kind	RM'000	35	44	79
Total	RM'000	4,896	1,871	6,767

Remuneration in bands of RM50,000	Executive Director	Non-executive Director	Total
Below RM50,000	-	1*	1
RM50,001 to RM100,000	-	2	2
RM100,001 to RM150,000	-	1	1
RM150,001 to RM200,000	-	1	1
RM200,001 to RM250,000	-	1	1
RM1,150,001 to RM1,120,000	-	1	1
RM4,850,001 to RM4,900,000	1	-	1
Total	1	7	8*

*Including the remuneration proposed for Dato' Mohd Ismail Che Rus for his tenure as Director of the Board and as Board Committees member.

In addition to the above, the Directors have the benefits of the Directors' and Officers' Liability ("D&O") insurance. The total limit of coverage for all Directors is RM 5,000,000 per annum and in the aggregate. The D&O insurance covers the defense costs and legal representation expenses of the Directors in respect of actions against them in respect of liabilities arising from them acting in their capacity as Director of the Company and/or its subsidiaries. It does not indemnify a Director if he is proven to have acted fraudulently or dishonestly or for any intentional breach of the law.

3. **SHAREHOLDERS**

3.1 **Investors' Relations and Shareholders' Communication**

The Board recognizes the importance of transparency and accountability to its shareholders and the need for regular, effective and comprehensive communications with the Company's shareholders and investors. The Company maintained active communications with its shareholders and investors on the Group's performance, business activities, financial performance, material information and corporate events through the issuance of annual reports, announcements, quarterly financial reports, circulars and press releases. The Company has established an Investors Relation ("IR") portal at www.ancom.com.my for the benefits of the shareholders and investors. Copies of the Company's Annual Reports, quarterly Interim Financial Reports, announcements, circulars and press releases, as well as Company's share prices performances are also posted on the IR portal and these are accessible by the shareholders and investors without any restriction.

Shareholders and investors are also able to pose question and queries to the Company via the IR portal and these questions and queries would be attended to by the Company's senior management.

The Board also encouraged shareholders to communicate with the Company through other channels. Following the resignation of Dato' Mohd Ismail Che Rus, Senior Independent Non-executive Director on 20 July 2009, the Board has decided not to appoint a Director to whom any queries or concerns may be conveyed as shareholders and investors are now able to convey their view and queries through the Company's IR portal at www.ancom.com.my or email at corp@ancom.com.my.

3.2 **General Meetings**

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

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

The Company held its 40th Annual General Meeting ("AGM") at the Hilton Petaling Jaya at No 2 Jalan Barat, 46200 Petaling Jaya. The Notice of the AGM and the annual Audited Financial Statement and the related circulars were sent to the shareholders in accordance with the regulatory and statutory provisions. The Notice was advertised in a national English newspaper within the prescribed deadlines. All the Directors and a total of 154 shareholders and proxies attended the AGM.

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

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

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

The Notice for the forthcoming 41st AGM of the Company, which will be held on 25 November 2010, is on pages 156 to 158 of this Annual Report.

4. **ACCOUNTS AND AUDIT**

4.1 **Financial Reporting**

The Board aims to present a balanced and meaningful evaluation and assessment of the Group's financial performance, financial position and future prospects of the Company and 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 disclosed with reasonable accuracy at any time the financial position of the Company and the Group, to enable them to ensure that the financial statements comply with the Companies Act, 1965 and approved Financial Reporting Standards ("FRS").

A statement by the Board on its responsibilities for preparing the annual Audited Financial Statements is set out in page 36 of this Annual Report.

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

4.2 **Internal Control**

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

The report of the Audit Committee is separately set out in pages 26 to 31 of this Annual Report while the scope of the internal audit review by the Audit Committee are detailed in the Statement of Internal Control in pages 32 to 33 of this Annual Report.

4.3 **Relationship with Auditors**

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

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

The external auditors attended three (3) meetings with the Audit Committee in the financial year ended 31 May 2010, one of which (a portion of the meeting) was without the presence of the management. The Internal Auditor was present at four (4) Audit Committee meetings held in the same financial year.

CONCLUSION

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

AUDIT COMMITTEE REPORT

The Board is pleased to present its Audit Committee Report for the financial year ended 31 May 2010.

1. **TERMS OF REFERENCE**

Composition

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

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

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

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

One of the Company Secretaries shall be the Secretary of the Audit Committee.

Objectives

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

1. maintaining a good corporate governance standard as well as a sound system of internal control;

2. facilitating the effective discharge of its stewardship responsibilities in respect of strategic business operations and related controls;

3. identifying principal risks and ensuring the implementation of appropriate risk management framework; and

4. reviewing the adequacy and integrity of the system of internal control and management information system.

Functions

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

   (a). EXTERNAL AUDIT

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

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

   iii. To review the quarterly and year-end financial statements of the Group, focusing particularly on -

   a. changes in accounting policies and practices;

   b. significant adjustments arising from the audit;

   c. the going concern assumption; and

   d. compliance with accounting standards and other legal requirements;

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

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

   (b). INTERNAL AUDIT

   i. To do the following, in relation to the internal audit function –

   a. determine the scope and ensure that the internal audit function is independent of the activities it audits;

   b. approve the annual internal audit programme;

   c. review the competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

   d. review results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;

   e. review any appraisal or assessment of the performance of members of the internal audit function;

   f. approve any appointment or termination of senior staff members of the internal audit function;

   g. take cognizance of resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning; and

   h. ensure that the internal audit function reports directly to the Audit Committee. However, on a day to day basis, the Audit Committee may select a representative to liaise with the Head of Internal Audit.

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

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

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

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

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

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

(a) the explicit authority to investigate any matter within its Terms of Reference;

(b) all the resources that are required to perform its duties;

(c) full and unrestricted access to any information pertaining to the Company and the Group;

(d) direct communication channels with the external auditors and the internal auditors; and

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

Meeting

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

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

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

Minutes

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

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

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

2. MEMBERS AND MEETINGS

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

- Edmond Cheah Swee Leng – (Independent Non-executive Director) - Chairman
- Dato' Johari Razak – (Non-executive Chairman) – Member
- Dato' Mohammed Hussein (Independent Non-executive Director) – Member (appointed on 16 October 2009)
- Dato' Mohd Ismail Che Rus (Independent Non-executive Director) – Member (resigned on 20 July 2009)

Edmond Cheah Swee Leng is a member of the Malaysian Institute of Accountants (MIA). The composition of the Audit Committee during the financial year complied with the Terms of Reference of the Audit Committee.

During the financial year, the Audit Committee held four (4) meetings which were attended by all the Audit Committee members. The internal auditor and the external auditors attended four (4) and three (3) Audit Committee meetings respectively.

3. SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee carried out its duties as set out in its Terms of Reference. The activities undertaken were as follows :

Financial Results

- Reviewed the quarterly Interim Financial Reports with management before recommending them for the Board's approval ; and
- Reviewed the annual Audited Financial Statements with the external auditors prior to submission to the Board for approval.

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

Internal Audits/External Audits

- Reviewed and approved the internal auditor's and external auditors' audit plans with the internal auditor and external auditors respectively;
- Reviewed and approved the quarterly Internal Audit Reports with the internal auditor;
- Reviewed with the external auditors the results of their audit, the audit report and the internal control recommendations in respect of the internal control weaknesses noted in the course of their audit;
- Reviewed the management's responses and remedial actions to be undertaken by the management in relation to the weaknesses noted above;
- Reviewed the external auditors' remuneration and made recommendation to the Board for acceptance and for their reappointment;
- Reviewed the performance of the internal auditor and the resources requirements; and
- Reviewed and approved the circular to shareholders in respect of the proposed renewal of shareholders mandate for the share buyback by the Company.

Related Party Transactions

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

Employees Share Option Scheme

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

During the Board Meeting, the Chairman of the Audit Committee briefed the Board on the matters discussed at the Audit Committee meetings. The Chairman also briefed the Board on the discussion on the quarterly Interim Financial Reports, the annual Audited Financial Statements and the recommendations of the Committee thereon to the Board to adopt the quarterly Interim Financial Report and the annual Audited Financial Statements.

4. **INTERNAL AUDIT FUNCTION**

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

As per the Terms of References for the Audit Committee, the Audit Committee has been explicitly accorded the power to ensure that the internal audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has all the authorities and resources to carry out its responsibilities. The Audit Committee also has the authority to appoint and accept the resignation/dismissal of the senior members of the internal audit function.

During the financial year, the internal auditor carried out his responsibilities according to the internal audit plan approved by the Audit Committee. Amongst the responsibilities of the internal auditor were:

a. to assist the Board in reviewing the adequacy and effectiveness of the Group's internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, preserving the quality of assets and the integrity of management information system and consequently to determine the future requirements for internal control system and to co-develop a prioritized action plan;

b. to perform a risk assessment of the Group's business operation and to identify the business processes within the Group that internal audit should focus on; and

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

At the Audit Committee meeting, the internal auditor presented the quarterly Internal Audit Reports for the Audit Committee for review and discussion. The quarterly Internal Audit Reports, which highlighted internal control weaknesses in the business operations and the internal auditors' assessment of the magnitude of the financial effects arising from the weaknesses noted, also contained the internal auditors' recommendations on the corrective actions to overcome the internal control weaknesses and the management's response to the findings and the recommendations thereof. Target was set for the appropriate corrective actions to be effected and the internal auditor would report his findings from the follow-up reviews in the subsequent Audit Committee meeting.

5. CONCLUSION

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

Please refer pages 32 to 33 of this Annual Report for the Statement on Internal Control.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintain a sound internal control system to safeguard its shareholders' investment and its assets as stipulated in the Malaysian Code on Corporate Governance.

The Board is pleased to provide the Group's Statement on Internal Control for the financial year ended 31 May 2010 made pursuant to Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad. This Statement has been prepared in accordance with the "Standard of Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors and with the support and endorsement by Bursa Malaysia Securities Berhad.

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

RESPONSIBILITY FOR INTERNAL CONTROL

The Directors and management are responsible and accountable for the establishment and maintenance of a sound internal control system. This internal control system is subject to regular evaluations on its effectiveness, adequacy and integrity.

Nevertheless, the internal control system is designed to manage and mitigate, rather than to eliminate, the risk that may impede the achievement of the Group's business objectives due to its inherent limitations and the consideration of cost factor. As such, the internal control system can only provide reasonable and not absolute assurance against material mis-statement of management or financial information or against financial losses or frauds.

KEY ELEMENTS OF INTERNAL CONTROL

The principal features of the Group's internal control system during the financial year ended 31 May 2010 are as follows:

- **Organization structure and responsibility levels**

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

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

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

- **Audit Committee and internal audit**

  The Audit Committee was entrusted by the Board to ensure that an effective and adequate internal control system is in place at all times. To assist the Audit Committee in discharging its duties and responsibilities, the Audit Committee had appointed an Internal Auditor to take charge of the Group's Internal Audit function.

The Audit Committee has been empowered to ensure that the Internal Audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has all the authorities and resources to carry out its responsibilities. The Audit Committee also has the authority to appoint and accept the resignation/dismissal of the senior members of the Internal Audit function. It would also approve the Internal Audit plan and review and assess the performance of the Internal Audit function.

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

The Internal Audit function reported their findings on the Group's internal control system quarterly to the Audit Committee. The Internal Audit function would report any incidence of non-compliance of the internal control system and any other matters that would have a material effect on the Group's financial results and its going-concern assumptions. The Internal Audit function would also ensure that all weaknesses and non-compliance of internal control system are rectified without delay.

During the financial year under review, the Board was satisfied that there were continuous effort by management to address and resolve areas with control weaknesses and that the control procedures were in place and were being followed.

- **Risk management**

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

- **Reporting and review**

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

  Detailed budgets were also prepared by the operating divisions and reviewed by the management. These budgets would be approved by the Board of Directors and actual results were monitored against the budget periodically by the management and the Board of Directors.

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

- **Group Policies and Procedures**

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

CONCLUSION

The Board is of the view that the Group's internal control system during the financial year under review was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would jeopardize the shareholders' investment and its assets.

CORPORATE SOCIAL
RESPONSIBILITY STATEMENT

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

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

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

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

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

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

The Company and its subsidiaries ("Group") have carried out certain activities during the financial year ended 31 May 2010 which focuses on four main focal areas as disclosed below:

Environment

As a responsible corporation, the Group has initiated various sustainable environmental conservation efforts. Chemical wastes are sent to Kualiti Alam for proper disposal and monthly reports on the scheduled waste are submitted to the Department of Environment ("DOE"). Other wastes or materials such as papers and plastics are re-used, where possible, or sent to recycling centres.

The Group employs Alam Sekitar Malaysia Sdn Bhd to carry out quarterly stack gas emission tests to ensure compliance with the Environmental Quality Act, 1974 ("EQA"). The Group also strives to use eco-friendly chemicals in its products.

The Group has also implemented the following initiatives:

- ISO 14000 – a standard for environmental management systems to reduce the environmental footprint of a business and to decrease pollution and waste;

- REACH – a new regulation on chemicals and their safe use to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances; and

- ROHS – a restriction on the use of certain hazardous substances in electrical and electronic equipment.

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:

- Proactive measures are taken to reduce employees' exposure to the noise, such as providing ear plugs and soundproofing the affected areas where possible. Annual Employee Audiometric Hearing tests are also conducted to ensure employees' hearing is in good condition;

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

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

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

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

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

Community

Consistent with one of the important focal area of Corporate Social Responsibility which is to be responsible to the community in which the Group operates, the Group provides industrial training or factory visits to undergraduates or technical students from local and international institutions. During the financial year, industrial training was provided for four (4) students from local universities.

Employees are encouraged to volunteer in community projects such as tree planting and blood donation campaigns. During the financial year, the Group organised various fund raising activities for old folks home and orphanages; donated computers to less financially privileged students from the rural areas; make donation to schools, charity organisations and community projects regularly.

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

A subsidiary provided free advertisement/media space for WWF for the Save The Turtle Awareness campaign and a General Awareness campaign for The Truly Loving Company to help create awareness of its corporate profit model to develop, manufacture and market the TLC brand of household and personal care products to the public with 100% of TLC's dividends being distributed to worthy Malaysian charities in order to provide them with a regular, sustainable, long term source of income and funds.

Marketplace

Last but not least, the Group also recognises its duty to be socially responsible to its customers, suppliers, shareholders and other stakeholders. Hence, with effect from January 2007, Material Safety Data Sheets were developed on the Group's products range for customers to ensure safe and proper usage and handling of our products.

Supplier Audits are regularly conducted to ensure that materials provided by our suppliers meet the standards imposed by the DOE or EQA.

Safety briefing and training for customers on the handling of phosphoric acid are also conducted by a subsidiary on a regular basis. During the financial year, the subsidiary carried out two (2) safety briefing and training sessions for its Sabah based customers in the palm oil refineries.

DIRECTORS' RESPONSIBILITIES STATEMENT ON AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the audited Financial Statements of the Group and of the Company comply with the requirements of the applicable Financial Reporting Standards issued by the Malaysian Accounting Standard Board, provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the audited financial Statements of the Company and the Group, the Directors have:

- adopted accounting policies which are appropriate and consistently applied;
- made judgment and estimates which are reasonable and prudent;
- prepared the audited Financial Statements on a going concern basis;
- made reasonable and prudent judgments and estimates; 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 auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they considered appropriate to enable them to give their audit report on the audited Financial Statements.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 49 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year	22,855	(10,662)
Attributable to:		
Equity holders of the Company	1,480	(10,662)
Minority interests	21,375	-
	22,855	(10,662)

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year was a final dividend in respect of financial year ended 31 May 2009 of 1.50 sen per ordinary share, less income tax, amounting to RM2,433,000 paid on 26 February 2010.

The Directors do not recommend the payment of any 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 other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any 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.

REPURCHASE OF SHARES

At the 40th Annual General Meeting held on 26 November 2009, the shareholders of the Company, by an ordinary resolution, renewed the authority given to the Directors to purchase the Company's own shares based on the following terms:

(i) The number of ordinary shares to be repurchased shall, in aggregate with the Treasury Shares then still held by the Company, not exceeding 10% of the total issued and paid up share capital of the Company for the time being;

(ii) The amount to be utilised for the repurchase of shares by the Company shall not exceed the total retained earnings and share premium of the Company as at 31 May 2009; and

(iii) The Directors may retain the ordinary shares so repurchased as Treasury Shares and may resell such Treasury Shares or distribute the Treasury Shares as share dividend or to cancel the ordinary shares so repurchased in a manner that they deem fit in accordance with the Companies Act, 1965 and the applicable guidelines of Bursa Malaysia Securities Berhad.

The Company did not repurchase any of its own shares or resell or cancel any of its Treasury Shares during the financial year.

As at 31 May 2010, a total of 2,711,027 Treasury Shares at a total cost of RM2,073,000 were held by the Company in accordance with Section 67A (3)(b) of the Companies Act, 1965.

DIRECTORS

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

Dato' Johari Razak	(*Non-Executive Chairman*)
Dato' Siew Ka Wei	(*Group Managing Director*)
Tan Sri Dato' Dr. Lin See Yan	
Datuk Ir (Dr) Mohamed Al Amin Abdul Majid	
Chan Thye Seng	
Edmond Cheah Swee Leng	
Mohammed Bin Haji Che Hussein	(*Appointed on 16 October 2009*)

In accordance with Article 81 of the Company's Articles of Association, Datuk Ir (Dr) Mohamed Al Amin Abdul Majid and Chan Thye Seng retire from the Board by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Tan Sri Dato' Dr. Lin See Yan retires in accordance with Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting. The Board recommends that Tan Sri Dato' Dr. Lin See Yan be re-appointed as a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 May 2010 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	Number of ordinary shares of RM1.00 each				
	Balance at 1.6.2009	**Bought**	**Share Dividend**	**Sold**	**Balance at 31.5.2010**
Shares in the Company					
Direct interests:					
Dato' Johari Razak	465,427	-	-	-	465,427
Dato' Siew Ka Wei	14,586,765	-	-	-	14,586,765
Tan Sri Dato' Dr. Lin See Yan	165,375	-	-	-	165,375
Indirect interests:					
Dato' Siew Ka Wei	19,421,848	-	-	(23,000)	19,398,848
Chan Thye Seng	29,050,402	-	-	-	29,050,402
Shares in subsidiaries					
Nylex (Malaysia) Berhad ('Nylex')					
Direct interests:					
Dato' Johari Razak	125,292	-	2,088	-	127,380
Dato' Siew Ka Wei	1,451,735	-	24,193	-	1,475,928
Tan Sri Dato' Dr Lin See Yan	16,537	-	275	-	16,812
Indirect interests:					
Dato' Siew Ka Wei	94,804,480	8,400	1,579,714	(29,700)	96,362,894
Chan Thye Seng	30,000	-	500	-	30,500

	Number of ordinary shares of RM0.20 each				
	Balance at 1.6.2009	**Bought**	**Share Dividend**	**Sold**	**Balance at 31.5.2010**
Ancom Logistics Berhad (formerly known as Tamco Corporate Holdings Berhad) ('ALB')					
Direct interests:					
Dato' Johari Razak	23,271	-	-	-	23,271
Dato' Siew Ka Wei	725,867	-	-	-	725,867
Tan Sri Dato' Dr. Lin See Yan	8,268	-	-	-	8,268
Indirect interests:					
Dato' Siew Ka Wei	94,822,922	-	-	(45,650)	94,777,272
Chan Thye Seng	15,000	-	-	-	15,000

DIRECTORS' INTERESTS (CONT'D)

By virtue of his interests in the ordinary shares of the Company, Dato' Siew Ka Wei is deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company or 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 benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 33 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 following:

(a) remuneration received by certain Directors as directors/executives of the Company and subsidiaries; and

(b) professional fees paid to a firm of which a Director is a member.

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 Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those disclosed above.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) As At The End Of The Financial Year

(a) Before the income statements and balance sheets 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

(b) In the opinion of the Directors, the results of the operations of the 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.

(II) From The End Of The Financial Year To The Date Of This Report

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

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

(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.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(II) From The End Of The Financial Year To The Date Of This Report (Cont'd)

(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 will 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 financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 45 to the financial statements.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The events subsequent to the balance sheet date are disclosed in Note 46 to the financial statements.

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' Johari Razak
Director

Dato' Siew Ka Wei
Director

Kuala Lumpur
28 September 2010

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 46 to 147 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 May 2010 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Johari Razak
Director

Dato' Siew Ka Wei
Director

Kuala Lumpur
28 September 2010

STATUTORY DECLARATION

I, Lee Cheun Wei, being the officer primarily responsible for the financial management of Ancom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 147 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
28 September 2010

Lee Cheun Wei

Before me:
S. Ideraju (W-451)
Pesuruhjaya Sumpah
Malaysia

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANCOM BERHAD

Report on the Financial Statements

We have audited the financial statements of Ancom Berhad, which comprise the balance sheets as at 31 May 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 46 to 147.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 May 2010 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 49 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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

Rejeesh A/L Balasubramaniam
2895/08/12 (J)
Chartered Accountant

Kuala Lumpur
28 September 2010

BALANCE SHEETS
AS AT 31 MAY 2010

	NOTE	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**172,860**	180,802	**4,154**	4,801
Prepaid lease payments for land	8	**50,157**	46,927	**16,801**	17,102
Investments properties	9	**362**	369	**-**	-
Investments in subsidiaries	10	**-**	-	**287,642**	245,386
Investments in associates	11	**5,263**	5,417	**859**	859
Other investments	12	**10,540**	10,515	**6,905**	6,905
Intangible assets	13	**14,099**	6,534	**-**	-
Goodwill on consolidation	14	**74,992**	79,399	**-**	-
Deferred tax assets	15	**24,729**	16,957	**-**	-
		353,002	346,920	**316,361**	275,053
Current assets					
Inventories	16	**132,772**	110,917	**-**	-
Marketable securities	17	**1,158**	790	**-**	-
Receivables	18	**292,193**	265,167	**1,674**	1,490
Amount owing by subsidiaries	19	**-**	-	**47,003**	71,102
Amount owing by associates	20	**8,739**	3,977	**196**	196
Current tax assets		**5,219**	16,094	**4,748**	8,615
Other investments	12	**4,152**	25,531	**27**	19,522
Cash and cash equivalents	21	**104,887**	111,159	**16**	365
		549,120	533,635	**53,664**	101,290
TOTAL ASSETS		**902,122**	880,555	**370,025**	376,343

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

BALANCE SHEETS *(CONT'D)*
AS AT 31 MAY 2010

	NOTE	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	22	**218,956**	218,956	**218,956**	218,956
Reserves	23	**102,567**	109,905	**24,047**	37,142
Less: Treasury shares, at cost		**(2,073)**	(2,073)	**(2,073)**	(2,073)
		319,450	326,788	**240,930**	254,025
Minority interests		**116,454**	107,763	-	-
TOTAL EQUITY		**435,904**	434,551	**240,930**	254,025
LIABILITIES					
Non-current liabilities					
Borrowings	24	**25,118**	37,305	**6,547**	430
Deferred tax liabilities	15	**15,141**	14,924	**2,979**	3,038
Government grant	27	**1,800**	-	-	-
Provision for retirement benefits	28	**3,452**	3,774	-	-
		45,511	56,003	**9,526**	3,468
Current liabilities					
Payables	29	**195,817**	196,562	**1,500**	1,182
Amount owing to subsidiaries	30	-	-	**58,498**	56,529
Amount owing to associates	20	**1,400**	4,444	**119**	-
Amount owing to Directors	31	**595**	295	-	-
Borrowings	24	**217,785**	183,710	**59,131**	61,139
Current tax liabilities		**5,110**	4,990	**321**	-
		420,707	390,001	**119,569**	118,850
TOTAL LIABILITIES		**466,218**	446,004	**129,095**	122,318
TOTAL EQUITY AND LIABILITIES		**902,122**	880,555	**370,025**	376,343

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

	NOTE	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Continuing operation					
Operating revenue	32	**1,513,137**	1,650,935	**18,640**	39,005
Cost of sales		**(1,309,821)**	(1,479,475)	-	-
Gross profit		**203,316**	171,460	**18,640**	39,005
Other income		**12,158**	34,245	**127**	86
Distribution cost		**(65,481)**	(82,191)	-	-
Administrative expenses		**(100,676)**	(72,500)	**(25,753)**	(30,934)
Other operating expenses		**(3,543)**	(19,110)	-	-
Finance costs		**(10,508)**	(15,761)	**(3,882)**	(4,741)
Share of results of associates		**(662)**	(1,053)	-	-
Profit/(Loss) before tax	33(a)	**34,604**	15,090	**(10,868)**	3,416
Taxation	34	**(11,749)**	(6,383)	**206**	(2,166)
Profit for the financial year from continuing operations		**22,855**	8,707	**(10,662)**	1,250
Discontinued operations					
Loss for the financial year from discontinued operations, net of fax	33(b),35	-	(25,498)	-	-
Profit/(Loss) for the financial year		**22,855**	(16,791)	**(10,662)**	1,250
Attributable to:					
Equity holders of the Company		**1,480**	(6,648)	**(10,662)**	1,250
Minority interests		**21,375**	(10,143)	-	-
		22,855	(16,791)	**(10,662)**	1,250

Earnings per ordinary share attributable to equity holders of the Company (sen) :

	NOTE	Group 2010	Group 2009
Basic :	36		
Profit from continuing operations		**0.68**	1.19
Loss from discontinued operations		-	(4.26)
Profit/(Loss) for the financial year		**0.68**	(3.07)

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

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

		Attributable to equity holders of the Company											
Group	NOTE	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Foreign exchange reserve RM'000	Treasury shares RM'000	Capital redemption reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Balance as at 31 May 2009		218,956	4,332	155	24,039	48	(3,363)	(2,073)	4,987	79,707	326,788	107,763	434,551
Foreign currency translations		-	-	-	-	-	(4,652)	-	-	-	(4,652)	(5,969)	(10,621)
Arising from acquisitions of additional interests in subsidiaries		-	-	-	-	-	-	-	-	(1,733)	(1,733)	(47)	(1,780)
Expense recognised directly in equity		-	-	-	-	-	(4,652)	-	-	(1,733)	(6,385)	(6,016)	(12,401)
Profit for the financial year		-	-	-	-	-	-	-	-	1,480	1,480	21,375	22,855
Total recognised income and expense for the financial year		-	-	-	-	-	(4,652)	-	-	(253)	(4,905)	15,359	10,454
Changes in equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	85	85
Disposal of a subsidiary	39	-	-	-	-	-	-	-	-	-	-	(2,986)	(2,986)
Dividends paid to minority interests of subsidiaries		-	-	-	-	-	-	-	-	-	-	(3,767)	(3,767)
Dividends in respect of financial year ended 31 May 2009:													
- Final dividend	37	-	-	-	-	-	-	-	-	(2,433)	(2,433)	-	(2,433)
Balance as at 31 May 2010		**218,956**	**4,332**	**155**	**24,039**	**48**	**(8,015)**	**(2,073)**	**4,987**	**77,021**	**319,450**	**116,454**	**435,904**

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

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY *(CONT'D)*
FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

		Attributable to equity holders of the Company												
Group	**NOTE**	**Share capital RM'000**	**Warrants RM'000**	**Share premium RM'000**	**Merger reserve RM'000**	**Revaluation reserve RM'000**	**Capital reserve RM'000**	**Foreign exchange reserve RM'000**	**Treasury shares RM'000**	**Capital redemption reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Minority interests RM'000**	**Total equity RM'000**
Balance as at 31 May 2008		202,338	1,945	4,000	155	24,039	48	(7,734)	(1,408)	4,987	125,125	353,495	152,151	505,646
Foreign currency translations		-	-	-	-	-	-	4,371	-	-	-	4,371	(3,507)	864
Arising from acquisitions of additional interests in subsidiaries		-	-	-	-	-	-	-	-	-	(2,049)	(2,049)	(15)	(2,064)
Income/(Expense) recognised directly in equity		-	-	-	-	-	-	4,371	-	-	(2,049)	2,322	(3,522)	(1,200)
Loss for the financial year		-	-	-	-	-	-	-	-	-	(6,648)	(6,648)	(10,143)	(16,791)
Total recognised income and expense for the financial year		-	-	-	-	-	-	4,371	-	-	(8,697)	(4,326)	(13,665)	(17,991)
Capital repayment of a subsidiary to minority interests		-	-	-	-	-	-	-	-	-	-	-	(49,728)	(49,728)
Changes in equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	101	101
Disposal of a subsidiary	39	-	-	-	-	-	-	-	-	-	-	-	(1,497)	(1,497)
Repurchase of shares	22	-	-	-	-	-	-	-	(665)	-	-	(665)	-	(665)
Transfer upon expiry of warrants exercise period		-	(1,613)	-	-	-	-	-	-	-	1,613	-	-	-
Ordinary shares issued pursuant to conversion of warrants	22	16,618	(332)	332	-	-	-	-	-	-	-	16,618	-	16,618
Dividends paid to minority interests of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(9,912)	(9,912)
Dividends in respect of financial year ended 31 May 2008:	37													
- Interim dividend		-	-	-	-	-	-	-	-	-	(8,021)	(8,021)	-	(8,021)
- Final dividend-in-specie		-	-	-	-	-	-	-	-	-	(27,471)	(27,471)	27,471	-
Dilution arising from final dividend-in-specie		-	-	-	-	-	-	-	-	-	(2,842)	(2,842)	2,842	-
Balance as at 31 May 2009		218,956	-	4,332	155	24,039	48	(3,363)	(2,073)	4,987	79,707	326,788	107,763	434,551

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

STATEMENT OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

Company	NOTE	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
Balance as at 31 May 2009		218,956	4,332	8,221	4,917	(2,073)	19,672	254,025
Loss for the financial year, representing total recognised income and expense for the financial year		-	-	-	-	-	(10,662)	(10,662)
Dividend in respect of financial year ended 31 May 2009:	37							
- Final dividend		-	-	-	-	-	(2,433)	(2,433)
Balance as at 31 May 2010		**218,956**	**4,332**	**8,221**	**4,917**	**(2,073)**	**6,577**	**240,930**

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

STATEMENT OF CHANGES IN EQUITY *(CONT'D)*
FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

Company	NOTE	Share capital RM'000	Warrants RM'000	Share premium RM'000	Revaluation reserve RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
Balance as at 31 May 2008		202,338	1,945	4,000	8,221	4,917	(1,408)	52,301	272,314
Profit for the financial year, representing total recognised income and expense for the financial year		-	-	-	-	-	-	1,250	1,250
Ordinary shares issued pursuant to conversion of warrants	22	16,618	(332)	332	-	-	-	-	16,618
Repurchase of shares	22	-	-	-	-	-	(665)	-	(665)
Transfer upon expiry of warrants exercise period		-	(1,613)	-	-	-	-	1,613	-
Dividend in respect of financial year ended 31 May 2008:	37								
- Interim dividend		-	-	-	-	-	-	(8,021)	(8,021)
- Final dividend-in-specie		-	-	-	-	-	-	(27,471)	(27,471)
Balance as at 31 May 2009		218,956	-	4,332	8,221	4,917	(2,073)	19,672	254,025

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

	NOTE	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax					
Continuing operations		**34,604**	15,090	**(10,868)**	3,416
Discontinued operations	35	**-**	(25,498)	**-**	-
Adjustments for:					
Allowance for doubtful debts		**6,006**	1,990	**1,400**	11,268
Allowance for doubtful debts no longer required		**(2,912)**	(269)	**-**	-
Amortisation of government grant	27	**(200)**	-	**-**	-
Amortisation of intangible assets	13	**1,804**	798	**-**	-
Amortisation of prepaid lease payments for land	8	**808**	808	**301**	301
Bad debts written off					
- third parties		**2,100**	576	**74**	-
- subsidiaries		**-**	-	**3,200**	-
Deposits written off		**-**	193	**-**	193
Depreciation of investment properties	9	**7**	7	**-**	-
Depreciation of property, plant and equipment	7	**17,970**	19,672	**1,136**	852
Dividend income (gross)		**(16)**	(154)	**(16,885)**	(37,053)
Gain on disposal of associates		**-**	(514)	**-**	-
Gain on disposal of subsidiaries	39	**(6,644)**	(22,545)	**-**	-
Impairment loss on property, plant equipment	7	**2,076**	-	**1,962**	-
Impairment loss on investments in subsidiaries	10	**-**	-	**1,922**	6,396
(Reversal)/Impairment loss on marketable securities		**(368)**	379	**-**	-
Investments written off		**14**	83	**-**	83
Interest expense		**10,508**	15,761	**3,882**	4,741
Interest income		**(1,165)**	(4,432)	**(1,576)**	(1,773)
Inventories written off		**1,885**	1,638	**-**	-
Loss/(Gain) on disposal of property, plant and equipment (net)		**475**	(43)	**(48)**	(3)
Loss on disposal of a subsidiary - discontinued operations	35	**-**	25,498	**-**	-
Property, plant and equipment written off		**27**	410	**-**	160
Share of results in associates		**662**	1,053	**-**	-
Unrealised loss/(gain) on foreign exchange (net)		**2,394**	(1,243)	**-**	-
Provision for/(Write back of) retirement benefits	28	**270**	(255)	**-**	-
Operating profit/(loss) before working capital changes		**70,305**	29,003	**(15,500)**	(11,419)

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

CASH FLOW STATEMENTS *(CONT'D)*

FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

	NOTE	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
(Increase)/Decrease in inventories		**(24,799)**	51,493	**-**	-
(Increase)/Decrease in receivables		**(37,793)**	107,414	**(1,657)**	(358)
(Decrease)/Increase in payables		**(2,411)**	(74,739)	**317**	(2,704)
(Increase)/Decrease in amounts owing by associates		**(4,762)**	474	**-**	-
(Decrease)/Increase in amounts owing to associates		**(3,044)**	(4,007)	**119**	-
Increase/(Decrease) in amounts owing to Directors		**300**	(279)	**-**	(362)
Cash generated (used in)/from operations		**(2,204)**	109,359	**(16,721)**	(14,843)
Dividend received		**16**	154	**14,071**	37
Government grant received	27	**2,000**	-	**-**	-
Retirement benefits paid	28	**(595)**	(605)	**-**	-
Tax refunded/(paid)		**404**	(17,839)	**5,955**	2,229
Net cash (used in)/from operating activities		**(379)**	91,069	**3,305**	(12,577)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of an associate	11	**(1,200)**	-	**-**	-
Acquisitions of subsidiaries	38	**-**	50	**-**	-
Capital repayment of a subsidiary to minority interests		**-**	(49,728)	**-**	-
Disposals of subsidiaries	39	**3,930**	26,546	**-**	-
Disposals of subsidiaries (discontinued operations)	35	**-**	(15,400)	**-**	-
Interest received		**1,165**	4,432	**111**	356
Proceeds from disposal of property, plant and equipment		**1,425**	1,996	**177**	4
Purchase of additional shares in existing subsidiaries		**(1,983)**	(1,734)	**(250)**	(12,096)
Purchase of intangible assets	13	**(9,369)**	(4,820)	**-**	-
Purchase of other investments and marketable securities		**(39)**	(1,002)	**-**	(970)
Purchase of property, plant and equipment	7(a)	**(26,041)**	(16,708)	**(177)**	(54)
(Advances to)/Repayments from subsidiaries		**-**	-	**(18,402)**	23,853
Disposal/(Purchase) of short term investments		**21,379**	(25,531)	**19,495**	(19,522)
Proceeds from disposal of an associate		**-**	5,534	**-**	-
Proceeds from disposal of other investment		**-**	3,898	**-**	89
(Placement)/Withdrawal of short term deposits pledged to licensed banks		**(73)**	3,144	**-**	-
Net cash (used in)/from investing activities		**(10,806)**	(69,323)	**954**	(8,340)

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

CASH FLOW STATEMENTS *(CONT'D)*

FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

		Group		Company	
		2010	2009	**2010**	2009
	NOTE	**RM'000**	RM'000	**RM'000**	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	37	**(2,433)**	(8,021)	**(2,433)**	(8,021)
Dividends paid to minority interests of subsidiaries		**(3,767)**	(9,912)	**-**	-
Interest paid		**(10,508)**	(15,761)	**(3,882)**	(4,741)
Proceeds from issuance of shares		**-**	16,618	**-**	16,618
Purchase of own shares		**-**	(665)	**-**	(665)
Repayments of hire-purchase and lease creditors		**(89)**	(3,219)	**(1,102)**	(354)
Net drawdown/(repayment) of borrowings		**23,025**	(197,237)	**(500)**	(31,350)
Net cash from/(used in) financing activities		**6,228**	(218,197)	**(7,917)**	(28,513)
Net decrease in cash and cash equivalents		**(4,957)**	(196,451)	**(3,658)**	(49,430)
Cash and cash equivalents at beginning of financial year		**93,704**	295,209	**(628)**	48,802
Effects of exchange rate changes on cash and cash equivalents		**(1,211)**	(5,054)	**-**	-
		92,493	290,155	**(628)**	48,802
Cash and cash equivalents at end of financial year	21	**87,536**	93,704	**(4,286)**	(628)

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 is listed on the Main Market of Bursa Malaysia Securities Berhad ('Bursa Securities').

The registered office of the Company is located at Level 18, the Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 102-1002, Block A, Pusat Dagangan Phileo Damansara I, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. 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 28 September 2010.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 49 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') in Malaysia and the provisions of the Companies Act, 1965.

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 as modified by the revaluation of certain land and buildings except as otherwise stated in the financial statements.

As at 31 May 2010, the Company's current liabilities exceeded its current assets by RM65,905,000. The net current liabilities comprise mainly an amount owing to a wholly-owned subsidiary of RM45,304,000 and a term loan of RM24,917,000, which were due and repayable within the next twelve (12) months.

The wholly-owned subsidiary confirmed it will not demand the repayment of RM45,304,000 within the next twelve (12) months and subsequent to balance sheet date, the Company has obtained an extension of the term loan repayment amounting to RM22,250,000 from the banker to 30 September 2011. In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Company on a going concern basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of accounting (cont'd)

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and 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.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transactions, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable or convertible are taken into consideration.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (cont'd)

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company.

For purchases of a subsidiary's equity shares from minority shareholders for cash consideration and the purchase price is established at fair value, the accretion of the Group's interests in the subsidiary is treated as purchase of equity interest under the acquisition method of accounting. The identifiable assets and liabilities acquired are adjusted to their fair values, with the resulting difference being attributed to goodwill or excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of business combination (previously known as negative goodwill).

When a subsidiary issues new equity shares to minority interests for cash consideration and at fair value, the reduction in the Group's interests in the subsidiary should be treated as disposal of equity interests for which the gain or loss should be recorded in the consolidated income statement. The gain or loss on disposal is the difference between the Group's share of net assets immediately before and immediately after disposal and a ratable portion of goodwill which is realised.

For purchases or disposals from or to minority shareholders for consideration other than cash and not at fair value, the accretion or dilution of the Group's interests is treated as an equity transaction between the Group and its minority shareholders. The difference between the Group's share of net assets immediately before and immediately after the change in stakes, and any consideration received or paid is adjusted against the Group's reserves.

All other changes in stakes and changes in composition of the Group are treated as equity transactions between the Group and its majority and minority shareholders. The difference between the Group's share of net assets before and after the change, and any consideration received or paid is adjusted to or against the Group's reserves.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.3 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 asset will flow to the Group and the cost of the asset can 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 different useful life, is depreciated separately.

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

Buildings are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation of buildings are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the buildings at the reporting date.

The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit will be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Freehold land is not depreciated. Assets under construction are not depreciated until such time when the asset is available for use.

Depreciation on other property, plant and equipment is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2% - 10%
Plant, machinery and equipment	7% - 33%
Motor vehicles	10% - 20%
Office equipment, fixtures and fittings	5% - 33%
Renovation	2% - 10%

At each balance sheet date, 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 4.8 to the financial statements on impairment of assets).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Property, plant and equipment and depreciation (cont'd)

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. 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 and the revaluation reserve related to those assets, if any, is transferred directly to retained earnings.

4.4 Lease 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 of the Group are recognised initially at amounts equal to the fair value of the leased asset 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 the 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.

(c) Lease of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Lease and hire-purchase (cont'd)

(c) Lease of land and buildings (cont'd)

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront payments made on entering into or acquiring leasehold land are accounted for as prepaid lease payments and are amortised over the lease term on a straight line basis.

The buildings element is classified as a finance or operating lease in accordance with Note 4.4(a) or Note 4.4(b) to the financial statements. If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.5 Investment properties

Investment properties are properties which are held to earn rentals yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction cost. After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the net asset and is recognised in profit or loss in the period of the retirement or disposal.

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Investments (cont'd)

(b) Associates

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 venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Company's separate financial statements, 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 balance sheet is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

The interest in the 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 Group's net interest in the associate.

The Group's share of the profit or loss of the associate 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 may also be necessary for changes in the Group's proportionate interest 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 Group's share of those changes is recognised directly in equity of the Group.

Unrealised gain and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the Group does not recognise further losses unless it has incurred legal or construction 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. Where the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in reporting date is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.7 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gain and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree if the fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed each period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with *FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Development expenditure

Development expenditure are written off to profit or loss as and when incurred except that development expenditure of which the Group can demonstrate that it is technically feasible to develop products or processes, adequate resources are available to complete the development an there is an intention to complete and sell the products or processes to generate future economic benefits. Such expenditure is amortised over the period of time not exceeding five years.

Rights

Rights relate to the exclusive audiovisual advertising network distribution is recognised as an asset at the acquisition date and initially measured at cost.

After initial recognition, the development expenditure and rights are carried at cost less accumulated amortisation and any accumulated impairment losses. The development expenditure and rights are amortised on a straight line basis over 5-10 years and are assessed for any indication that the asset may be impaired. If any indication exists, the Group shall estimate the recoverable amount of the asset as stated in Note 4.8 to the financial statements. The amortisation expense and any impairment loss is recognised in profit or loss.

The development expenditure and rights are derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment of assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associates), inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

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. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquire are assigned to those units or groups of units.

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 the 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, including the goodwill or intangible asset, 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 except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss on goodwill is not reversed in subsequent periods. 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 except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Inventories

Inventories are valued at the lower of cost (determined on weighted average method) and net realisable value. The cost of raw materials, packing materials and consumables comprise the all costs of purchase plus the cost incurred in bringing the inventories to their present condition and location. Cost of finished goods and work-in-progress comprise the cost of raw materials, direct labour and an appropriate portion of manufacturing overheads.

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.

4.10 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.

4.10.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Trade receivables and other receivables, including amounts owing by associates and related parties are carried at anticipated realisable value.

Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Financial instruments (cont'd)

4.10.1 Financial instruments recognised on the balance sheets (cont'd)

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdraft, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

(c) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(d) Other investments

Non-current other investments represent investments in shares held as other investments are stated at cost unless there is a permanent diminution in value of such investments. Such diminution in value is recognised as an expense in the period in which the diminution in value is identified.

Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(e) Payables

Liabilities for trade and other amounts payable, including amounts owing to associates and related parties are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(f) Interest bearing loans and borrowings

All loans and borrowings are recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(g) 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 shares 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.

Dividends to shareholders are recognised in equity in the period in which they are declared.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Financial instruments (cont'd)

4.10.1 Financial instruments recognised on the balance sheets (cont'd)

(g) Equity instruments (cont'd)

If the Group reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.10.2 Financial instruments not recognised on the balance sheets

The Group is a party to financial instruments that comprises foreign currency forward contracts and this instrument is not recognised in the financial statements on inception.

Foreign currency forward contracts are used to hedge foreign currency exposures as a result of receipts and payments in foreign currency. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the dates of such transactions at which time they are included in the measurement of such transactions.

All other gains or losses relating to hedged instruments are recognised in profit or loss in the same period as the exchange differences on the underlying hedged items.

4.11 Borrowing costs

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualified 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 cost 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 Government grant

Government grants are recognised initially at their fair value in the balance sheet as deferred income when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income in the same period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Income taxes

Income taxes include all domestic and foreign taxes on taxable profits.

Taxes in the income statements comprise current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the balance sheet date.

(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 balance sheet and its tax base.

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 will 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 each balance sheet date. If it is no longer probable that sufficient taxable profit will 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 will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profits.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Provisions

Provisions are recognised 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 will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will 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 each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

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

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will 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 will 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 will 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 contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Employee benefits (cont'd)

(a) Short term employee benefits (cont'd)

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 make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

(c) Retirement benefits obligation

Certain subsidiaries are obliged under non-contributory retirement benefit schemes and collective bargaining agreements to pay retirement benefits to certain employees who retire or leave the companies' employment after fulfilling certain conditions. Provision for retirement benefits is computed based on the length of service and a proportion of the basic salary earnings of the employees in each particular year of service.

The contributions for state pension scheme and retirement benefit obligation are recognised in profit or loss as incurred.

4.17 Foreign currencies

4.17.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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 Company's functional and presentation currency.

4.17.2 Foreign currency translation and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia 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 (CONT'D)

4.17 Foreign currencies (cont'd)

4.17.3 Foreign operations

Financial statements of foreign operations are translated at financial year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to profit or loss. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the balance sheet date.

4.18 Revenue recognition

Revenue is measured at the fair value of the 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 will 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) Revenue from sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Services

Revenue in respect of the rendering of services is recognised upon services rendered to customers.

(c) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(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. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.19 Non-current assets (or disposal groups) held for sale and discontinued operations

4.19.1 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets (or disposal groups) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be 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 (or disposal groups) 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 (or disposal groups).

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets (or all the assets and liabilities in a disposal group) are measured in accordance with applicable FRS. On initial classification as held for sale, non-current assets (or disposal groups) (other than investment properties, deferred tax assets, employee benefits assets, and financial assets carried at fair value), are measured at the lower of carrying amount immediately 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.

Non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) on the face of the balance sheet 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 assets (or disposal groups) classified as held for sale is presented separately.

If the Group has classified an asset (or disposal group) as held for sale but subsequently the criteria for classification is no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale. The Group shall measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

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

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

4.19.2 Discontinued operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative profit or loss is restated as if the operation had been discontinued from the start of the comparative period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Earnings per share

The Group presents basic and dilutive earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average numbers of ordinary shares outstanding during the period. For the diluted earnings per share calculation, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

4.21 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single segment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs not adopted

(a) FRS 8 *Operating Segments* and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the entity that management uses to make decisions about operating matters. This Standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

This Standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform to the requirements of this Standard.

The Group will comply with this Standard for the financial year ending 31 May 2011.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(b) FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202_{2004} *General Insurance Business* and FRS 203_{2004} *Life Insurance Business*.

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This Standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

By virtue of the exemption provided under paragraph 41AA of FRS 4, the impact of applying FRS 4 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

(c) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the Group's financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

(d) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(e) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the Group's financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(f) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

Amendments to FRS 2 are not relevant to the Group.

(g) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

(h) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

(i) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

5. **ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)**

5.1 New FRSs not adopted (cont'd)

(j) IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Group receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

If the Group grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Group to recognise the equity reserve for the obligation to deliver the equity instruments when needed whilst the subsidiaries shall recognise the remuneration expense for the services received from employees.

If the subsidiaries grant rights to equity instruments of the Group to its employees, this Interpretation requires the Group to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

IC Interpretation 11 is not relevant to the Group.

(k) IC Interpretation 13 *Customer Loyalty Programmes* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

If the Group supplies the awards itself, the consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed. If a third party supplies the awards, the Group shall assess whether it is acting as a principal or agent in the transaction.

If the Group is acting as the principal in the transaction, it shall measure its revenue as the gross consideration allocated to the award credits. If the Group is acting as an agent, it shall measure its revenue as the net amount retained on its own account, and recognise the net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive the consideration for doing so.

IC Interpretation 13 is not relevant to the Group.

(l) IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

5. **ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)**

5.1 New FRSs not adopted (cont'd)

(l) IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is mandatory for annual periods beginning on or after 1 January 2010. (cont'd)

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the balance sheet date less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

(m) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement' respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 *Related Party Disclosures*. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements described, the Group does not expect any other impact on the financial statements arising from the adoption of this Standard.

5. **ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)**

5.1 New FRSs not adopted (cont'd)

(n) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these amendments on the consolidated financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, the Group does not expect any impact on the financial statements arising from the adoption of the amendment to IC Interpretation 9.

(o) Amendments to FRS 132 *Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments requires certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro-rata share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

Presently, the Group does not expect any impact on the consolidated financial statements arising from the adoption of this Standard. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 139 and would only be able to provide further information in the next annual financial statements.

(p) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this FRS specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(p) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010. (cont'd)

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property*. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 117 removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made prospectively in accordance with FRS 108. The Group expects to reclassify the prepaid lease payments for land as land held in accordance with FRS 116 upon adoption of this amendment and shall present a statement of financial position as at the beginning of the earliest comparative period in accordance with FRS 101.

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in the Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in the Standard in accordance with the new terms used in FRS 101. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(p) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010. (cont'd)

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 *Impairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in the Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 134 *Interim Financial Reporting* clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 *Earnings Per Share*. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. Presently, the Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 8 and would only be able to provide further information in the next annual financial statements.

5. **ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)**

5.1 New FRSs not adopted (cont'd)

(p) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010. (cont'd)

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in the Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

(q) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 January 2010 and 1 March 2010 in respect of the transitional provisions in accounting for compound financial instruments and classification of rights issues respectively.

These amendments remove the transitional provisions in respect of accounting for compound financial instruments issued before 1 January 2003 pursuant to FRS 132_{2004} *Financial Instruments: Disclosure and Presentation*. Such compound financial instruments shall be classified into its liability and equity components when FRS 139 first applies.

The amendments also clarifies that rights, options or warrants to acquire a fixed number of the Group's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Group offers the rights, options or warrants pro-rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(r) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

(i) All assets and liabilities shall be recognised in accordance with FRSs;

(ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;

(iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and

(iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(r) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010. (cont'd)

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(s) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrivable of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date.

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(t) FRS 127 *Consolidated and Separate Financial* Statements is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with a new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

As at the reporting date, the Group reports minority interests of RM116,454,000. The Group expects to reclassify this as non-controlling interests and remeasure the non-controlling interests prospectively in accordance with the transitional provisions of FRS 127.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(u) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010.

Amendments to FRS 2 *Share-based Payments* clarifies that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 5 clarifies that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 138 clarifies that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 139 remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 9 clarifies that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(v) IC Interpretation 12 *Service Concession Arrangements* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 *Construction Contracts* and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

(w) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 January 2012.

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(x) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Group wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the financial statements.

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met. The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

(y) IC Interpretation 17 *Distributions of Non-cash Assets to Owners* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss. The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

(z) Amendment to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters* is mandatory for annual periods beginning on or after 1 January 2011.

This amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7 (see Note 5.1 (aa) to the financial statements).

The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(aa) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* is mandatory for annual periods beginning on or after 1 January 2011.

These amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

(bb) Amendments to FRS 1 *Additional Exemptions for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments permits a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

(cc) Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

Consequently, IC Interpretation 8 *Scope of FRS 2* and IC Interpretation 11 have been superseded and withdrawn.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

(dd) IC Interpretation 4 *Determining whether an Arrangement contains a Lease* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation because there are no arrangements dependent on the use of specific assets in the Group.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

5.1 New FRSs not adopted (cont'd)

(ee) IC Interpretation 18 *Transfers of Assets from Customers* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation because there are no such arrangements in the Group.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Critical judgements made in applying accounting policies

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

6.1.1 Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held for capital appreciation or to earn rentals or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

6.1.2 Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

6.2 Key sources of estimation uncertainty

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

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

6.2 Key sources of estimation uncertainty (Cont'd)

6.2.1 Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful life. Management estimates of the useful lives of the assets as per disclosed in Note 4.3 to the financial statements. Changes in expected level of usage and technological developments could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

6.2.2 Impairment of investments in subsidiaries and associates

The Company determines whether investments in subsidiaries and associates are impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries and associates to which investments in subsidiaries and associates are allocated. Estimating a value-in-use amount requires management to make an estimate of the unexpected future cash flows from the subsidiaries and associates and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of investments in subsidiaries and associates as at 31 May 2010 less accumulated impairment losses, if any, were RM287,642,000 (2009: RM245,386,000) and RM5,263,000 (2009: RM5,417,000) respectively.

6.2.3 Impairment of intangible assets

The Group determines whether intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the intangible assets. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of development expenditure and rights of the Group as at 31 May 2010 was RM537,000 (2009: RM586,000) and RM13,562,000 (2009: RM5,948,000) respectively. Further details are disclosed in Note 13 to the financial statements.

6.2.4 Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiary and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill on consolidation amounted to RM74,992,000 (2009: RM79,399,000) as at 31 May 2010. Further details are disclosed in Note 14 to the financial statements.

6.2.5 Deferred tax assets

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

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

6.2 Key sources of estimation uncertainty (Cont'd)

6.2.6 Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

6.2.7 Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of allowance for doubtful debts. Where expectations differ from the original estimates, the differences will impact the carrying value of receivables.

6.2.8 Fair values of borrowings

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

7. **PROPERTY, PLANT AND EQUIPMENT**

Group 2010	Balance as at 1.6.2009 RM'000	Additions RM'000	Disposals RM'000	Disposals of subsidiaries RM'000	Translation adjustments RM'000	Written off RM'000	Reclassi-fications RM'000	Reclassi-fications to prepaid lease payments for land (Note 8) RM'000	Balance as at 31.5.2010 RM'000	Carrying amount as at 31.5.2010 RM'000	Carrying amount as at 31.5.2009 RM'000
Cost/Valuation											
Freehold land	1,266	41	(250)	-	-	-	-	-	1,057	1,057	1,266
Buildings											
- at cost	65,765	3,532	(353)	-	(702)	-	-	-	68,242	52,228	51,018
- at valuation	21,509	-	-	(4,935)	-	-	-	-	16,574	14,134	18,851
Plant, machinery and equipment	159,710	4,571	(3,080)	(9,179)	(466)	(20)	46	-	151,582	54,016	66,513
Motor vehicles	41,727	5,655	(2,019)	(537)	(149)	-	-	-	44,677	18,560	17,343
Office equipment, fixtures and fittings	21,794	6,116	(660)	(815)	(40)	(454)	-	-	25,941	17,334	14,721
Renovation	4,944	216	-	(20)	(37)	(85)	17	-	5,035	2,628	2,800
Assets under construction	8,290	9,891	-	-	-	-	(63)	(5,215)	12,903	12,903	8,290
	325,005	30,022	(6,362)	(15,486)	(1,394)	(559)	-	(5,215)	326,011	172,860	180,802

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

Group 2010	Balance as at 1.6.2009 RM'000	Charge for the financial year RM'000	Disposals RM'000	Disposals of subsidiaries RM'000	Translation adjustments RM'000	Written off RM'000	Balance as at 31.5.2010 RM'000
Accumulated depreciation							
Buildings							
- at cost	14,747	1,328	(43)	-	(18)	-	16,014
- at valuation	2,658	192	-	(410)	-	-	2,440
Plant, machinery and equipment	92,282	8,749	(1,678)	(4,461)	76	(4)	94,964
Motor vehicles	24,384	4,251	(2,134)	(359)	(25)	-	26,117
Office equipment, fixtures and fittings	7,073	3,098	(607)	(601)	(25)	(445)	8,493
Renovation	2,144	352	-	(2)	(4)	(83)	2,407
	143,288	17,970	(4,462)	(5,833)	4	(532)	150,435

Group 2010	Balance as at 1.6.2009 RM'000	Charge for the financial year RM'000	Disposals of subsidiaries RM'000	Balance as at 31.5.2010 RM'000
Impairment losses				
Plant, machinery and equipment	915	1,962	(275)	2,602
Office equipment, fixtures and fittings	-	114	-	114
	915	2,076	(275)	2,716

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

Group 2009	Balance as at 1.6.2008 RM'000	Additions RM'000	Disposals RM'000	Disposal of a subsidiary RM'000	Translation adjustments RM'000	Written off RM'000	Reclassi-fications RM'000	Balance as at 31.5.2010 RM'000
Cost/Valuation								
Freehold land	1,266	-	-	-	-	-	-	1,266
Buildings								
- at cost	76,066	556	(4,111)	(7,262)	516	-	-	65,765
- at valuation	21,509	-	-	-	-	-	-	21,509
Plant, machinery and equipment	152,136	4,185	(3,080)	-	(240)	(1,779)	8,488	159,710
Motor vehicles	41,486	2,178	(2,008)	-	71	-	-	41,727
Office equipment, fixtures and fittings	15,411	8,813	(236)	-	93	(2,287)	-	21,794
Renovation	7,718	466	(858)	(2,436)	59	-	(5)	4,944
Assets under construction	13,318	3,347	-	-	108	-	(8,483)	8,290
	328,910	19,545	(10,293)	(9,698)	607	(4,066)	-	325,005

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

Group 2009	Balance as at 1.6.2008 RM'000	Charge for the financial year RM'000	Disposals RM'000	Disposal of a subsidiary RM'000	Translation adjustments RM'000	Written off RM'000	Balance as at 31.5.2009 RM'000
Accumulated depreciation							
Buildings							
- at cost	17,407	1,682	(4,089)	(372)	119	-	14,747
- at valuation	2,553	105	-	-	-	-	2,658
Plant, machinery and equipment	86,393	8,861	(1,913)	-	(55)	(1,004)	92,282
Motor vehicles	21,671	4,293	(1,586)	-	6	-	24,384
Office equipment, fixtures and fittings	6,057	3,217	(158)	-	44	(2,087)	7,073
Renovation	4,433	1,514	(594)	(2,682)	38	(565)	2,144
	138,514	19,672	(8,340)	(3,054)	152	(3,656)	143,288

Group 2009	Balance as at 1.6.2008 RM'000	Charge for the financial year RM'000	Written off RM'000	Balance as at 31.5.2009 RM'000
Impairment losses				
Plant, machinery and equipment	915	-	-	915
	915	-	-	915

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

Company 2010	Balance as at 1.6.2009 RM'000	Additions RM'000	Disposals RM'000	Balance as at 31.5.2010 RM'000	Carrying amount as at 31.5.2010 RM'000	Carrying amount as at 31.5.2009 RM'000
Cost/Valuation						
Buildings						
- at valuation	3,280	-	-	3,280	2,952	3,017
Motor vehicles	2,547	159	(403)	2,303	507	881
Office equipment, fixtures and fittings	897	17	(22)	892	168	203
Plant and machinery	-	2,403	-	2,403	-	-
Renovation	1,741	1	-	1,742	527	700
	8,465	2,580	(425)	10,620	4,154	4,801

Company 2010	Balance as at 1.6.2009 RM'000	Charge for the financial year RM'000	Disposals RM'000	Balance as at 31.5.2010 RM'000
Accumulated depreciation				
Buildings				
- at valuation	263	65	-	328
Motor vehicles	1,666	415	(285)	1,796
Office equipment, fixtures and fittings	694	41	(11)	724
Plant and machinery	-	441	-	441
Renovation	1,041	174	-	1,215
	3,664	1,136	(296)	4,504

7. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Company 2010	Balance as at 1.6.2009 RM'000	Charge for the financial year RM'000	Balance as at 31.5.2010 RM'000
Impairment losses			
Plant, machinery and equipment	-	1,962	1,962
	-	1,962	1,962

Company 2009	Balance as at 1.6.2008 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.5.2009 RM'000
Cost/Valuation					
Buildings					
- at valuation	3,280	-	-	-	3,280
Motor vehicles	2,717	-	(170)	-	2,547
Office equipment, fixtures and fittings	1,891	54	(8)	(1,040)	897
Renovation	1,741	-	-	-	1,741
	9,629	54	(178)	(1,040)	8,465

Company 2009	Balance as at 1.6.2008 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.5.2009 RM'000
Accumulated depreciation					
Buildings					
- at valuation	197	66	-	-	263
Motor vehicles	1,316	484	(134)	-	1,666
Office equipment, fixtures and fittings	1,453	128	(7)	(880)	694
Renovation	867	174	-	-	1,041
	3,833	852	(141)	(880)	3,664

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

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

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Purchase of property, plant and equipment	**30,022**	19,545	**2,580**	54
Financed by hire-purchase and lease arrangements	**(3,981)**	(2,837)	**(2,403)**	-
Cash payments on purchase of property, plant and equipment	**26,041**	16,708	**177**	54

(b) The net carrying amount of property, plant and equipment acquired under hire-purchase agreements are as follows:

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Motor vehicles	**6,813**	7,937	**377**	878
Plant, machinery and equipment	**-**	2,875	**-**	-
Office equipment, fixtures and fittings	**249**	374	**-**	-
	7,062	11,186	**377**	878

(c) As at 31 May 2010, property, plant and equipment of the Group with a carrying amount of RM19,875,000 (2009: RM27,759,000) have been charged to banks for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

(d) Certain buildings of the Group and of the Company were revalued in 2005 by the Directors based on a valuation exercise carried out in 2005 by an independent professional valuer using the open market value method. The Directors are of the view that the carrying amounts of the buildings do not differ materially from their fair values as at balance sheet date.

(e) The carrying amounts of the revalued assets of the Group that would have been carried at cost less accumulated depreciation cannot be determined from available records. Hence, the carrying amounts of the Group's and of the Company's property, plant and equipment, had the revalued assets been carried at cost less accumulated depreciation, are not disclosed.

(f) During the financial year, the Group and the Company have recognised an impairment loss of RM2,076,000 and RM1,962,000 respectively on property, plant and equipment, which are obsolete and no longer in use.

8. PREPAID LEASE PAYMENTS FOR LAND

	NOTE	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Balance as at 1 June		**46,927**	47,735	**17,102**	17,403
Amortisation charge for the financial year		**(808)**	(808)	**(301)**	(301)
Disposals of subsidiaries	39	**(1,177)**	-	**-**	-
Reclassification from property, plant and equipment	7	**5,215**	-	**-**	-
Balance as at 31 May		**50,157**	46,927	**16,801**	17,102
Cost		**58,119**	54,154	**18,070**	18,070
Accumulated amortisation		**(7,962)**	(7,227)	**(1,269)**	(968)
Net carrying amount		**50,157**	46,927	**16,801**	17,102
Analysed as:					
Long term leasehold land		**48,932**	46,223	**16,801**	17,102
Short term leasehold land		**1,225**	704	**-**	-
		50,157	46,927	**16,801**	17,102

Leasehold land was stated at Directors' valuation based on the valuation conducted by a firm of professional valuers in year 2005 using the open market value basis. The Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments for land.

9. INVESTMENT PROPERTIES

	Group 2010 RM'000	Group 2009 RM'000
Net carrying amount		
Freehold land and building, at cost	**369**	376
Less: Depreciation charged during the financial year	**(7)**	(7)
	362	369
Market value of investment properties	**635**	635

Rental income generated from rental of investment properties of the Group during the financial year amounted to RM55,200 (2009: RM52,100).

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM20,922 (2009: RM7,662).

10. INVESTMENTS IN SUBSIDIARIES

	Company 2010 RM'000	Company 2009 RM'000
Shares quoted in Malaysia, at cost	**52,300**	51,108
Unquoted shares, at cost	**290,265**	253,675
	342,565	304,783
Less: Impairment loss of investments in unquoted shares	**(54,923)**	(59,397)
	287,642	245,386
Market value of quoted shares	**37,165**	28,043

The details of the subsidiaries are disclosed in Note 49 to the financial statements.

Quoted investments in a subsidiary with a carrying amount of RM30,978,000 (2009: RM51,108,000) and quoted investments held by a subsidiary with a carrying amount of RM54,090,000 (2009: RM54,090,000) have been charged to a licensed bank for credit facilities granted to the Company (Note 24).

Impairment loss on investment in unquoted shares of a subsidiary amounting to RM1,922,000 (2009: RM6,396,000) was recognised during the financial year as the subsidiary ceased its operations.

10.1 Acquisition of additional interests in subsidiaries

During the financial year, the Group and the Company:

(a) acquired additional 95,000 ordinary shares of RM1.00 each representing 8.70% equity interest in Ancom Energy & Services Sdn. Bhd. ('AES') for cash consideration of RM250,000 thereby increasing the Group's effective equity interest in AES from 50.20% to 58.90%.

(b) subscribed for additional 1,900,000 new ordinary shares of RM1.00 each in Redberry Sdn. Bhd. ('RBSB'), a wholly-owned subsidiary, by capitalising RM57.00 million of the amount owing by RBSB to the Company.

During the financial year, the Group entered into a conditional capital transfer agreement with Long Thanh Chemicals Company Ltd. ('LTCC') for the acquisition of the remaining 49.00% equity interest in Perusahaan Kimia Gemilang (Vietnam) Company Ltd. ('PKG Vietnam') from LTCC for US$500,000 (equivalent to RM1.73 million). The transaction was completed on 30 November 2009 and with effect from the same date, PKG Vietnam became a wholly-owned subsidiary of PKG.

In the previous financial year, the Group:

(a) acquired additional 1,600,500 ordinary shares of RM1.00 each representing 30.00% equity interest in Vision IP Services Sdn. Bhd. ('VIPS') for cash consideration of RM1.60 million. Consequently, VIPS became a wholly-owned subsidiary of the Company.

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

10.1 Acquisition of additional interests in subsidiaries (cont'd)

In the previous financial year, the Group: (cont'd)

(b) subscribed for additional 231,000 new ordinary shares of RM1.00 each in Wheel Sport Management Sdn. Bhd. ('WSM'), a 51.00% owned subsidiary, for cash consideration of RM1.00 million, thereby increasing the Group's effective equity interest in WSM from 51.00% to 77.00%.

10.2 Acquisitions of subsidiaries

There were no acquisitions of subsidiaries during the financial year ended 31 May 2010.

In the previous financial year, the Group:

(a) subscribed 51,000 ordinary shares of RM1.00 each representing 51.00% equity interest in Redberry Animation Sdn. Bhd. ('RASB') at par for cash consideration of RM51,000.

(b) purchased the paid-up share capital in the following companies:

(i) three (3) ordinary shares of SGD1.00 each representing 60.00% equity interest in RBL Pte. Ltd. ('RBL') and two (2) ordinary shares of SGD1.00 each representing 100.00% equity interest in Point Cast (S) Pte. Ltd. ('PCS') at par for cash; and

(ii) two (2) ordinary shares of RM1.00 each representing 100.00% equity interest respectively in Point Cast (Asia) Sdn. Bhd. ('PCA') and Point Cast (M) Sdn. Bhd. ('PCM') at par for cash.

(c) incorporated a subsidiary, PT Point Cast Indonesia, with a paid-up share capital of USD350,000 (equivalent to RM1,265,000).

The total revenue and loss of the above subsidiaries included in the Group's previous financial year's results since the acquisition date was RM168,000 and RM511,000 respectively.

If the acquisitions had occurred on 1 June 2008, the Group's previous financial year's revenue and the Group's loss for the previous financial year was RM1,650,935,000 and RM16,791,000 respectively.

10.3 Disposals of equity interests in subsidiaries

During the financial year, the Group:

(a) completed the disposal of its entire 81.21% equity interest consisting of 6,396,000 ordinary shares in OrganiGro Sdn. Bhd. ('OrganiGro') for cash consideration of RM1, of which the cost of investment of RM6,396,000 was fully impaired previously.

(b) commenced the voluntary winding-up process of Synergy Point Sdn. Bhd. ('SPSB') and Synergy Concepts Sdn. Bhd. ('SCSB'), both wholly-owned subsidiaries of Synergy Trans-Link Sdn. Bhd. ('STL'), a 75.20% owned subsidiary of the Company.

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

10.3 Disposals of equity interests in subsidiaries (cont'd)

During the financial year, the Group: (cont'd)

(c) completed the disposal of its entire 48.50% equity interest consisting of 21,400,000 ordinary shares and 10,500,000, 8.00% non-cumulative redeemable and convertible preference shares in Akra Engineering Sdn. Bhd. ('Akra') for cash consideration of RM2,848,000.

(d) completed the disposal of its entire 42.70% equity interest consisting of 85,000 ordinary shares in Indah Segar Sdn. Bhd. ('Indah Segar') for cash consideration of RM1.

During the financial year, the Company transferred its entire equity interests in VIPS, WSM and Meru Utama Sdn. Bhd. to RBSB, its wholly-owned subsidiary, consisting total cost of investments of RM14,264,000.

In the previous financial year, the Group:

(a) completed the disposal of its entire 75.20% equity interest consisting of 6,335,686 ordinary shares in SM Integrated Transware Pte. Ltd. ('SMIT') for a total cash consideration of SGD12.00 million (equivalent to RM28.68 million based on the exchange rate of SGD1.00:RM2.39);

(b) completed the liquidation of two (2) subsidiaries, Elderberry Sdn. Bhd. and Bullion Mining and Developments Sdn. Bhd., on 29 September 2008 and 24 December 2008 respectively; and

(c) completed the final dividend-in-specie by way of distribution of one (1) ordinary share of RM0.50 each in ALB for every twenty (20) ordinary shares of RM1.00 each held in the Company and one (1) ordinary share of RM1.00 each in Nylex for every ten (10) existing ordinary shares held in the Company to the Company's shareholders.

11. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Unquoted shares, at cost	**9,479**	8,279	**1,216**	1,216
Group's share of post acquisition results	**(4,206)**	(3,544)	**-**	-
Foreign exchange differences	**-**	692	**-**	-
	5,273	5,427	**1,216**	1,216
Less: Impairment loss	**(10)**	(10)	**(357)**	(357)
	5,263	5,417	**859**	859

11. INVESTMENTS IN ASSOCIATES (CONT'D)

The details of the associates are disclosed in Note 49 to the financial statements.

In December 2009, Tamco Chongqing Switchgear Company Limited, an associate of the Group has been placed under liquidation. No impairment loss was recognised as the Directors are of the view that the anticipated recoverable amount of the associate is higher than the carrying amount.

On 7 April 2010, the Group subscribed 1,000,000 ordinary shares of RM1.20 each in Magiqads Sdn. Bhd. ('MQADS'), representing 40.00% of equity interest in MQADS for cash consideration of RM1,200,000.

In the previous financial year, the Group disposed of Guangxi Yinhe Decom Electric Co. Ltd., an associate for cash consideration of RMB10.24 million (approximately RM5.50 million). The disposal resulted in a gain of RM514,000 to the Group.

The summarised financial information of the associates are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Assets and liabilities		
Current assets	**17,519**	18,586
Non-current assets	**17,955**	18,783
Total assets	**35,474**	37,369
Current liabilities	**25,522**	16,778
Non-current liabilities	**-**	7,197
Total liabilities	**25,522**	23,975
Results		
Revenue	**146,407**	191,696
Profit/(Loss) for the financial year	**1,545**	(2,117)

12. OTHER INVESTMENTS

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Non-current:				
Shares quoted in Malaysia, at cost	**3,857**	3,857	**3,857**	3,857
Unquoted investments, at cost	**6,683**	6,658	**3,048**	3,048
	10,540	10,515	**6,905**	6,905
Market value of shares:				
- quoted in Malaysia	**3,957**	1,809	**3,957**	1,809
Current:				
Quoted investment in unit trust	**4,152**	25,531	**27**	19,522
Market value of quoted investment in unit trust	**4,152**	25,531	**27**	19,522

13. INTANGIBLE ASSETS

	Group	
	2010	2009
	RM'000	RM'000
Development expenditure		
Balance as at 1 June	**586**	633
Amortisation during the financial year	**(49)**	(49)
Foreign exchange differences	**-**	2
Balance as at 31 May	**537**	586
Rights		
Balance as at 1 June	**5,948**	1,877
Additions during the financial year	**9,369**	4,820
Amortisation during the financial year	**(1,755)**	(749)
Balance as at 31 May	**13,562**	5,948
Total	**14,099**	6,534

Development expenditure is expenditure incurred for the development of new products. Rights are audio and visual advertising network distributions secured by the Group for media sales.

Intangibles assets are tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount, determined based on their value-in-use. The value-in-use is determined by discounting future cash flows over a five-year period. The future cash flows are based on management's business plan.

13. INTANGIBLE ASSETS (CONT'D)

There remains a risk that the ability to achieve management's business plan may be adversely affected due to unforeseen changes economic conditions. Hence, in computing the value-in-use for each CGU, the management has used a discount rate of 6.14% and average growth rate of 5.00% per annum.

The following describes each key assumption on which the management has based its cash flow projections for the purposes of the impairment test for the intangible assets:

(a) The discount rate used reflects the management's best estimate of return on capital employed.

(b) Growth rate and project margin applied taking into account industry trends and outlook.

Management is not aware of any reasonable possible changes in the above key assumptions, which would cause the carrying amounts of the CGU to materially exceed their recoverable amounts.

14. GOODWILL ON CONSOLIDATION

	Group	
	2010	2009
	RM'000	RM'000
Balance as at 1 June	**79,399**	76,775
Acquisitions of subsidiaries (Note 38)	**-**	8
Disposal of a subsidiary (Note 39)	**-**	(2,047)
Foreign exchange differences	**(4,407)**	4,663
Balance as at 31 May	**74,992**	79,399

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Directors are of the opinion that all the CGUs are held on a long-term basis, the value-in-use would best reflect their recoverable amount. The value-in-use is determined by discounting future cash flows over a five-year period. The future cash flows are based on management's business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each CGU.

There remains a risk that the ability to achieve management's business plan may be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions. Hence, in computing the value-in-use for each CGU, the management has applied a discount rate of 11.09%, and average growth rate of 4.00% per annum.

The following describes each key assumption on which the management has based its cash flow projections for the purposes of the impairment test for goodwill:

(a) The discount rate used reflects the management's best estimate of return on capital employed.

(b) Growth rate used is based on historical trend of each segment taking into account industry outlook for that segment.

(c) The profit margin applied to the projections are based on the historical profit margin trend for the individual CGU.

14. GOODWILL ON CONSOLIDATION (CONT'D)

Management is not aware of any reasonable possible changes in the above key assumptions, which would cause the carrying amounts of the CGU to materially exceed their recoverable amounts.

15. DEFERRED TAX (ASSETS)/LIABILITIES

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

		Group		Company	
		2010	2009	**2010**	2009
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Balance as at 1 June		**(2,033)**	14,029	**3,038**	2,970
Recognised in the income statements	34	**(6,934)**	(15,977)	**(59)**	68
Foreign exchange differences		**(176)**	(85)	**-**	-
Disposals of subsidiaries	39	**(445)**	-	**-**	-
		(7,555)	(16,062)	**(59)**	68
Balance as at 31 May		**(9,588)**	(2,033)	**2,979**	3,038
Presented after appropriate offsetting:					
Deferred tax assets, net		**(24,729)**	(16,957)	**-**	-
Deferred tax liabilities, net		**15,141**	14,924	**2,979**	3,038
		(9,588)	(2,033)	**2,979**	3,038

(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**
2010			
Balance as at 1 June	21,441	(1,355)	20,086
Recognised in the income statement	(623)	430	(193)
Foreign exchange differences	(7)	(26)	(33)
Disposals of subsidiaries	(445)	-	(445)
Balance as at 31 May	20,366	(951)	19,415

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

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

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
2009			
Balance as at 1 June	20,387	(830)	19,557
Recognised in the income statement	1,051	(461)	590
Foreign exchange differences	3	(64)	(61)
Balance as at 31 May	21,441	(1,355)	20,086

Deferred tax assets of the Group

	Payables RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
2010				
Balance as at 1 June	(5,228)	(15,940)	(951)	(22,119)
Recognised in the income statement	(1,592)	(5,233)	84	(6,741)
Foreign exchange differences	(8)	(134)	(1)	(143)
Balance as at 31 May	(6,828)	(21,307)	(868)	(29,003)
2009				
Balance as at 1 June	(1,788)	(2,593)	(1,147)	(5,528)
Recognised in the income statement	(3,416)	(13,347)	196	(16,567)
Foreign exchange differences	(24)	-	-	(24)
Balance as at 31 May	(5,228)	(15,940)	(951)	(22,119)

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

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Total RM'000
2010		
Balance as at 1 June	3,038	3,038
Recognised in the income statement	(59)	(59)
Balance as at 31 May	2,979	2,979

15. **DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)**

(c) The components and movements of deferred tax liabilities of the Company during the financial year prior to offsetting are as follows: (cont'd)

Deferred tax liabilities of the Company	**Property, plant and equipment RM'000**	**Total RM'000**
2009		
Balance as at 1 June	2,970	2,970
Recognised in the income statement	68	68
Balance as at 31 May	3,038	3,038

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

	Group	
	2010 RM'000	2009 RM'000
Unutilised tax losses	**69,960**	62,235
Unabsorbed capital allowances	**7,848**	9,821
Other deductible temporary differences	**87**	-
	77,895	72,056

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 and unabsorbed capital allowances.

16. **INVENTORIES**

	Group	
	2010 RM'000	2009 RM'000
At cost		
Raw materials	**10,502**	14,238
Packing materials	**288**	654
Work-in-progress	**1,185**	1,344
Finished goods	**31,818**	31,575
	43,793	47,811
At net realisable value		
Raw materials	**15,586**	7,976
Finished goods	**69,979**	51,436
Work-in-progress	**3,414**	3,694
	88,979	63,106
	132,772	110,917

17. MARKETABLE SECURITIES

	Group 2010 RM'000	Group 2009 RM'000
Shares quoted in Malaysia, at cost	**1,581**	1,581
Less: Allowance for diminution in value	**(423)**	(791)
	1,158	790

During the financial year, allowance for diminution in value of RM368,000 was written back due to the appreciation of market prices of the investments. The recoverable amount was determined based on the last transacted price on 31 May 2010.

Information on financial risks of marketable securities are disclosed in Note 40 to the financial statements.

18. RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**257,585**	233,293	**-**	-
Less: Allowance for doubtful debts	**(6,842)**	(11,967)	**-**	-
	250,743	221,326	**-**	-
Other receivables	**34,037**	37,961	**2,746**	1,187
Less: Allowance for doubtful debts	**(3,074)**	(1,049)	**(1,400)**	-
	30,963	36,912	**1,346**	1,187
Deposits	**3,102**	1,894	**151**	152
Prepayments	**7,385**	5,035	**177**	151
	41,450	43,841	**1,674**	1,490
	292,193	265,167	**1,674**	1,490

The normal credit terms offered by the Group in respect of trade receivables ranged from 30 to 180 days (2009: 30 to 180 days) from date of invoice. Other credit terms are assessed and approved on a case by case basis.

The currency exposure profiles of receivables are disclosed in Note 40 to the financial statements.

19. AMOUNTS OWING BY SUBSIDIARIES

	Company 2010 RM'000	Company 2009 RM'000
Interest bearing	**35,210**	35,790
Non-interest bearing	**16,793**	51,580
	52,003	87,370
Less: Allowance for doubtful debts	**(5,000)**	(16,268)
	47,003	71,102

The amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured and repayable upon demand in cash and cash equivalents. Interest rates for the interest bearing amounts ranged from 6.75% to 8.00% (2009: 6.75% to 8.00%) per annum.

During the financial year, allowances for doubtful debts amounting to RM11,268,000 have been reversed pursuant to the completion of disposals of subsidiaries.

20. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Amounts owing by associates	**9,179**	4,417	**196**	196
Less: Allowance for doubtful debts	**(440)**	(440)	**-**	-
	8,739	3,977	**196**	196

The amounts owing by associates represent balances arising from trade transactions and advances, which are unsecured and repayable upon demand in cash and cash equivalents except for balances arising from trade transactions, which are payable under normal credit terms.

The amounts owing to associates represent balances arising from trade transactions, which are unsecured, interest-free and payable under normal credit terms.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Short term deposits	**30,670**	50,069	**-**	302
Cash and bank balances	**74,217**	61,090	**16**	63
As reported in balance sheets	**104,887**	111,159	**16**	365
Less:				
Short term deposits pledged with licensed banks	**(9,777)**	(9,704)	**-**	-
Bank overdrafts (Note 24)	**(7,574)**	(7,751)	**(4,302)**	(993)
As reported in cash flow statements	**87,536**	93,704	**(4,286)**	(628)

Short term deposits of the Group amounting to RM9,777,000 (2009: RM9,704,000) have been pledged to licensed banks for banking facilities granted to certain subsidiaries of the Group (Note 24).

22. SHARE CAPITAL

	Group and Company			
	2010		2009	
	Number of shares	**RM'000**	Number of shares	RM'000
Ordinary shares of RM1.00 each:				
Authorised	**500,000,000**	**500,000**	500,000,000	500,000
Issued and fully paid:				
Balance as at 1 June	**218,956,342**	**218,956**	202,338,138	202,338
Conversion of warrants	**-**	**-**	16,618,204	16,618
Balance as at 31 May	**218,956,342**	**218,956**	218,956,342	218,956

In the previous financial year, the Company's issued and paid-up share capital was increased from 202,338,138 ordinary shares of RM1.00 each to 218,956,342 ordinary shares of RM1.00 by the conversion of 16,618,204 warrants at par for cash.

The Warrants of the Company expired on 20 June 2008 and a total of 80,672,408 warrants not exercised by the expiry date had lapsed and ceased to be exercisable.

The holders of ordinary shares 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.

22. SHARE CAPITAL (CONT'D)

Treasury shares

As at 31 May 2010, a total of 2,711,027 Treasury Shares at cost of RM2,073,000 were held by the Company in accordance with Section 67A (3)(b) of the Companies Act, 1965.

The Company did not repurchase any of its own shares or resold or cancel any of its Treasury Shares during the financial year.

In the previous financial year, the Company repurchased a total of 901,800 of its ordinary shares of RM1.00 each from the open market at a total cost of approximately RM665,000. As at 31 May 2009, a total of 2,711,027 Treasury Shares at cost of RM2,073,000 were held by the Company. The number of ordinary shares of RM1.00 each in issue as at 31 May 2010 after deducting the Treasury Shares was 216,245,315 (2009: 216,245,315) ordinary shares.

23. RESERVES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable:				
Share premium	**4,332**	4,332	**4,332**	4,332
Merger reserve arising from consolidation	**155**	155	**-**	-
Revaluation reserve arising from revaluation of buildings	**24,039**	24,039	**8,221**	8,221
Capital reserve	**48**	48	**-**	-
Foreign exchange reserve	**(8,015)**	(3,363)	**-**	-
Capital redemption reserve	**4,987**	4,987	**4,917**	4,917
Distributable:				
Retained earnings	**77,021**	79,707	**6,577**	19,672
	102,567	109,905	**24,047**	37,142

Retained earnings

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

The Company has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of dividends out of its entire retained earnings without incurring additional tax liability.

24. BORROWINGS

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Current liabilities				
Unsecured				
Bankers' acceptances	**2,486**	4,401	**-**	-
Bank overdrafts	**6,565**	2,204	**4,302**	993
Revolving credits	**29,100**	18,400	**29,100**	18,400
Trust receipts	**2,770**	1,894	**-**	-
Hire-purchase and lease creditors (Note 26)	**28**	83	**-**	-
Short term loans	**87,707**	105,240	**-**	19,200
	128,656	132,222	**33,402**	38,593
Current liabilities				
Secured				
Bankers' acceptances	**-**	1,350	**-**	-
Bank overdrafts	**1,009**	5,547	**-**	-
Revolving credits	**2,280**	3,195	**-**	-
Trust receipts	**36,555**	1,507	**-**	-
Hire-purchase and lease creditors (Note 26)	**2,649**	2,280	**812**	296
Current portion of term loans (Note 25)	**46,636**	37,609	**24,917**	22,250
	89,129	51,488	**25,729**	22,546
	217,785	183,710	**59,131**	61,139
Non-current liabilities				
Unsecured				
Hire-purchase and lease creditors (Note 26)	**53**	46	**-**	-
Secured				
Hire-purchase and lease creditors (Note 26)	**3,373**	3,303	**1,214**	430
Non-current portion of term loans (Note 25)	**21,692**	33,956	**5,333**	-
	25,065	37,259	**6,547**	430
	25,118	37,305	**6,547**	430

24. BORROWINGS (CONT'D)

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Total borrowings				
Bankers' acceptances	**2,486**	5,751	**-**	-
Bank overdrafts	**7,574**	7,751	**4,302**	993
Revolving credits	**31,380**	21,595	**29,100**	18,400
Trust receipts	**39,325**	3,401	**-**	-
Hire-purchase and lease creditors (Note 26)	**6,103**	5,712	**2,026**	726
Short term loans	**87,707**	105,240	**-**	19,200
Term loans (Note 25)	**68,328**	71,565	**30,250**	22,250
	242,903	221,015	**65,678**	61,569

The secured borrowings of the Group are secured by the following:

(i) a fixed charge over the buildings of certain subsidiaries as disclosed in Note 7 to the financial statements;

(ii) a charge over investments in a subsidiary of the Company as disclosed in Note 10 to the financial statements; and

(iii) a pledge of short term deposits with licensed banks as disclosed in Note 21 to the financial statements.

Information on financial risks of borrowings is disclosed in Note 40 to the financial statements.

25. TERM LOANS

Other than as disclosed in Note 24 to the financial statements, the secured long term loans of the Group and of the Company are further secured by:

(i) a fixed and floating charge over all the assets of a subsidiary;

(ii) deed of assignment over rental proceeds derived from lease of plant and machinery of a subsidiary;

(iii) certain short term deposits of subsidiaries;

(iv) certain shares of quoted and unquoted subsidiaries;

(v) assignment of dividends received or receivable from subsidiaries of the Company; and

(vi) assignment of insurance policies covering stock in trade in favour of bank.

Information on financial risks of borrowings is disclosed in Note 40 to the financial statements.

26. HIRE-PURCHASE AND LEASE CREDITORS

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Minimum hire-purchase and lease payments:				
- not later than one year	**2,881**	2,644	**927**	318
- later than one year and not later than five years	**3,777**	3,620	**1,302**	451
- later than five years	**25**	43	**-**	-
Total minimum hire-purchase and lease payments	**6,683**	6,307	**2,229**	769
Less: Future interest charges	**(580)**	(595)	**(203)**	(43)
Present value of hire-purchase and lease payments	**6,103**	5,712	**2,026**	726
Repayable as follows:				
Current liabilities:				
- not later than one year	**2,677**	2,363	**812**	296
Non-current liabilities:				
- later than one year and not later than five years	**3,412**	3,315	**1,214**	430
- later than five years	**14**	34	**-**	-
	3,426	3,349	**1,214**	430
	6,103	5,712	**2,026**	726

Information on financial risks of borrowings is disclosed in Note 40 to the financial statements.

27. GOVERNMENT GRANT

	Group	
	2010	2009
	RM'000	RM'000
Balance as at 1 June	**-**	-
Government grant received during the financial year	**2,000**	-
Less: Recognised in the income statement	**(200)**	-
Balance as at 31 May	**1,800**	-

The government grant is given by the Ministry of Science, Technology and Innovation in relation to development of an animated television series.

28. PROVISION FOR RETIREMENT BENEFITS

Movements in the net liabilities recognised in the balance sheets are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Balance as at 1 June	**3,774**	4,620
Charged/(Write back) to income statement	**270**	(255)
Utilised during the financial year	**(595)**	(605)
Foreign exchange differences	**3**	14
Balance as at 31 May	**3,452**	3,774

29. PAYABLES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**140,338**	139,710	**-**	-
Other payables	**27,307**	30,545	**419**	452
Accruals	**26,776**	24,842	**1,081**	730
Amounts owing to minority shareholders of subsidiaries	**1,396**	1,465	**-**	-
	195,817	196,562	**1,500**	1,182

The normal credit terms available to the Group in respect of trade payables ranged from 30 to 90 days (2009: 30 to 90 days) from date of invoice.

Amounts owing to minority shareholders of subsidiaries are in respect of trade transactions, dividends payable and advances, which are unsecured, interest-free and repayable upon demand in cash and cash equivalents.

30. AMOUNTS OWING TO SUBSIDIARIES

The amounts owing to subsidiaries represent advances and payments made on the Company's behalf by the subsidiaries, which are unsecured, interest-free and repayable upon demand in cash and cash equivalents.

31. AMOUNTS OWING TO DIRECTORS

Group

The amounts owing to Directors represent payments made on behalf, which are unsecured, interest-free and repayable upon demand in cash and cash equivalents.

32. OPERATING REVENUE

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Sale of goods	**1,407,550**	1,574,864	**-**	-
Rendering of services	**57,731**	31,977	**-**	-
Freight income	**41,313**	37,737	**-**	-
Rental income	**6,527**	6,203	**179**	179
Interest income	**-**	-	**1,576**	1,773
Dividend income (gross)	**16**	154	**16,885**	37,053
	1,513,137	1,650,935	**18,640**	39,005

33. PROFIT/(LOSS) BEFORE TAX

		Group		Company	
		2010	2009	**2010**	2009
(a) Continuing operations	**NOTE**	**RM'000**	RM'000	**RM'000**	RM'000
Profit/(Loss) before tax is arrived at after charging:					
Allowance for doubtful debts		**6,006**	1,990	**1,400**	11,268
Amortisation of:					
- intangible assets	13	**1,804**	798	**-**	-
- prepaid lease payments for land	8	**808**	808	**301**	301
Auditors' remuneration:					
- statutory:					
- auditors of the Company:					
- current year		**195**	208	**63**	63
- (over)/under provision in prior years		**(6)**	9	**8**	8
- other auditors:					
- current year		**557**	587	**-**	-
- under provision in prior years		**6**	103	**-**	-
- non-statutory:					
- auditors of the Company		**6**	6	**6**	6
- other auditors		**-**	6	**-**	6
Bad debts written off					
- third parties		**2,100**	576	**74**	-
- subsidiaries		**-**	-	**3,200**	-
Deposits written off		**-**	193	**-**	193
Depreciation of property, plant and equipment	7	**17,970**	19,672	**1,136**	852
Depreciation of investment properties	9	**7**	7	**-**	-

33. PROFIT/(LOSS) BEFORE TAX (CONT'D)

		Group		Company	
		2010	2009	**2010**	2009
(a) Continuing operations (cont'd)	**NOTE**	**RM'000**	RM'000	**RM'000**	RM'000
Profit/(Loss) before tax is arrived at after charging: (cont'd)					
Directors' remuneration:					
fees					
- payable by the Company		**446**	380	**446**	380
- payable by subsidiaries		**295**	330	**-**	-
Salaries and other emoluments					
- paid by the Company		**1,265**	2,813	**1,265**	2,813
- paid by subsidiaries		**4,682**	3,244	**-**	-
Impairment loss on investments in subsidiaries	10	**-**	-	**1,922**	6,396
Impairment losses on property, plant and equipment	7	**2,076**	-	**1,962**	-
Interest expense on:					
- bank overdrafts		**206**	358	**52**	14
- term loans, revolving credits and bankers' acceptance		**9,578**	15,198	**3,801**	4,675
- others		**724**	205	**29**	52
Inventories written off		**1,885**	1,638	**-**	-
Loss on foreign exchange:					
- realised		**1,478**	-	**-**	-
- unrealised		**2,394**	-	**-**	-
Loss on disposal of property, plant and equipment		**475**	-	**-**	-
Investment written off		**14**	83	**-**	83
Impairment loss on marketable securities	17	**-**	379	**-**	-
Operating lease rental		**2,235**	1,994	**-**	-
Property, plant and equipment written off		**27**	410	**-**	160
Provision for retirement benefits	28	**270**	-	**-**	-
Rental of:					
- land and premises		**2,777**	3,214	**203**	232
- others		**801**	1,175	**9**	7

33. **PROFIT/(LOSS) BEFORE TAX (CONT'D)**

(a) Continuing operations (cont'd)	NOTE	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Profit/(Loss) before tax is arrived at after charging: (cont'd)					
And crediting:					
Allowance for doubtful debts no longer required		**2,912**	269	**-**	-
Amortisation of government grant	27	**200**	-	**-**	-
Bad debts recovered		**-**	27	**-**	-
Dividend (gross) from:					
- quoted investment in Malaysia		**15**	50	**15**	50
- quoted investment outside Malaysia		**-**	78	**-**	-
- quoted subsidiaries		**-**	-	**1,192**	7,920
- marketable securities		**1**	26	**-**	-
- unquoted subsidiaries		**-**	-	**15,678**	29,083
Gain on foreign exchange:					
- realised		**-**	682	**-**	-
- unrealised		**-**	1,243	**-**	-
Gain on disposal of property, plant and equipment		**-**	43	**48**	3
Gain on disposals of subsidiaries	39	**6,644**	22,545	**-**	-
Gain on disposal of an associate	11	**-**	514	**-**	-
Interest income from:					
- advances to a subsidiary		**-**	-	**1,465**	1,417
- others		**1,165**	4,432	**111**	356
Rental income from:					
- a subsidiary		**-**	-	**179**	179
- others		**6,565**	6,317	**-**	-
Reversal of impairment loss on marketable securities	17	**368**	-	**-**	-
Write back of provision for retirement benefits	28	**-**	255	**-**	-

(b) Discontinued operations	Group 2010 RM'000	Group 2009 RM'000
Profit/(Loss) before tax is arrived at after charging:		
Loss on disposal of a subsidiary less incidental costs (Note 35)	**-**	25,498

The monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Company and the Group are estimated at RM79,000 (2009: RM70,400).

34. TAXATION

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Current tax expense based on profit for the financial year:				
Malaysian income tax	**14,549**	16,555	**32**	1,404
Foreign income tax	**5,144**	242	**-**	-
	19,693	16,797	**32**	1,404
(Over)/Under provision in prior years:				
Malaysian income tax	**(1,010)**	5,563	**(179)**	694
	18,683	22,360	**(147)**	2,098
Deferred tax (Note 15)	**(5,705)**	(9,982)	**(69)**	(130)
(Over)/Under provision in prior years (Note 15)	**(1,229)**	(5,995)	**10**	198
	(6,934)	(15,977)	**(59)**	68
Taxation	**11,749**	6,383	**(206)**	2,166

The income tax is calculated at the statutory tax rate of 25.00% (2009: 25.00%) of the estimated taxable profit for the fiscal year.

Taxation for other taxation authorities are calculated at the rates prevailing in these respective jurisdictions.

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

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Profit/(Loss) before tax				
Continuing operations	**34,604**	15,090	**(10,868)**	3,416
Discontinued operations	**-**	(25,498)	**-**	-
	34,604	(10,408)	**(10,868)**	3,416

34. TAXATION (CONT'D)

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	**8,651**	(2,602)	**(2,717)**	854
Tax effects in respect of:				
Non-allowable expenses	**10,270**	19,441	**5,316**	5,731
Non-taxable income	**(959)**	(11,534)	**(2,636)**	(5,311)
Tax incentives and allowances	**(4,972)**	(8,209)	**-**	-
Deferred tax assets not recognised	**3,414**	10,920	**-**	-
Effect of change in tax rate	**-**	213	**-**	-
Utilisation of unrecognised tax losses and capital allowances	**(1,063)**	(514)	**-**	-
Lower tax rates in foreign jurisdictions	**(1,353)**	(900)	**-**	-
	13,988	6,815	**(37)**	1,274
(Over)/Under provision in prior years:				
- taxation	**(1,010)**	5,563	**(179)**	694
- deferred tax	**(1,229)**	(5,995)	**10**	198
	(2,239)	(432)	**(169)**	892
Taxation	**11,749**	6,383	**(206)**	2,166

35. DISCONTINUED OPERATIONS

On 11 October 2007, the Group announced the decision to discontinue and dispose of its Switchgear Business, which comprises the switchgear operations of Tamco Switchgear (Malaysia) Sdn. Bhd. ('TSM'), Tamco Shanghai Switchgear Co. Ltd., Tamco Electrical Industries Australia Pty. Ltd., and PT Tamco Indonesia, for a cash consideration of RM326,887,000 and the difference of Completion Net Asset Value over the Proforma Net Asset Value of the entire Switchgear Business.

The disposal of the Switchgear Business was completed on 23 April 2008. The Group has received the cash consideration of RM326,887,000.

On 28 April 2009, a settlement agreement was signed between TSM, Larsen & Toubro Limited ('L&T') and a subsidiary, ALB based on the completion audit report, which was issued on 19 February 2009. Accordingly, ALB:

(a) paid to L&T a sum of RM10.0 million as a result of the shortfall of Completion Net Asset Value compared to the Proforma Net Asset Value; and

(b) paid to TSM a sum of RM5.4 million, being the net amount after setting off outstanding inter-company balances and adjustments to the Proforma Value of the Switchgear Business.

The completion of the disposal of switchgear business by ALB resulted in total adjustment to the pricing of RM25,498,000, which was adjusted in the previous financial year in the consolidated income statement.

35. DISCONTINUED OPERATIONS (CONT'D)

An analysis of the results of discontinued operations of the Group are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Other expenses	**-**	(25,498)
Loss for the financial year from discontinued operations	**-**	(25,498)

There were no cash flows attributable to the discontinued operations.

36. EARNINGS PER ORDINARY SHARE

(a) Basic

The basic earnings per ordinary share for the financial year have been calculated based on the consolidated profit/(loss) for the year attributable to ordinary equity holders of the Company of RM1,480,000 (2009: RM6,648,000) and the weighted average number of 216,245,382 (2009: 216,245,382) ordinary shares in issue (after adjusting for Treasury Shares) during the financial year.

	Group	
	2010	2009
	RM'000	RM'000
Profit from continuing operations attributable to equity holders of the Company	**1,480**	2,574
Loss from discontinued operations attributable to equity holders of the Company	-	(9,222)
Profit/(Loss) attributable to equity holders of the Company	**1,480**	(6,648)
Weighted average number of ordinary shares in issue (in '000)	**216,245**	200,529
Effect of repurchase of shares	**-**	(902)
Effect of Warrants converted	**-**	16,618
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**216,245**	216,245

	Group	
	2010	2009
	sen	sen
Basic earnings per ordinary share for:		
- Profit from continuing operations	**0.68**	1.19
- Loss from discontinued operations	**-**	(4.26)
Profit/(Loss) for the financial year	**0.68**	(3.07)

36. EARNINGS PER ORDINARY SHARE (CONT'D)

(b) Diluted

The Company does not have any potential dilutive ordinary shares, thus, diluted earning/(loss) earnings per ordinary share is not presented.

37. DIVIDENDS

	Group and Company			
	2010		2009	
	Gross dividend per share sen	Amount of dividend net of tax RM'000	Gross dividend per share sen	Amount of dividend net of tax RM'000
Dividend paid in respect of financial year ended 31 May 2009/2008				
- interim dividend	**-**	**-**	5.0	8,021
- final dividend	**1.5**	**2,433**	-	-
- final dividend-in-specie	**-**	**-**	13.0	27,471

The value of final dividend-in-specie was determined based on the average cost of investment.

38. ACQUISITIONS OF SUBSIDIARIES

There were no acquisitions of subsidiaries by the Group and Company during the financial year.

In the previous financial year, the Group acquired RASB, RBL, PCM, PCA and PCS. The fair value of the assets acquired and liabilities assumed were as follows:

	Group 2009 RM'000
Inventories	22
Cash and cash equivalents	100
Payables	(39)
Minority interests	(41)
Goodwill on consolidation	8
Total purchase consideration	50
Less: Cash and cash equivalents of the subsidiaries acquired	(100)
Net cash inflow of the Group on acquisitions	(50)

39. DISPOSALS OF SUBSIDIARIES

During the financial year, the Group disposed OrganiGro, Indah Segar and Akra, while SMIT was disposed in the previous financial year. The fair values of assets and liabilities disposed of are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Property, plant and equipment	**9,378**	6,644
Prepaid lease payments for land (net of amortisation of prepaid lease payments for land of RM73,000)	**1,177**	-
Receivables (net of allowance doubtful debts of RM6,139,000)	**3,179**	999
Cash and cash equivalents (Included bank overdraft)	**(1,082)**	2,134
Inventories	**1,059**	-
Deferred tax	**(445)**	-
Borrowings	**(4,851)**	-
Payables	**(9,225)**	(2,732)
Tax recoverable	**-**	(1,009)
Total net assets disposed of	**(810)**	6,036
Goodwill on consolidation	**-**	2,047
Minority interests	**(2,986)**	(1,497)
Transfer from translation reserves	**-**	(451)
Gain on disposals of subsidiaries	**6,644**	22,545
Total disposal proceeds	**2,848**	28,680
Cash and cash equivalents in subsidiaries disposed of	**1,082**	(2,134)
Net cash inflow to the Group	**3,930**	26,546

During the financial year, the Company completed the disposal of its entire equity interest in a subsidiary, OrganiGro, for a cash consideration of RM1.00. The gain on disposal of the subsidiary during the financial year is as follows:

	Company
	2010
	RM'000
Cost of investment	**6,396**
Less: Impairment loss of investments in unquoted shares	**(6,396)**
Total disposal proceeds	*****
Gain on disposal	*****

* Represent RM1

40. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency risk, liquidity risk, interest rate 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 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 net investments in overseas subsidiaries and normal trading activities, both external and intra-group, where the currency denomination differs from the functional currency, Ringgit Malaysia ('RM'). The Group's policy is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

During the financial year, the Group entered into forward foreign currency contracts to manage exposure to currency risk for receivables and payables where the receivables and payables are denominated in a currency other than the functional currency of the Group. The notional amounts of the forward foreign exchange contracts, which mature within one year and which are outstanding as at balance sheet date are as follows:

At 31 May 2010	**Currency**	**RM'000**
Forward contracts used to hedge trade receivables	US Dollar	2,439
Forward contracts used to hedge future sales	US Dollar	5,072
At 31 May 2009		
Forward contracts used to hedge trade receivables	US Dollar	808
Forward contracts used to hedge future sales	US Dollar	1,835

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

(i) Foreign currency risk (cont'd)

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

31 May 2010 **Functional currency of group companies**	**Ringgit Malaysia RM'000**	**Indonesia Rupiah RM'000**	**Singapore Dollar RM'000**	**United States Dollar RM'000**	**Vietnam Dong RM'000**	**Total RM'000**
Receivables						
United States Dollar	23,647	3,401	302	-	-	27,350
Singapore Dollar	7,218	-	-	2,046	-	9,264
EURO	-	-	28	-	-	28
Hong Kong Dollar	-	-	-	148	-	148
Japanese Yen	299	-	-	-	-	299
Australian Dollar	123	-	-	-	-	123
Ringgit Malaysia	-	-	9	-	-	9
	31,287	3,401	339	2,194	-	37,221
Cash and cash equivalents						
United States Dollar	10,395	4,261	107	-	11	14,774
Singapore Dollar	216	-	-	354	-	570
	10,611	4,261	107	354	11	15,344
Bank borrowings						
United States Dollar	-	-	-	-	9,951	9,951
Singapore Dollar	-	-	-	146	-	146
	-	-	-	146	9,951	10,097
Payables						
United States Dollar	8,001	2,347	791	-	41	11,180
Singapore Dollar	1,346	-	-	2,740	-	4,086
Sterling Pound	-	-	142	-	-	142
EURO	-	8	42	-	-	50
Ringgit Malaysia	-	-	-	327	-	327
Hong Kong Dollar	-	-	7	-	-	7
	9,347	2,355	982	3,067	41	15,792

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

(i) Foreign currency risk (cont'd)

31 May 2009 Functional currency of group companies	**Ringgit Malaysia RM'000**	**Indonesia Rupiah RM'000**	**Singapore Dollar RM'000**	**Hong Kong Dollar RM'000**	**United States Dollar RM'000**	**Total RM'000**
Receivables						
United States Dollar	25,102	1,569	361	316	-	27,348
Singapore Dollar	8,297	-	-	-	1,830	10,127
EURO	52	-	199	-	-	251
Hong Kong Dollar	-	-	-	-	160	160
Japanese Yen	178	-	-	-	-	178
Sterling Pound	103	-	-	-	-	103
	33,732	1,569	560	316	1,990	38,167
Cash and cash equivalents						
United States Dollar	6,524	1,218	755	-	-	8,497
Singapore Dollar	4,315	-	-	-	367	4,682
Hong Kong Dollar	-	-	-	-	48	48
	10,839	1,218	755	-	415	13,227
Bank borrowings						
United States Dollar	-	330	-	-	-	330
Payables						
United States Dollar	12,737	6,934	192	-	-	19,863
Singapore Dollar	2,767	-	-	-	3,614	6,381
Sterling Pound	-	-	60	-	-	60
EURO	-	-	(14)	-	-	(14)
Ringgit Malaysia	-	-	-	-	333	333
Hong Kong Dollar	-	-	2	-	-	2
	15,504	6,934	240	-	3,947	26,625

The Group's exposure to interest rate risk arises mainly from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debts, and term and call deposits.

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

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

(ii) 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									
As at 31 May 2010									
Fixed rates									
Short term deposits	21	1.00% - 2.59%	30,670	-	-	-	-	-	30,670
Hire-purchase and lease creditors	26	3.30% - 24.41%	2,677	2,372	783	218	39	14	6,103
Floating rates									
Bank overdrafts	24	5.25% - 8.05%	7,574	-	-	-	-	-	7,574
Bankers' acceptances	24	3.00% - 4.00%	2,486	-	-	-	-	-	2,486
Revolving credits	24	3.98% - 7.05%	31,380	-	-	-	-	-	31,380
Trust receipts	24	7.00% - 7.50%	39,325	-	-	-	-	-	39,325
Short term loans	24	4.53%	87,707	-	-	-	-	-	87,707
Long term loans	24	4.53% - 11.24%	46,636	18,378	2,953	142	33	186	68,328
As at 31 May 2009									
Fixed rates									
Short term deposits	21	1.00% - 2.59%	50,069	-	-	-	-	-	50,069
Hire-purchase and lease creditors	26	3.30% - 8.00%	2,363	1,640	950	640	85	34	5,712
Floating rates									
Bank overdrafts	24	5.25% - 8.05%	7,751	-	-	-	-	-	7,751
Bankers' acceptances	24	2.79% - 3.97%	5,751	-	-	-	-	-	5,751
Revolving credits	24	4.17% - 7.65%	21,595	-	-	-	-	-	21,595
Trust receipts	24	7.00% - 7.50%	3,401	-	-	-	-	-	3,401
Short term loans	24	4.42% - 7.50%	105,240	-	-	-	-	-	105,240
Long term loans	24	4.42% - 7.50%	37,609	19,096	13,105	1,175	363	217	71,565

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management objectives and policies (cont'd)

(ii) Interest rate risk (cont'd)

	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									
As at 31 May 2010									
Fixed rates									
Hire-purchase and lease creditors	26	4.73% - 7.04%	812	563	563	88	-	-	2,026
Floating rates									
Bank overdrafts	24	6.30% - 7.80%	4,302	-	-	-	-	-	4,302
Revolving credit	24	3.79% - 4.91%	29,100	-	-	-	-	-	29,100
Long term loans	24	7.25%	24,917	3,000	2,333	-	-	-	30,250
As at 31 May 2009									
Fixed rates									
Short term deposits	21	2.00% - 2.50%	302	-	-	-	-	-	302
Hire-purchase and lease creditors	26	4.11% - 7.86%	296	287	116	27	-	-	726
Floating rates									
Bank overdrafts	24	6.30% - 7.50%	993	-	-	-	-	-	993
Revolving credit	24	3.84% - 4.50%	18,400	-	-	-	-	-	18,400
Short term loans	24	6.80%	19,200	-	-	-	-	-	19,200
Long term loans	24	7.50%	22,250	-	-	-	-	-	22,250

40. **FINANCIAL INSTRUMENTS (CONT'D)**

(a) **Financial risk management objectives and policies (cont'd)**

(iii) **Liquidity 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.

(iv) **Credit risk**

Cash deposits and receivables may give rise to credit risk, which require 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 is generally for a period of 30 to 180 days. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

As at the balance sheet date, the Group has no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheet.

(b) **Fair values**

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at the balance sheet date approximate their fair values except as set out below:

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
As at 31 May 2010					
Recognised					
Investments in subsidiaries:					
- quoted	10	-	-	52,300	37,165
- unquoted	10	-	-	235,342	#
Investments in associates	11	5,263	#	859	#
Other quoted investments	12	3,857	3,957	3,857	3,957
Unquoted investments	12	6,683	#	3,048	#
Investments in unit trusts	12	4,152	4,152	27	27
Marketable securities	17	1,158	1,158	-	-
Hire-purchase and lease creditors	26	6,103	5,480	2,026	1,784
Unrecognised					
Forward foreign exchange contracts		-	110	-	-

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values (cont'd)

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
As at 31 May 2009					
Recognised					
Investments in subsidiaries:					
- quoted	10	-	-	51,108	28,043
- unquoted	10	-	-	194,278	#
Investments in associates	11	5,417	#	859	#
Other quoted investments	12	3,857	1,809	3,857	1,809
Unquoted investments	12	6,658	#	3,048	#
Investments in unit trust	12	25,531	25,531	19,522	19,522
Marketable securities	17	790	790	-	-
Hire-purchase and lease creditors	26	5,712	5,618	726	713
Unrecognised					
Forward foreign exchange contracts		-	471	-	-

It is not practical to estimate the fair value of the long term unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. The Company believes that the carrying amounts of these investments represents the recoverable amount.

The methods and assumptions used by management to determine fair values of the financial instruments are as follows:

(i) Quoted investments

The fair value of quoted investments is determined by reference to the stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(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 the current market interest rate available to the Group for similar financial instruments.

(iii) Term loans

The carrying amounts of term loans as at the balance sheet date approximate their fair values as they are variable rate financial instruments.

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair values (cont'd)

(iv) Forward foreign exchange contracts

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the balance sheet applied to a contract of similar amount and maturity profile.

(v) Other financial instruments

The carrying amounts of other financial assets and liabilities maturing within twelve (12) months approximate their fair values due to the relatively short term maturity of these financial instruments.

41. 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 may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

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

	Group	
	2010	2009
	RM'000	RM'000
Sales to associates:		
- Ancom Kimia Sdn. Bhd.	**9,158**	23
- Nufarm Technologies (Malaysia) Sdn. Bhd.	**2,193**	2,761
Commission payables to an associate:		
- Nufarm Technologies (Malaysia) Sdn. Bhd.	**207**	405
Purchases from an associate:		
- Ancom Kimia Sdn. Bhd.	**99,546**	148,704

41. RELATED PARTY DISCLOSURES (CONT'D)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year: (cont'd)

	Group	
	2010	2009
	RM'000	RM'000
Marketing rights paid to Malay Mail Sdn. Bhd., a company in which certain Directors of the Company have substantial indirect shareholdings	**2,767**	-
Professional legal fees paid to Messrs. Shearn Delamore & Co, a firm of which a Director of the Company is the managing partner	**1,161**	-
Insurance premium paid to Pacific & Orient Insurance Co Berhad, a company in which a Director of the Company has a substancial indirect shareholding	**97**	59

These transactions have been entered into the normal course of business and have been established under negotiated commercial terms.

(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.

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

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Short term employee benefits	**28,367**	25,050	**1,137**	3,401
Contributions to defined contribution plan	**1,369**	2,204	**128**	354
Benefits-in-kind	**127**	485	**-**	69
	29,863	27,739	**1,265**	3,824

42. CAPITAL COMMITMENTS

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

	Group	
	2010	2009
	RM'000	RM'000
In respect of purchase of property, plant and equipment:		
Authorised and contracted for	**6,863**	217
Authorised but not contracted for	**2,205**	1,345
	9,068	1,562

43. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group	
	2010	2009
	RM'000	RM'000
Future minimum lease payments:		
- not later than one year	**3,682**	1,255
- later than one year and not later than five years	**7,412**	3,283
- later than five years	**19,685**	18,694
	30,779	23,232

44. CONTINGENT LIABILITIES

Unsecured	Group	
	2010	2009
	RM'000	RM'000
Guarantees given to third parties by a subsidiary in respect of trade performance	**14,029**	12,500

Company - Unsecured

As at 31 May 2010, the Company has given corporate guarantees amounting to RM64,921,000 (2009: RM64,659,000) to financial institutions for credit facilities granted to and utilised by certain subsidiaries.

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) SPSB and SCSB, had each held their respective Extraordinary General Meetings on 1 June 2009 at which it was resolved that SPSB and SCSB be wound-up voluntarily.

SPSB and SCSB are both wholly-owned subsidiaries of STL, a 75.20% owned subsidiary of the Company. SPSB and SCSB have ceased their ship operating business after disposing their respective vessels and were dormant as at financial year end.

(b) On 22 June 2009, AES, a subsidiary, had entered into a shares sales agreement to dispose 21,400,000 ordinary shares of RM1.00 each and 10,500,000 8% non-cumulative redeemable and convertible preference shares representing its entire interest of 96.60% in Akra for cash consideration of RM2,848,000 ('Akra Disposal').

The disposal was completed on 12 August 2009 and the gain on disposal of the subsidiary to the Group amounted to RM6,534,000.

(c) On 29 June 2009, the Company had entered into a shares sale agreement to dispose 6,395,000 ordinary shares of RM1.00 each representing its entire interest of 81.21% in OrganiGro for cash consideration of RM1 ('OrganiGro Disposal').

The disposal was completed on 29 June 2009 and the gain on disposal of the subsidiary to the Group amounted to RM110,000.

(d) On 6 July 2009, a subsidiary, PKG entered into a conditional capital transfer agreement with LTCC to acquire the remaining 49.00% equity interest in PKG Vietnam from LTCC for a purchase consideration of USD500,000.

The above transaction was completed on 30 November 2009. Accordingly, the Group's effective equity interest in PKG Vietnam increased from 24.60% to 48.20%.

46. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 7 September 2010, the shareholders of ALB, a subsidiary of the Group have approved the Proposed Restructuring Scheme of ALB, which include the following:

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

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

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

46. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (CONT'D)

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

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

The completion is currently pending approval from High Court of Malaya for the Capital Reduction.

47. EMPLOYEE BENEFITS

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Salaries and wages	**73,509**	66,196	**2,899**	4,312
Defined contribution plan	**5,994**	6,720	**322**	500
Provision for/(Write back of) retirement benefit	**270**	(255)	**-**	-
Termination benefits	**-**	1,932	**-**	-
Other benefits	**2,517**	1,415	**10**	8
	82,290	76,008	**3,231**	4,820

Included in the employee benefits of the Group and of the Company are Executive Director's remuneration amounting to RM5,947,000 (2009: RM6,057,000) and RM1,265,000 (2009: RM2,813,000) respectively.

48. SEGMENTAL INFORMATION

The Group's operations comprise the following main business segments:

Investment holding	:	Investment holding
Agricultural and industrial chemicals	:	Manufacture and sale of agricultural and industrial chemical products
Oil and gas services	:	Supply of goods and services to oil and gas industry
Logistics	:	Ship-owning, ship-operating, transportation, container haulage, bulk cargo handling, chemicals warehousing and related services
Information technology ('IT')	:	Provision of IT services and sales of computer hardware and software
Media	:	Providing digital and outdoor advertising media space and being general traders of media space in the airport, baggage trolleys and signages
Polymer	:	Manufacturing and marketing of polymer products
Engineering	:	Trading, contracting and marketing in electrical engineering products
Building products	:	Manufacturing and marketing of metal roof tiles

48. SEGMENTAL INFORMATION (CONT'D)

(a) Business segment

2010	Investment holding RM'000	Agricultural and industrial chemicals RM'000	Oil and gas services RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Engineering RM'000	Building products RM'000	Elimination RM'000	Total RM'000	Discontinued operations Switchgear, system integration and trading total RM'000	Total operations RM'000
	← Continuing operations →												
Revenue													
External sales	70	1,216,856	-	47,840	20,503	54,036	122,544	51,288	-	-	1,513,137	-	1,513,137
Inter-segment sales	19,148	1,862	-	6,062	715	-	-	-	-	(27,787)	-	-	-
Total	19,218	1,218,718	-	53,902	21,218	54,036	122,544	51,288	-	(27,787)	1,513,137	-	1,513,137
Result													
Segment results	47	45,765	-	3,107	(294)	(8,770)	16,648	(914)	(286)	-	55,303	-	55,303
Unallocated corporate expenses											(9,529)	-	(9,529)
Operating profits											45,774	-	45,774
Finance costs											(10,508)	-	(10,508)
Share of results of associates											(662)	-	(662)
Profit before tax											34,604	-	34,604
Taxation											(11,749)	-	(11,749)
Profit for the financial year											22,855	-	22,855

48. **SEGMENTAL INFORMATION (CONT'D)**

(a) Business segment (cont'd)

2010	Investment holding RM'000	Agricultural and industrial chemicals RM'000	Oil and gas services RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Engineering RM'000	Building products RM'000	Elimination RM'000	Total RM'000	Discontinued operations Switchgear, system integration and trading total RM'000	Total operations RM'000
	Continuing operations												
Other information													
Segment assets	456,761	398,116	-	84,244	7,933	105,379	109,138	52,120	7,395	(429,167)	791,919	-	791,919
Investments in associates											5,263	-	5,263
Goodwill on consolidation											74,992	-	74,992
Unallocated corporate assets											29,948	-	29,948
Total assets											902,122	-	902,122
Segment liabilities	59,655	136,426	-	7,579	8,215	69,248	27,671	27,764	217	(133,711)	203,064	-	203,064
Borrowings											242,903	-	242,903
Unallocated corporate liabilities											20,251	-	20,251
Total liabilities											466,218	-	466,218
Capital expenditure	2,580	1,700	-	16,123	27	4,336	4,795	461	-	-	30,022	-	30,022
Depreciation and amortisation	1,500	3,479	-	4,921	117	3,578	5,904	890	-	-	20,389	-	20,389
Non-cash expenses, other than depreciation and amortisation	6,008	6,294	-	576	2	191	691	1,291	194	-	15,247	-	15,247

48. SEGMENTAL INFORMATION (CONT'D)

(a) Business segment (cont'd)

2009	Investment holding RM'000	Agricultural and industrial chemicals RM'000	Oil and gas services RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Engineering RM'000	Building products RM'000	Elimination RM'000	Total RM'000	Discontinued operations Switchgear, system integration and trading total RM'000	Total operations RM'000
	Continuing operations												
Revenue													
External sales	154	1,372,905	6,445	43,940	17,986	27,690	111,531	66,092	4,192	-	1,650,935	-	1,650,935
Inter-segment sales	49,746	13,203	-	6,368	3,571	2,133	-	-	-	(75,021)	-	-	-
Total	49,900	1,386,108	6,445	50,308	21,557	29,823	111,531	66,092	4,192	(75,021)	1,650,935	-	1,650,935
Result													
Segment results	(11,244)	37,989	264	29,800	913	(18,744)	4,376	3,780	(1,309)	-	45,825	(25,498)	20,327
Unallocated corporate expenses											(13,921)	-	(13,921)
Operating profits/(loss)											31,904	(25,498)	6,406
Finance costs											(15,761)	-	(15,761)
Share of results of associates											(1,053)	-	(1,053)
Profit/(Loss) before tax											15,090	(25,498)	(10,408)
Taxation											(6,383)	-	(6,383)
Profit/(Loss) for the financial year											8,707	(25,498)	(16,791)

48. SEGMENTAL INFORMATION (CONT'D)

(a) Business segment (cont'd)

2009	Continuing operations: Investment holding RM'000	Agricultural and industrial chemicals RM'000	Oil and gas services RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Engineering RM'000	Building products RM'000	Elimination RM'000	Total RM'000	Discontinued operations Switchgear, system integration and trading total RM'000	Total operations RM'000
Other information													
Segment assets	462,196	386,733	7,001	79,452	9,347	79,983	110,038	56,627	9,275	(437,964)	762,688	-	762,688
Investments in associates											5,417	-	5,417
Goodwill on consolidation											79,399	-	79,399
Unallocated corporate assets											33,051	-	33,051
Total assets											880,555	-	880,555
Segment liabilities	79,906	174,675	2,627	5,950	8,876	71,396	31,895	26,277	652	(197,179)	205,075	-	205,075
Borrowings											221,015	-	221,015
Unallocated corporate liabilities											19,914	-	19,914
Total liabilities											446,004	-	446,004
Capital expenditure	54	6,185	65	2,860	126	7,997	2,131	127	-	-	19,545	-	19,545
Depreciation and amortisation	1,161	3,993	238	6,409	486	1,770	5,816	1,330	82	-	21,285	-	21,285
Non-cash expenses, other than depreciation and amortisation	623	1,134	471	-	154	26	1,836	1,025	-	-	5,269	-	5,269

48. SEGMENTAL INFORMATION (CONT'D)

(b) Geographical segment

In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.

	Revenue		**Segment assets**		**Capital expenditure**	
	2010	2009	**2010**	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Malaysia	**618,111**	701,237	**644,197**	660,662	**27,428**	14,212
Singapore	**478,896**	579,726	**187,697**	176,266	**2,220**	1,801
Other Southeast Asian countries	**222,869**	237,556	**66,803**	37,792	**258**	3,509
Other Asian countries	**100,798**	77,183	**3,425**	5,835	**116**	23
Australia and New Zealand	**34,181**	42,144	**-**	-	**-**	-
North and South America	**34,213**	1,254	**-**	-	**-**	-
Africa	**21,378**	11,835	**-**	-	**-**	-
Europe	**2,691**	-	**-**	-	**-**	-
	1,513,137	1,650,935	**902,122**	880,555	**30,022**	19,545

49. SUBSIDIARIES AND ASSOCIATES

(a) Details of subsidiaries are as follows:

Company	**Country of incorporation**	**Group's effective equity interest** **2010**	2009	**Principal activities**
Direct:				
Ancom Crop Care Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Manufacture and marketing of agricultural chemical products
Ancom Overseas Ventures Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding company and provision of management services
Ancom Energy & Services Sdn. Bhd.	Malaysia	**58.9%**	50.2%	Supply of goods and services to oil and gas industry
Synergy Tanker Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
WorldSOL.com Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Dormant

49. SUBSIDIARIES AND ASSOCIATES (CONT'D)

(a) Details of subsidiaries are as follows: (cont'd)

Company	Country of incorporation	Group's effective equity interest 2010	2009	Principal activities
Direct:				
* Syarikat Wandeerfull Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding, dealing in and subletting of land
* Rhodemark Development Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
HSO Business Systems Sdn. Bhd.	Malaysia	**48.0%**	48.0%	Dormant
MSTi Corporation Sdn. Bhd.	Malaysia	**45.0%**	45.0%	Trading of computer hardware and software and rendering of IT related consulting services
iEnterprise Online Sdn. Bhd.	Malaysia	**97.3%**	97.3%	Provision of IT services
Vision IP Services Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Providing call centre services
Synergy Trans-Link Sdn. Bhd.	Malaysia	**75.2%**	75.2%	Investment holding
RedBerry Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
Wheel Sport Management Sdn. Bhd.	Malaysia	**77.0%**	77.0%	Promoters and organiser of motor sports and to buy, sell and deal in all kinds of motors
Rentas Cabaran Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
Indirect:				
Meru Utama Sdn. Bhd.	Malaysia	**54.9%**	54.9%	General traders and rental of media space at airport, baggage trolleys and signages
* Ancom-ChemQuest Terminals Sdn. Bhd.	Malaysia	**38.3%**	38.3%	Build, own, operate, lease and manage chemical tank farm and warehouse
* Ancom Ship Management Sdn. Bhd.	Malaysia	**75.2%**	75.2%	Ship management services
OrganiGro Sdn. Bhd.	Malaysia	**-**	81.2%	Manufacture and marketing of organic fertilisers
Ancom Bioscience Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Trading of gardening products

49. SUBSIDIARIES AND ASSOCIATES (CONT'D)

(a) Details of subsidiaries are as follows: (cont'd)

Company	Country of incorporation	Group's effective equity interest 2010	2009	Principal activities
Indirect:				
Polytensides Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Manufacture and sale of agricultural chemical products and chemicals
Timber Preservatives Sdn. Bhd.	Malaysia	**51.0%**	51.0%	Manufacture and distribution of timber preservatives and elated chemical products
Ancom Nutrifoods Sdn. Bhd. (formerly known as Landasan Murni Sdn. Bhd.)	Malaysia	**100.0%**	100.0%	Dormant
* Ancom do Brasil Ltda	Brazil	**99.9%**	99.9%	Dormant. Holder of licenses for certain agricultural chemical products
* Ancom Australia Pty. Ltd.	Australia	**100.0%**	100.0%	Dormant. Holder of licenses for certain agricultural chemical products
* Malancom Agrochemicals (Pte) Limited	South Africa	**100.0%**	100.0%	Dormant. Holder of licenses for certain agricultural chemical products
* ChemResources China (Agencies) Limited	Hong Kong	**84.1%**	84.1%	Trading of petro-chemical and other chemical products
RedBerry Media Sdn. Bhd.	Malaysia	**49.0%**	49.0%	Dormant
RedBerry Outdoors Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Provision of outdoor advertising media space
RedBerry Events Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Provision of event organisation services
RedBerry Outdoors Productions Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Production of outdoor advertising media and design
Focus Media Network Sdn. Bhd.	Malaysia	**85.5%**	85.5%	Provision of digital advertising

49. SUBSIDIARIES AND ASSOCIATES (CONT'D)

(a) Details of subsidiaries are as follows: (cont'd)

Company	Country of incorporation	Group's effective equity interest 2010	2009	Principal activities
Indirect:				
* RedBerry Animation Sdn. Bhd.	Malaysia	**51.0%**	51.0%	Production and marketing and animation television series
@ RBL Pte. Ltd.	Singapore	**-**	60.0%	Strike-off
Point Cast (Asia) Sdn. Bhd.	Malaysia	**60.0%**	60.0%	Investment holding
@ Point Cast (Singapore) Pte. Ltd.	Singapore	**-**	60.0%	Strike-off
PT Point Cast Indonesia	Indonesia	**-**	60.0%	Dormant
Point Cast (M) Sdn. Bhd.	Malaysia	**60.0%**	60.0%	Provision of digital advertising media space advertising media space
* Akra Engineering Sdn. Bhd.	Malaysia	**-**	41.0%	Manufacture of steel structures for oil and gas industry and other related maintenance and engineering services
AES Mayak Sdn. Bhd.	Malaysia	**50.2%**	50.2%	Dormant
Indah Segar Sdn. Bhd.	Malaysia	**-**	42.7%	Dormant
* Sinsenmoh Transportation Pte. Ltd.	Singapore	**75.2%**	75.2%	Freight forwarding, packaging and crafting services
* Synergy Concepts Sdn. Bhd.	Malaysia	**-**	75.2%	Under voluntary liquidation
* Synergy Point Sdn. Bhd.	Malaysia	**-**	75.2%	Under voluntary liquidation
* Pengangkutan Cogent Sdn. Bhd.	Malaysia	**75.2%**	75.2%	Providing transportation and related services
*# Nylex (Malaysia) Berhad	Malaysia	**48.2%**	48.2%	Investment holding and manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other polymer products, including geotextiles and prefabricated sub-soil drainage systems

49. SUBSIDIARIES AND ASSOCIATES (CONT'D)

(a) Details of subsidiaries are as follows: (cont'd)

Company	Country of incorporation	Group's effective equity interest 2010	2009	Principal activities
Indirect:				
* Dynamic Chemical Trading Pte. Ltd.	Singapore	**43.4%**	43.4%	Trading in industrial chemicals
* Fermpro Sdn. Bhd.	Malaysia	**48.2%**	48.2%	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products
* Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	**48.2%**	48.2%	Trading in petrochemicals and industrial chemicals
* Kumpulan Kesuma Sdn. Bhd.	Malaysia	**48.2%**	48.2%	Manufacture and marketing of sealants and adhesive products
* Wedon Sdn. Bhd.	Malaysia	**48.2%**	48.2%	Marketing of sealants and adhesive products
* Nycon Manufacturing Sdn. Bhd.	Malaysia	**48.2%**	48.2%	Manufacture and marketing of rotomoulded plastic products, including bulk chemical containers, road barriers, playground equipment and disposal bins
* Malaysian Roofing Industries Sdn. Bhd.	Malaysia	**33.7%**	33.7%	Dormant
* Nylex Polymer Marketing Sdn. Bhd.	Malaysia	**48.2%**	48.2%	Trading of PU and PVC synthetic leather, films and sheets
* PT Indomalay Ekatana Roofing Industries	Indonesia	**23.6%**	23.6%	Manufacture and marketing of metal roofing tiles
* PT Nylex Indonesia	Indonesia	**48.2%**	48.2%	Manufacture, marketing and distribution of PVC and PU leather cloth
* Nylex Specialty Chemicals Sdn. Bhd.	Malaysia	**48.2%**	48.2%	Manufacture and sale of phosphoric acid

49. SUBSIDIARIES AND ASSOCIATES (CONT'D)

(a) Details of subsidiaries are as follows: (cont'd)

Company	Country of incorporation	Group's effective equity interest 2010	2009	Principal activities
Indirect:				
* Speciality Phosphates (Malaysia) Sdn. Bhd.	Malaysia	**24.6%**	24.6%	Manufacture and sale of chemicals
* CKG Chemicals Pte. Ltd.	Singapore	**48.2%**	48.2%	Trading and distribution of industrial chemicals and gasoline blending components
* Perusahaan Kimia Gemilang (Vietnam) Company Ltd.	Vietnam	**48.2%**	24.6%	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals storage of industrial chemicals, importation and distribution of industrial chemicals
* PT PKG Lautan Indonesia	Indonesia	**24.6%**	24.6%	Importation and distribution of industrial chemicals of industrial chemicals
*# Ancom Logistics Berhad (formerly known as Tamco Corporate Holdings Berhad)	Malaysia	**36.2%**	36.2%	Investment holding
* Ancom Electrical (Malaysia) Sdn. Bhd.	Malaysia	**36.2%**	36.2%	Trading and contracting in electrical engineering products
* Ancom Systems (Singapore) Pte. Ltd.	Singapore	**36.2%**	36.2%	Trading and contracting in electrical engineering products
* Ancom Electrical (Hong Kong) Limited	Hong Kong	**36.2%**	36.2%	Trading and contracting in electrical engineering products
* Ancom Components Sdn. Bhd.	Malaysia	**24.1%**	24.1%	Manufacturing and marketing of low voltage switchgear

49. SUBSIDIARIES AND ASSOCIATES (CONT'D)

(a) Details of subsidiaries are as follows: (cont'd)

Company	Country of incorporation	Group's effective equity interest 2010	2009	Principal activities
Indirect:				
* Ancom Electrical & Environmental (Singapore) Pte. Ltd.	Singapore	**36.2%**	36.2%	Trading and contracting in electrical engineering products
* Ancom PTX Technology (Singapore) Pte. Ltd.	Singapore	**25.3%**	25.3%	Dormant
* Decom GmbH	Germany	**-**	21.7%	Dormant
* Deteg GmbH	Germany	**-**	15.6%	Dormant
* Decom Limited	Hong Kong	**-**	21.7%	Dormant
* German Switchcraft GmbH	Germany	**13.0%**	13.0%	Dormant
* Ancom Systems Technology (Malaysia) Sdn. Bhd.	Malaysia	**36.2%**	36.2%	Dormant
Hikmat Ikhlas Sdn. Bhd.	Malaysia	**12.7%**	12.7%	Trading and contracting in electrical engineering products

* Not audited by BDO or BDO Member Firms.
\# The financial statements of ALB and Nylex were consolidated as subsidiaries as the Group has control over the Boards of ALB and Nylex.
@ The subsidiaries, which were strike-off do not have any significant impact to the Group.

(b) Details of associates are as follows:

Company	Country of incorporation	Group's effective equity interest 2010	2009	Principal activities
Direct:				
iSpring Capital Sdn. Bhd.	Malaysia	**42.0%**	42.0%	Providing and sourcing private equity finance and providing related consultancy services, business accelaration and other value added facilities and services to technology ventures
Magiqads Sdn. Bhd.	Malaysia	**40.0%**	-	Advertising media design and production

49. SUBSIDIARIES AND ASSOCIATES (CONT'D)

(b) Details of associates are as follows: (Cont'd)

Company	Country of incorporation	Group's effective equity interest 2010	2009	Principal activities
Indirect:				
Nufarm Technologies (Malaysia) Sdn. Bhd.	Malaysia	**49.0%**	49.0%	Trading in timber wood preservative and other chemical products
Wandeerfull Industries Sdn. Bhd.	Malaysia	**30.0%**	30.0%	Property investment
Ancom Kimia Sdn. Bhd.	Malaysia	**14.5%**	14.5%	Distributor of petrochemicals and industrial chemicals
Ancom Philippines Inc.	Philippines	**39.6%**	39.6%	Dormant. Holder of licenses for certain agricultural chemical products
Tamco Chongqing Switchgear Company Limited	China	**17.7%**	17.7%	Under voluntary liquidation
I & D Switchgear Sdn. Bhd.	Malaysia	**6.9%**	6.9%	Dormant

50. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the current financial year's presentation:

	As previously reported RM'000	Reclassifications RM'000	As restated RM'000
Balance sheet			
Group			
Current assets			
Other investments	10,482	33	10,515
Goodwill on consolidation	79,432	(33)	79,399
Company			
Non-current asset			
Amounts owing by subsidiaries	6,615	(6,615)	-
Current assets			
Amounts owing by subsidiaries	64,487	6,615	71,102

ADDITIONAL INFORMATION
IN COMPLIANCE WITH PART A, APPENDIX 9C OF THE
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

SHARE BUY BACK

The details of Share Buy Back by the Company during the financial year are as disclosed in the Directors' Report in the financial statements.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

UTILISATION OF PROCEEDS

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

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year.

SANCTIONS AND/OR PENALTIES

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

NON-AUDIT FEE

The Company paid a total of RM6,000 to the external auditors of the Company in the financial year for non-audit assignments.

COST OF INTERNAL AUDIT FUNCTION

During the financial year, the internal audit function of the Company was carried out by a Head of Internal Audit with a cost of RM136,690.

VARIATION IN RESULTS

There were no material variances between the results for the financial year ended 31 May 2010 and the unaudited results previously announced. The Company did not announce any profit estimates, forecasts and projections for the financial year.

PROFIT GUARANTEE

There were no profit guarantee provided to the Company in respect of the financial year ended 31 May 2010.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS

During the financial year, the Company did not enter into any material contract involving Directors'/major shareholders' interests.

REVALUATION POLICY

Revaluation of properties are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the properties at reporting date. The Group's properties were not revalued during the financial year ended 31 May 2010.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

Details of the RRPT entered into during the financial year in accordance with the shareholders' mandate obtained in the last annual general meeting of the Company are as follows:

Related Party	Nature of Transaction	Interested directors, major shareholders and connected persons	Value of RRPT (RM'000)
Perusahaan Kimia Gemilang Sdn Bhd	Provision of transportation services by Pengangkutan Cogent Sdn Bhd	Dato' Johari Razak Dato' Siew Ka Wei Siew Nim Chee & Sons Sdn Bhd	2,572
	Provision of storage services by Ancom-ChemQuest Terminals Sdn Bhd		2,271
	Provision of handling and pipeline services by Ancom-ChemQuest Terminals Sdn Bhd		107
Fermpro Sdn Bhd	Provision of transportation services by Pengangkutan Cogent Sdn Bhd	Dato' Johari Razak Dato' Siew Ka Wei Siew Nim Chee & Sons Sdn Bhd	124
Nylex (Malaysia) Berhad	Provision of storage services by Pengangkutan Cogent Sdn Bhd	Dato' Johari Razak Dato' Siew Ka Wei Siew Nim Chee & Sons Sdn Bhd	100
Dynamic Chemical Trading Pte Ltd	Provision of handling and transportation services by SinSenMoh Transportation Pte Ltd	Dato' Johari Razak Dato' Siew Ka Wei Siew Nim Chee & Sons Sdn Bhd	774

LIST OF PROPERTIES
AS AT 31 MAY 2010

Location	Tenure	Land Area	Descriptions	Net Book Value (RM'000)	Date of Acquisition / Revaluation
Ancom Berhad					
1. P.T. 4227 Mukim of Kapar Daerah Klang Selangor	Unexpired leasehold interest of 76 years (Expiring on 9 June 2086) buildings	2.52 hectares	Office and factory Age of buildings: approximately 19 years	5,626	18 May 2005
2. PN 77684, Lot 39, Seksyen 15, Bandar Shah Alam, Daerah Petaling, Selangor	Unexpired leasehold interest of 98 years (Expiring in 2108)	2.22 hectares	Office and factory buildings Age of buildings: approximately 40 years	14,155	18 May 2005
Ancom Energy & Services Sdn Bhd					
1. HS(D) 128193 PT125513, Mukim Klang Daerah Klang Selangor *(Formerly Lot 140, Section 4, Phase 2B, Pulau Indah Industrial Park, West Port, Selangor)*	Unexpired leasehold interest of 86 years (Expiring on 24 February 2097)	0.22 hectare	Vacant land	427	18 May 2005
Ancom-ChemQuest Terminals Sdn Bhd					
1. Jeti Petrokimia, Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 14 years (Expiring on 31 August 2024)	9.8 acres	Tank farm, office and warehouse Age of building: approximately 13 years	26,983 *(Value for building only)*	N/A
Meru Utama Sdn Bhd					
1. Unit No E-13-21, 13th Floor, Block E, Plaza Mont Kiara, Kuala Lumpur	Freehold	144.37 sq.m.	Office Age of buildings: approximately 10 years	504	Dec 1996

LIST OF PROPERTIES *(CONT'D)*
AS AT 31 MAY 2010

Location	Tenure	Land Area	Descriptions	Net Book Value (RM'000)	Date of Acquisition / Revaluation
2. Unit No E-13-19, 13th Floor, Block E, Plaza Mont Kiara, Kuala Lumpur	Freehold	75.62 sq.m.	Office Age of buildings: approximately 10 years	309	Nov 2000
3. Unit No E-13-20, 13th Floor, Block E, Plaza Mont Kiara, Kuala Lumpur	Freehold	96.34 sq.m.	Office Age of buildings: approximately 10 years	397	Apr 2005
4. Cempaka Court B-5-30, Cempaka Court, Bandar Baru Nilai, held under HS (D) 89742, for Lot No PT No 10663, in Mukim of Labu, District of Seremban	Freehold	97.57 sq.m.	Apartment Age of buildings: approximately 14 years	109	May 1997
5. Cempaka Court B-5-29, Cempaka Court, Bandar Baru Nilai, held under HS (D) 89742, for Lot No PT No 10663, in Mukim of Labu, District of Seremban	Freehold	97.57 sq.m.	Apartment Age of buildings: approximately 14 years	108	May 1997
SinSenMoh Transportation Pte Ltd					
1. 32 Tanjong Penjuru Singapore 609028	Unexpired lease period of 37 years (Expiring on 30 June 2047)	12,311.3 sq.m.	Office and warehouse Age of building: approximately 23 years	17,772 SGD 7,622,596 (Value for building only)	N/A

LIST OF PROPERTIES *(CONT'D)*

AS AT 31 MAY 2010

Location	Tenure	Land Area	Descriptions	Net Book Value (RM'000)	Date of Acquisition / Revaluation
Syarikat Wandeerfull Sdn Bhd					
1. Apartment 8E Kayangan Apartments Genting Highlands Pahang	Freehold	190 sq.m.	Apartment Age of building: approximately 31 years	202	31 May 2004
2. Shoplot No. 1.30 First Floor Wisma Cosway Kuala Lumpur	Freehold	40 sq.m.	Shoplot Age of building: approximately 34 years	208	31 May 2004
3. Geran 11679 Lot 40268 Mukim of Batu, Daerah Wilayah Persekutuan	Freehold	597 sq.m.	Vacant land	20	31 May 2004
Nylex (Malaysia) Berhad					
1. H.S.(D) 256546 Lot 16 Persiaran Selangor, Section 15, Shah Alam, Selangor	Unexpired leasehold interest of 98 years (Expiring on 29 June 2108)	30,224 sq.m.	Office and factory buildings Age of buildings: approximately 39 years	21,468	18 May 2005
2. H.S.(D) 256546, Lot 16, Persiaran Selangor, Section 15, Shah Alam, Selangor	Unexpired leasehold interest of 98 years (Expiring on 29 June 2108)	12,140 sq.m.	Warehouse, factory and buildings Age of buildings: approximately 30 years		
Nylex Specialty Chemicals Sdn Bhd					
1. H.S.(M) 5507 PT 593, Persiaran Raja Lumu, Pandamaran Industrial Estate, Port Klang	Unexpired leasehold interest of 64 years (Expiring on 1 September 2074)	8,093 sq.m.	Warehouse, factory and office buildings Age of buildings: approximately 35 years	2,104	1 March 2005

Location	Tenure	Land Area	Descriptions	Net Book Value (RM'000)	Date of Acquisition / Revaluation
2. H.S.(M) 6588 PT 624, Persiaran Raja Lumu, Pandamaran Industrial Estate, Port Klang	Unexpired leasehold interest of 66 years (Expiring on 19 February 2076)	8,298 sq.m.	Warehouse, factory and office buildings Age of buildings: Approximately 33 years	3,349	1 March 2005
Fermpro Sdn Bhd					
1. H.S.(M) 748 Lot 1113 Mukim of Chuping Perlis	Unexpired leasehold interest of 36 years (Expiring on 22 November 2046)	16,190 sq.m.	Office and factory buildings Age of buildings: approximately 22 years	1,878	1 July 2004
2. H.S.(M) 1804, Plot 3 & 4, P.T. 924A Mukim of Chuping Perlis	Unexpired leasehold interest of 49 years (Expiring on 7 February 2059)	24,280 sq.m.	Spent molasses treatment pond	1,062	1 July 2004
3. H.S.(M) 1803, P.T. 2978 Mukim of Chuping Perlis	Unexpired leasehold interest of 49 years (Expiring on 7 February 2059)	8,100 sq.m.	Office and factory buildings Age of buildings: Approximately 87 years	446 *(Value for land only)*	1 July 2004
Perusahaan Kimia Gemilang Sdn Bhd					
1. PT 4228 Mukim of Kapar Daerah Klang Selangor	Unexpired leasehold interest of 76 years (Expiring 9 June 2086)	28,491 sq.m.	Office and warehouse Age of building: approximately 19 years	6,469	1 July 2004
Ancom Logistics Berhad					
1. H.S.(D) 7524 2A, Jalan 13/2, Petaling Jaya Selangor	Unexpired leasehold interest of 95 years (Expiring in 2105)	1.31 hectares	Office and factory buildings Age of buildings: approximately 25 to 35 years	9,555	18 May 2005

ANALYSIS OF SHAREHOLDINGS
AS AT 4 OCTOBER 2010

No. of holders of each class of equity securities

Class of securities	:	Ordinary shares of RM1.00 each ("Shares")
Total no. issued	:	218,956,342
No. of holders	:	9,551
Voting rights	:	One vote per Share on a poll One vote per shareholder on a show of hands

Distribution schedule

Holdings	**No. of holders**	**Total holdings**	**%**
Less than 100	1,393	43,249	0.02
100 to 1,000	728	420,591	0.19
1,001 to 10,000	5,780	22,993,851	10.63
10,001 to 100,000	1,499	42,096,827	19.47
100,001 to less than 5% of issued Shares	149	120,479,019	55.71
5% and above of issued Shares	2	30,211,778	13.98
	9,551	216,245,315	100.00
Treasury Shares	-	2,711,027	-
	9,551	218,956,342	100.00

Substantial holders

	Direct		**Indirect**	
	No. of shares	**%**	**No. of shares**	**%**
Dato' Siew Ka Wei	14,671,065	6.78	19,398,848 [a]	8.97
Pacific & Orient Berhad	19,017,278	8.79	9,703,124 [b]	4.49
Chan Thye Seng	-	-	29,050,402 [c]	13.43
Siew Nim Chee & Sons Sdn Bhd	13,346,087	6.17	-	-
ECM Libra Investment Bank Berhad	11,194,500	5.18	-	-
ECM Libra Financial Group Berhad	-	-	11,194,500 [d]	5.18
Equity Vision Sdn Bhd	-	-	11,194,500 [e]	5.18
Tan Sri Dato' Azman Hashim	-	-	11,194,500 [f]	5.18

Note:

(a) Held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Siew Ka Kheong, Datin Young Ka Mun and Quek Lay Kheng.
(b) Held through Pacific & Orient Insurance Co. Berhad, a wholly-owned subsidiary.
(c) Held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn Bhd and Tan Soo Leng.
(d) Held through ECM Libra Investment Bank Berhad
(e) Held through ECM Libra Financial Group Berhad
(f) Held through Equity Vision Sdn Bhd

Directors' holdings

	Direct		**Indirect**	
	No. of shares	**%**	**No. of shares**	**%**
Dato' Johari Razak	465,427	0.22	-	-
Dato' Siew Ka Wei	14,671,065	6.78	19,398,848 [a]	8.97
Tan Sri Dato' Dr Lin See Yan	165,375	0.08	-	-
Chan Thye Seng	-	-	29,050,402 [b]	13.43

Note:

(a) Held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Siew Ka Kheong, Datin Young Ka Mun and Quek Lay Kheng.
(b) Held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn Bhd and Tan Soo Leng.

ANALYSIS OF SHAREHOLDINGS *(CONT'D)*
AS AT 4 OCTOBER 2010

Thirty Largest Shareholders As Per Record of Depositors
(Without aggregating securities from different securities accounts belonging to the same person)

Name		**No. of shares**	**%**
1.	Pacific & Orient Berhad	13,874,116	6.415
2.	ECM Libra Investment Bank Berhad IVT-001 for ECM Libra Investment Bank Berhad	11,194,500	5.176
3.	ECM Nominees (Asing) Sdn Bhd - Plato Capital Investment Fund	9,569,700	4.425
4.	Lembaga Tabung Haji	9,545,111	4.414
5.	Lim Chui Kui @ Lim Chooi Kui	7,076,243	3.272
6.	HDM Nominees (Tempatan) Sdn Bhd - HDM Capital Sdn Bhd for Siew Ka Wei	6,672,203	3.085
7.	TA Nominees (Tempatan) Sdn Bhd - Siew Nim Chee & Sons Sendirian Berhad	5,577,270	2.579
8.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB for Pacific & Orient Insurance Co. Berhad	5,392,878	2.493
9.	Pacific & Orient Berhad	5,143,162	2.378
10.	Malaysia Nominees (Tempatan) Sendirian Berhad - Silver Dollars Sdn Bhd	4,727,683	2.186
11.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Nim Chee & Sons Sdn Bhd	4,461,317	2.063
12.	Pacific & Orient Insurance Co Berhad	4,310,246	1.993
13.	CitiGroup Nominees (Asing) Sdn Bhd - Exempt An for Citibank NA, Singapore (Julius Baer)	4,074,800	1.884
14.	ECML Nominees (Tempatan) Sdn Bhd - Siew Ka Wei	3,798,963	1.756
15.	EB Nominees (Tempatan) Sendirian Berhad - E & O Developers Sdn Bhd	3,643,762	1.685
16.	HDM Nominees (Tempatan) Sdn Bhd - HDM Capital Sdn Bhd for Siew Nim Chee & Sons Sendirian Berhad	3,307,500	1.529
17.	Mayban Nominees (Tempatan) Sdn Bhd - Avenue Invest Berhad for Kumpulan Wang Simpanan Pekerja	2,896,803	1.339
18.	Asian Strategic Investments Group Limited	2,581,020	1.193
19.	Thong Yaw Hong	2,480,625	1.147
20.	EB Nominees (Tempatan) Sendirian Berhad - Eastern & Oriental Berhad	1,821,881	0.842
21.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Ka Wei	1,288,796	0.595
22.	Green Country Valley Sdn Bhd	1,240,100	0.573
23.	Tan Kim Hoe	1,200,000	0.554
24.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB for Chan Hua Eng	1,100,000	0.508
25.	Astro (M) Sdn Bhd	951,980	0.440
26.	Ng Wing Kong	823,799	0.380
27.	RHB Capital Nominees (Tempatan) Sdn Bhd - Lim Kam Seng	806,000	0.372
28.	ECML Nominees (Tempatan) Sdn Bhd - Yeap Gek @ Yeap Poh Chim	691,700	0.319
29.	Tan Aik Kuai	684,652	0.316
30.	Thong Yaw Hong	649,923	0.300
	Total	**121,586,733**	**56.211**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of the Company will be held at Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No. 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 25 November 2010 at 10.00 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and of the Group and the Reports of the Directors and the Auditors thereon for the financial year ended 31 May 2010 ; **[Please refer Explanatory Note 1]**

2. To approve Directors' fees for the financial year ended 31 May 2010; **[Resolution 1]**

3. To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association :
   3.1 Datuk Ir (Dr) Mohamed Al Amin Abdul Majid **[Resolution 2]**
   3.2 Chan Thye Seng **[Resolution 3]**

4. To re-appoint Tan Sri Dato' Dr. Lin See Yan, a Director who retires pursuant to Section 129 of the Companies Act, 1965 to hold office until the next annual general meeting of the Company ; **[Resolution 4]**

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

AS SPECIAL BUSINESS

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

Ordinary Resolutions

6. Proposed Issuance Of New Ordinary Shares Of RM1 Each Pursuant To Section 132D of the Companies Act, 1965 **[Resolution 6]**

   "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 RM1 each in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may deem fit PROVIDED THAT the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company and that such authority shall unless revoked or varied by an ordinary resolution by the shareholders of the Company in general meeting commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company AND THAT the Directors are further authorised to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

7. Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("Proposed RRPT Mandate") **[Resolution 7]**

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature with those related parties as specified in Section 2.2 of Part A of the Company's Circular to Shareholders / Statement dated 3 November 2010 subject to the following:

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

(ii) that disclosure is made in the annual report a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year with particulars of the types of transactions made and the names of the related parties involved in each type of transactions made and their relationships with the Company 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 shall 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 complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

8. Proposed Renewal Of Shareholders' Mandate To Purchase Ancom Berhad's Own Shares ("Proposed SBB Mandate") **[Resolution 8]**

"THAT subject to the provisions of the Companies Act, 1965 ("Act"), the Articles of Association of the Company, the regulations and guidelines issued from time to time by Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities, the Directors be and are hereby authorised to utilise an amount not exceeding the total audited share premium and retained profits of the Company as at 31 May 2010 of RM4,332,000 and RM6,577,000 respectively to purchase such number of ordinary shares of the Company PROVIDED THAT the ordinary shares so purchased shall, in aggregate with the treasury shares as defined under section 67A of the Act ("Treasury Shares") then still held by the Company, not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being AND THAT such authority shall unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company AND THAT the Directors may retain the ordinary shares so purchased as Treasury Shares and may distribute the Treasury Shares as share dividend or may resell the Treasury Shares or may cancel the ordinary shares so purchased in a manner they deem fit and expedient as prescribed by the Act and the applicable regulations and guidelines of Bursa Securities and any other relevant authorities for the time being in force AND THAT authority be and is hereby given to the Directors to take all such steps to implement finalise and to give effect to the aforesaid transactions with full power to assent to any conditions modifications variations and amendments as may be imposed by the relevant authorities or as they deem fit and expedient at their discretion in the best interest of the Company in accordance with the aforesaid Act, regulations and guidelines."

NOTICE OF ANNUAL GENERAL MEETING *(CONT'D)*

OTHER ORDINARY BUSINESS

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

By order of the Board,

CHOO SE ENG
WONG WEI FONG
Secretaries

Petaling Jaya
3 November 2010

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149 (1) (b) of the Act shall not apply to the Company.

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

3. A member shall be entitled to appoint not more than two (2) proxies pursuant to Section 149(1)(c) of the Companies Act, 1965 to attend and vote at the same meeting. Where a member is an authorised nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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

5. The instrument appointing a proxy must be deposited at the registered office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, 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 foward for voting.

2. **Item 6 of the Agenda**
   Resolution 6 proposed under item 6 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.

   The mandate will provide flexibility to the Company for the allotment of shares not exceeding 10% of its existing paid up share capital to raise funds for future investments, acquisitions and/or working capital requirements.

   As at the date of this Notice, no new shares have been issued pursuant to the mandate obtained at the 40th Annual General Meeting of the Company held on 26 November 2009, and accordingly no proceeds were raised.

3. **Item 7 of the Agenda**
   Resolution 7 proposed under item 7 of the Agenda, if passed, will give the Company authority to enter into recurring transactions of a revenue or trading nature with its related parties as defined in the Main 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 7 are set out in the Company's Circular to Shareholders / Statement dated 3 November 2010, a copy of which is sent to you together with the Company's 2010 Annual Report.

4. **Item 8 of the Agenda**
   Resolution 8 proposed under item 8 of the Agenda, if passed, will give the Directors authority to purchase and/or hold up to 10% of the total issued and paid-up share capital of the Company for the time being. 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 general meeting, expire at the next annual general meeting.

   Further details relating to Resolution 8 are set out in the Company's Circular to Shareholders / Statement dated 3 November 2010, a copy of which is sent to you together with the Company's 2010 Annual Report.

ANCOM BERHAD *(8440-M)*
(Incorporated in Malaysia)

Proxy Form	CDS A/C No.
	No. of shares held

I/We ____
(Please Use Block Capitals)

of ____
(Full Address)

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

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 41st Annual General Meeting of the Company to be held at Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 25 November 2010 at 10.00 a.m or any adjournment thereof and to vote as indicated below :

Item	Agenda	Resolution	For	Against
1.	To receive Audited Financial Statements and Reports			
		Resolution	**For**	**Against**
2.	To approve Directors' fees	1		
3.	To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association :			
	Datuk Ir (Dr) Mohamed Al Amin Abdul Majid	2		
	Chan Thye Seng	3		
4.	To re-appoint Tan Sri Dato' Dr. Lin See Yan who retires pursuant to Section 129 of the Companies Act, 1965.	4		
5.	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration	5		
6.	To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965.	6		
7.	To approve the renewal of recurring related party transactions mandate	7		
8.	To approve the renewal of share buy-back mandate	8		

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

Dated this .... day of November 2010

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

Telephone no.
during office hours : ....

Notes:
1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149 (1) (b) of the Act shall not apply to the Company.
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AFFIX
STAMP

ANCOM BERHAD
(Company No. : 8440-M)

Registered Office :
c/o Tricor Corporate Services Sdn Bhd
Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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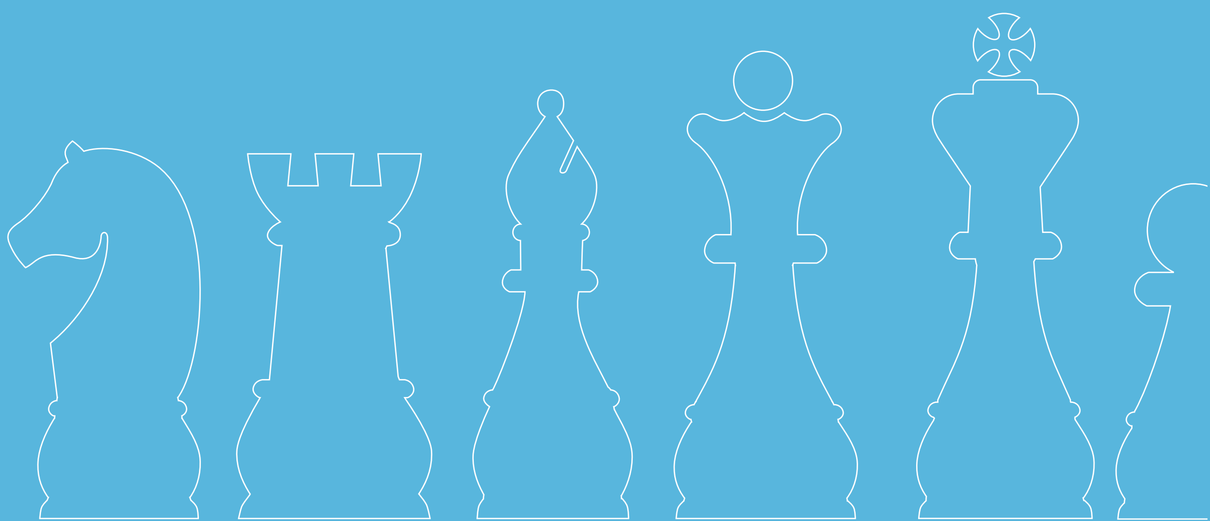
ANCOM BERHAD (8440-M) INCORPORATED IN MALAYSIA

ANNUAL REPORT 2010



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