ANCOM BERHAD (8440-M) (INCORPORATED IN MALAYSIA)

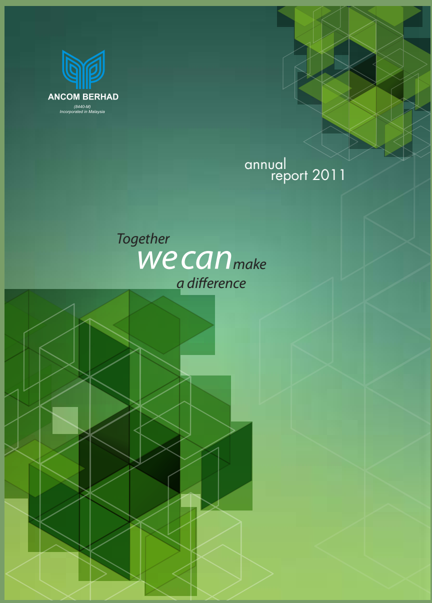
annual report 2011

ANCOM BERHAD

(8440-M)
Incorporated in Malaysia

annual report 2011

Together
we can make
a difference



COVER RATIONALE

Geometrically aligned graphics are illustrated as the cover of this annual report. It represents Ancom's leaders and staff alignment in having a coherent goal – bringing the company into new horizons.

The Company focuses on being a dynamic people oriented organization that not only strives to serve its customers with its best, but to build trust and unity amongst the team to further enhance compatibility and business excellence.

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

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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 (resigned on 13 October 2011)
(Independent Non-Executive Director)

AUDIT COMMITTEE
Edmond Cheah Swee Leng (Chairman)
Dato' Johari Razak
Dato' Mohammed Hussein (resigned on 13 October 2011)

REMUNERATION & NOMINATION COMMITTEE
Tan Sri Dato' Dr Lin See Yan (Chairman)
Edmond Cheah Swee Leng
Dato' Mohammed Hussein (resigned on 13 October 2011)

COMPANY SECRETARIES
Choo Se Eng
Wong Wai Foong
Lim Lee Kuan

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

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

AUDITORS
BDO, 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 FINANCIAL HIGHLIGHTS

	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000
Sales	1,507,483	1,513,137	1,650,935	2,391,168	2,096,920
Profit/(Loss) before tax					
- continued operations	253	34,604	15,090	31,241	61,998
- discontinued operations	-	-	(25,498)	146,224	-
	253	34,604	(10,408)	177,465	61,998
(Loss)/Profit after tax					
- continued operations	(5,898)	22,855	8,707	19,310	54,072
- discontinued operations	-	-	(25,498)	147,710	-
	(5,898)	22,855	(16,791)	167,020	54,072
Effective percentage rate of tax - %	>100%	34	42*	6	13
Net (Loss)/Earnings for Ancom shareholders	(12,952)	1,480	(6,648)	55,256	26,050
Assets Employed					
Fixed assets	227,156	223,017	227,729	237,216	280,018
Investments	10,827	16,165	16,301	37,343	55,185
Other non-current assets	129,028	113,820	102,890	81,844	76,328
Current assets	576,722	549,120	533,635	891,323	858,248
Total assets	943,733	902,122	880,555	1,247,726	1,269,779
Financed by					
Share capital	218,956	218,956	218,956	202,338	201,857
Reserves	88,970	102,567	190,905	152,565	106,095
Less : Treasury Shares, at cost	(2,073)	(2,073)	(2,073)	(1,408)	(3,708)
Ancom shareholders' interests	305,853	319,450	326,788	353,495	304,244
Minority shareholders' interests	121,854	116,454	107,763	152,151	154,253
Total shareholders' funds and minority interests	427,707	435,904	434,551	505,646	458,497
Non-current liabilities	42,088	45,511	56,003	90,835	168,588
Current liabilities	473,938	420,707	390,001	651,245	642,694
Total funds employed	943,733	902,122	880,555	1,247,726	1,269,779
Shareholders' Interests					
(Loss)/Earnings per share – sen	(5.99)	0.65	(3.07)	27.70	13.50
Gross dividend per share – sen	-	1.5	18	5	5
Net assets per share – RM	1.41	1.48	1.51	1.75	1.55
Others					
Depreciation & amortization	22,797	20,389	21,285	31,436	31,451
Interest expense	12,931	10,508	15,761	25,129	23,161

* In respect of continued operations

LIST OF PRINCIPAL OFFICES

Ancom Berhad – Corporate Office
Lot 2A, Jalan 13/2
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

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

Ancom Crop Care Sdn Bhd
No. 31 Jalan Tukul P15/P, Section 15
40200 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : (603) 5519 4022
Fax : (603) 5510 3888

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

ChemResources China (Agencies) Limited
Room 908, 9/F Yen Sheng Centre
64 Hoi Yuen Road
Kwun Tong, Kowloon, Hong Kong
Tel : (852) 2736 7868
Fax : (852) 2736 3058

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
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

Focus Media Network Sdn Bhd
Lot 2A, Jalan 13/2
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 3333

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

MagiqAds Sdn Bhd
Lot 2A, Jalan 13/2
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 3333

Meru Utama Sdn Bhd
Lot 2A, Jalan 13/2
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 3333

LIST OF PRINCIPAL OFFICES *(cont'd)*

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 (M) Sdn Bhd /
Focus Media Network Sdn Bhd
Lot 2A, Jalan 13/2
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 1117

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
Lot 2A, Jalan 13/2
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 1106

Redberry Contact Center Sdn Bhd
Level 14, Menara Aik Hua
6 Changkat Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel : (603) 2718 4222
Fax : (603) 2031 2028

Redberry Outdoors Sdn Bhd /
Redberry Outdoors Productions Sdn Bhd
Lot 2A, Jalan 13/2
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1155
Fax : (603) 7495 1134

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

Wheel Sport Management Sdn Bhd
Lot 2A, Jalan 13/2
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1190
Fax : (603) 7495 1191

CORPORATE STRUCTURE

As At 31 May 2011

ANCOM BERHAD

- **100%** Rhodemark Development Sdn Bhd
- **100%** Ancom Crop Care Sdn Bhd
  - 100% Polytensides Sdn Bhd
  - 100% Ancom Bioscience Sdn Bhd
  - 100% ChemResources China (Agencies) Ltd
  - 51% Timber Preservatives Sdn Bhd
  - 49% Nufarm Technologies (M) Sdn Bhd
- **100%** Redberry Sdn Bhd
  - 100% Redberry Events Sdn Bhd
  - 100% Redberry Outdoors Sdn Bhd
    - 100% Redberry Outdoors Productions Sdn Bhd
  - 83.86% Focus Media Network Sdn Bhd
  - 51% Redberry Animation Sdn Bhd
  - 49% Redberry Media Sdn Bhd
  - 100% Point Cast (M) Sdn Bhd
  - 64% Meru Utama Sdn Bhd
  - 77.01% Wheel Sport Management Sdn Bhd
  - 100% Redberry Contact Center Sdn Bhd
  - 40% MagiqAds Sdn Bhd
- **45%** MSTi Corporation Sdn Bhd
- **97.3%** IEnterprise Online Sdn Bhd

CORPORATE STRUCTURE *(cont'd)*

As At 31 May 2011

19.80%

100% Ancom Overseas Ventures Sdn Bhd 0.03%

100% Synergy Tanker Sdn Bhd 15.37%

11.87% — **ANCOM LOGISTICS BERHAD**

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

21.16%
27.02% — **NYLEX (MALAYSIA) BERHAD**

- **100%** Nycon Manufacturing Sdn Bhd
- **100%** Nylex Polymer Marketing Sdn Bhd
- **100%** PT Nylex Indonesia
- **100%** Perusahaan Kimia Gemilang Sdn Bhd
  - 90% Dynamic Chemical Trading Pte Ltd
  - 100% Perusahaan Kimia Gemilang (Vietnam) Company Ltd
  - 51% PT PKG Lautan Indonesia
  - 55% Ancom Kimia Sdn Bhd
- **100%** Fermpro Sdn Bhd
- **100%** Kumpulan Kesuma Sdn Bhd
- **100%** Wedon Sdn Bhd
- **100%** CKG Chemicals Pte Ltd
- **100%** Nylex Specialty Chemicals Sdn Bhd
- **51%** Speciality Phosphates (Malaysia) Sdn Bhd
- **70%** Malaysian Roofing Industries Sdn Bhd
  - 70% PT Indomalay Ekatana Roofing Industries

* Only major companies are shown in the Corporate Structure.

BOARD OF DIRECTORS

DATO' JOHARI RAZAK
Aged 56, Malaysian
Non-Independent and 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. In the academic field, Dato' Johari is presently an Adjunct Professor at University of Technology Mara Law Faculty.

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 and Deputy Chairman of Nylex (Malaysia) Berhad.

DATO' SIEW KA WEI
Aged 55, 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 Vice Chairman of Ancom Logistics Berhad.

Dato' Siew is a substantial shareholder of the Company.

TAN SRI DATO' DR LIN SEE YAN
Aged 72, Malaysian
Independent and Non-executive Director

Tan Sri 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 financial 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 the Pro-Chancellor, Universiti Sains Malaysia, and also Professor of Economics (Adjunct), Universiti Utara Malaysia, Professor of International Finance & Business (Adjunct), Universiti Malaysia Sabah as well as an Eisenhower Fellow and a Chartered Statistician and a Chartered Scientist, London.

Tan Sri Lin has a long and distinguished history of service with the Government of Malaysia and the private sector in various posts. 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 after his retirement, some current appointments include : member of the Prime Minister's National Innovation Council and the Prime Minister's Economic Action Council Working Group; key Steering Committees at the Ministry of Higher Education; Asian Shadow Financial Regulatory Committee; Advisory Board of the Malaysian-Japanese University Centre; Governor, Asian Institute of Management, Manila; Trustee, Malaysia University for Science & Technology and Monash University (Sunway Campus); Chairman Emeritus, Harvard Graduate School Alumni Council at Harvard University in Cambridge (USA); Regional Director for Asia, Harvard Alumni Association at the University; and President, Harvard Club of Malaysia.

Tan Sri Lin 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. He also sits on the boards of a number of public listed and private businesses in Malaysia, Singapore, Indonesia and Hong Kong.

DATUK IR. (DR.) MOHAMED AL AMIN ABDUL MAJID
Aged 56, Malaysian
Non-Independent and 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 and Nylex (Malaysia) Berhad; Chairman of the 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.

CHAN THYE SENG
Aged 55, Malaysian
Non-Independent and 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.

EDMOND CHEAH SWEE LENG
Aged 57, Malaysian
Independent and 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.

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 17 – Statement on Corporate Governance of this Annual Report for the Directors' meeting attendance records.
5. Please refer to pages 35-36 – Directors' Report of this Annual Report for the Directors' securities holdings in the Company and its related corporations.

CHAIRMAN'S STATEMENT

There was healthy growth in revenue in the Media division especially in the Out-of-Home sector as the division embarked on aggressive expansion programme to further grow the business. Revenue for the Media division grew from RM53.9 million last year to RM69.2 million in the current year.

DEAR SHAREHOLDERS:

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 2011 ("FY2011").

PERFORMANCE

The Group posted a marginally lower turnover of RM1.507 billion in FY2011 as compared to RM1.513 billion achieved in the last financial year. Profit before tax ("PBT") declined to RM0.3 million as compared to RM34.6 million last year. The lower PBT was mainly due to the reduced profit margins in the Agricultural & Industrial Chemicals and Polymer businesses, a direct result of the intense competition in the regional markets arising from oversupply situation. The lower PBT was also due to the higher costs incurred in the Media division due to aggressive expansion.

The net loss attributable to shareholders, after minority interests, was RM12.95 million (2010: net profit of RM1.48 million). Consolidated net loss per share was 5.99 sen (2010: profit of 0.68 sen) while the consolidated net assets per share was RM1.41 as at the end of FY2011 (2010: RM1.48).

REVIEW OF OPERATIONS

The uncertainties in the market place caused by the lingering financial crisis in the US and Europe affected all aspects of the economy including the Group's operations in FY2011. The ensuing lower prices and rates for the Group's products and services exerted pressures on the profit margins of the Group. This was evidenced in the Group's main contributors of turnover and profits, especially the Agricultural & Industrial Chemicals and Polymer divisions, which reported lower segmental profit of RM36.43 million (2010 : RM44.92 million) and RM11.71 million (2010 : RM16.65 million) respectively despite maintaining their respective revenue.

There was healthy growth in revenue in the Media division especially in the Out-of-Home sector as the division embarked on aggressive expansion programme to further grow the business. Revenue for the Media division grew from RM53.9 million last year to RM69.2 million in the current year. However, the division incurred higher segmental loss of RM16.0 million (2010 : RM9.7 million) due to the higher costs incurred for the acquisition of media rights to expand media sources. Such acquisitions are critical to the future success of the division as management seeks to grow the division into a respectable media group in Malaysia.

The Board takes cognizance of the losses incurred by the Media division. Efforts are being made to rationalize the operation to enhance revenue and save costs in the operations within the division. Barring unforeseen circumstances, the Board expects improved results in the Media division in the coming years.

The Logistics division posted improved results compared to last year. Its revenue grew to RM62.2 million from RM53.9 million last year while its segmental profit improved to RM8.9 million from RM6.6 million last year. Expansion of fleet size and better demand for storage facilities were the main reasons for the better results reported in FY2011.

The Group disposed of the substantially all the active companies in the Engineering division which were involved in trading of engineering products during the financial year. The disposal resulted in a loss of RM4.3 million to the Group mainly due to the realization of foreign exchange translation reserve. Other non-recurring costs incurred during the year include RM4.4 million impairment and fair value adjustments to the fixed assets and investments of the Group.

During the financial year, the finance costs of the Group amounted to RM12.9 million, which is slightly higher than RM10.5 million in the previous year. The finance costs were incurred primarily on trade facilities of the Group.

MAJOR CORPORATE DEVELOPMENT

During the financial year, the Group completed the Restructuring Scheme of Ancom Logistics Berhad ("ALB"), a subsidiary. This involved the disposal of the Company's logistics business to ALB. With the completion of this corporate exercise, ALB is no longer classified as an affected issuer under GN3 of the Listing Requirements of the Bursa Malaysia Securities Berhad for the ACE Market. Thereafter, ALB disposed its Engineering division which involved five subsidiaries involving in the trading and contracting of electrical engineering products during the financial year. The disposals were undertaken to enable ALB to focus on its new core business in logistics business.

The other major corporate developments of the Group in FY2011 are as reported in Note 40 'Significant Events During the Financial Year" of the audited financial statements.

PROSPECTS FOR NEXT FINANCIAL YEAR

The outlook for global economy growth should be positive with the concerted efforts and commitments by governments to avoid another recession. Improvement in the economic activities of most emerging countries and recovery in the global supply chain would lend support to the worldwide growth. However, there remain constraints from the developed economies caused by their structural weakness. Further, prolonged uncertainties in the financial markets will continue to weigh down on real economic activity.

The domestic growth moderated to 4.0% in the second quarter of 2011 (1Q 2011: 4.9%) in line with the weaker growth worldwide. Manufacturing sector experienced a slowdown in activities. Nevertheless, the Malaysian Government believes that the overall growth of the country will continue to be underpinned by the sustained expansion of private domestic demand. This was further supported by the strong exports of commodities and resource-based products.

The coming financial year will be challenging. The Group will have to remain competitive by continuously seeking ways to enhance sales growth while at the same time, strengthening operational and productivity efficiency. Barring unforeseen circumstances, the Board expects the Group's performance for the next financial year to be satisfactory.

BOARD CHANGES

The Board wishes to place its gratitude to Dato Mohammed Hussein who tendered his resignation from the Board recently due to his other commitments. On behalf of the Board, I wish him all the best in his future undertakings.

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

13 October 2011
Petaling Jaya,
Selangor Darul Ehsan

KENYATAAN PENGERUSI

Pertumbuhan sihat dalam pendapatan telah dicatat bagi bahagian Media, terutamanya di dalam sektor Out-of-Home hasil program pengembangan agresif bahagian ini demi membangunkan lagi perniagaan. Pendapatan bahagian Media meningkat dari RM53.9 juta pada tahun lepas kepada RM69.2 juta bagi tahun semasa.

PARA PEMEGANG SAHAM YANG DIHORMATI:

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan kepada anda Laporan Tahunan dan Kenyataan Kewangan Diaudit bagi Kumpulan dan Syarikat untuk tahun kewangan berakhir 31 Mei 2011 ("FY2011").

PRESTASI

Kumpulan telah mencatat perolehan lebih rendah sebanyak RM1.507 bilion pada FY2011 berbanding dengan RM1.513 bilion pada tahun kewangan sebelum ini. Keuntungan sebelum cukai ("PBT") menurun kepada RM0.3 juta berbanding dengan RM34.6 juta pada tahun lepas. Secara umumnya PBT yang lebih rendah ini adalah disebabkan oleh margin keuntungan yang lebih rendah bagi perniagaan-perniagaan Kimia Pertanian dan Perindustrian dan Polimer, ekoran persaingan hebat di pasaran-pasaran serantau yang berpunca daripada keadaan lebihan penawaran. PBT yang lebih rendah ini juga adalah kesan daripada kos lebih tinggi yang ditanggung oleh bahagian Media hasil daripada pengembangan agresif di bahagian ini.

Kerugian bersih yang diagihkan kepada pemegang saham, selepas kepentingan minoriti, adalah RM12.95 juta (2010: keuntungan bersih sebanyak RM1.48 Juta). Kerugian bersih yang disatukan sesaham adalah 5.99 sen (2010: keuntungan sebanyak 0.68 sen), sementara aset bersih yang disatukan sesaham adalah RM1.41 pada akhir FY2011 (2010: RM1.48).

ULASAN OPERASI

Ketidaktentuan dalam pasaran yang disebabkan oleh krisis kewangan berlarutan di Amerika Syarikat dan Eropah telah memberi kesan negatif kepada semua aspek-aspek ekonomi dan ini turut melibatkan operasi Kumpulan pada FY2011. Harga dan kadar yang rendah bagi produk-produk serta perkhidmatan-perkhidmatan yang ditawarkan oleh Kumpulan telah memberi tekanan ke atas margin keuntungan Kumpulan. Ini dapat dilihat melalui prestasi penyumbang-penyumbang utama perolehan serta keuntungan Kumpulan, terutamanya bahagian-bahagian Kimia Pertanian dan Perindustrian dan Polimer, yang mencatat keuntungan segmen yang lebih rendah sebanyak RM36.43 juta (2010: RM44.92 juta) dan RM11.71 juta (2010: RM16.65 juta) masing-masing meskipun pendapatan dikekalkan.

Pertumbuhan sihat dalam pendapatan telah dicatat bagi bahagian Media, terutamanya di dalam sektor Out-of-Home hasil program pengembangan agresif bahagian ini demi membangunkan lagi perniagaan. Pendapatan bahagian Media meningkat dari RM53.9 juta pada tahun lepas kepada RM69.2 juta bagi tahun semasa. Walaubagaimanapun, bahagian ini telah menanggung kerugian segmen yang lebih tinggi berjumlah RM16.0 juta (2010: RM9.7 juta) disebabkan oleh kos yang lebih tinggi pemerolehan berterusan ke atas hak-hak media untuk mengembangkan sumber perolehan media. Perolehan-perolehan tersebut adalah kritikal bagi kejayaan masa hadapan bahagian ini yang ingin dibangunkan oleh pihak pengurusan sebagai sebuah kumpulan media yang dihormati di Malaysia.

Lembaga Pengarah menyedari kerugian bahagian Media selama ini. Usaha telah diambil untuk merasionalisi operasi bahagian ini bagi meningkatkan perolehan dan menjimatkan kos-kos dalam operasi di dalam bahagian.

Tanpa mengambilkira keadaan yang tidak dapat dirugai, Lembaga Pengarah menjangka bahagian Media akan dapat meningkatkan prestasi kewangannya di tahun hadapan.

Bahagian Logistik telah mencatatkan keputusan lebih baik berbanding dengan tahun lepas. Pendapatan bahagian ini telah meningkat kepada RM62.2 juta dari RM53.9 juta pada tahun lepas dengan keuntungan segmen meningkat kepada RM8.9 juta dari RM6.6 juta pada tahun lepas. Pengembangan saiz fleet serta permintaan yang lebih bagus bagi kemudahan penyimpanan merupakan sebab-sebab utama bagi keputusan lebih baik yang dilaporkan pada FY2011.

Kebanyakan syarikat-syarikat yang aktif di dalam bahagian Kejuruteraaan telah dilupuskan dalam tahun kewangan. Pelupusan ini telah mengakibatkan kerugian Kumpulan sebanyak RM4.3 juta yang terutamanya disebabkan oleh kesan daripada rizab pertukaran terjemahan asing. Kos-kos tidak ulangi yang lain dalam tahun semasa termasuk kemerosotan nilai aset dan penurunan nilai aset tetap dan pelaburan Kumpulan sebanyak RM4.4 juta.

Dalam tahun semasa Kumpulan membelanja kos pembiayaran kewangan sebanyak RM12.9 juta, yang lebih tinggi sedikit berbanding dengan RM10.5 juta yang telah di belanjari di tahun lepas. Kos pembiayaran kewangan terutamanya dalam kos kemudahan perniagaan Kumpulan.

PERKEMBANGAN KORPORAT UTAMA

Sepanjang tahun kewangan semasa, Kumpulan telah menyempurnakan Skim Penstrukturan Ancom Logistics Berhad ("ALB"), yang merupakan sebuah anak syarikat. Ini telah melibatkan pelupusan perniagaan logistik Syarikat kepada ALB. Dengan penyempurnaan penstrukturan korporat tersebut, ALB tidak lagi diklasifikasikan sebagai "affected issuer" di bawah Nota Panduan No 3 ("GN3") Keperluan Penyenaraian Bursa Malaysia Securities Berhad bagi pasaran ACE. Seterusnya, ALB telah melupuskan bahagian Kejuruteraan yang melibatkan lima anak-anak syarikat yang menjalankan perdagangan serta pengkontrakan produk-produk kejuruteraan elektrik dalam tahun kewangan. Pelupusan tersebut telah dijalankan bagi membolehkan ALB memberikan tumpuan terhadap perniagaan teras barunya di dalam bidang logistik.

Perkembangan korporat utama yang lain di dalam Kumpulan pada FY2011 adalah seperti yang dilaporkan di dalam Nota 40 'Peristiwa Penting Dalam Tahun Kewangan" di bahagian kenyataan kewangan diaudit.

PROSPEK BAGI TAHUN KEWANGAN SETERUSNYA

Prospek pertumbuhan ekonomi global dijangka positif dengan adanya usaha-usaha serta komitment bersepadu oleh kerajaan-kerajaan bagi mengelakkan berlakunya kemelesetan yang lain. Peningkatan dalam aktiviti-aktiviti ekonomi di dalam kebanyakan negara-negara yang sedang tumbuh serta pemulihan rangkaian bekalan global akan menyokong pertumbuhan di seluruh dunia. Walaubagaimanapun, masih terdapat kekangan-kekangan yang berpunca daripada ekonomi-ekonomi maju yang disebabkan oleh kelemahan struktur negara-negara ini. Selanjutnya, ketidaktentuan yang berpanjangan dalam pasaran kewangan akan terus melemahkan aktiviti ekonomi sebenar.

Pertumbuhan dalam negara meningkat sederhana kepada 4.0% pada suku tahun kedua 2011 (1Q 2011: 4.9%) selaras dengan pertumbuhan seluruh dunia yang lemah. Sektor pembuatan mengalami kelembapan dalam aktiviti-aktiviti. Walaubagaimanapun, Kerajaan Malaysia berkeyakinan bahawa pertumbuhan keseluruhan negara akan terus disokong oleh peningkatan berterusan permintaan sektor swasta tempatan. Ini terus disokong oleh ekspot komoditi dan produk berasaskan sumber yang kukuh.

Tahun kewangan yang akan datang adalah mencabar. Kumpulan akan kekal berdaya saing dengan terus mencari jalan untuk meningkatkan pertumbuhan jualan dan pada masa yang sama, mengukuhkan kecekapan operasi dan produktiviti. Tanpa mengambil kira keadaan yang tidak dapat diduga, Lembaga Pengarah menjangkakan bahawa prestasi Kumpulan bagi tahun kewangan yang akan datang akan menunjukkan keputusan yang memuaskan.

PERUBAHAN DI DALAM LEMBAGA PENGARAH

Lembaga Pengarah ingin merakamkan ucapan terima kasih kepada Dato Mohammed Hussein yang telah melepaskan jawatan beliau sebagai ahli Lembaga Pengarah baru-baru ini di atas sebab komitmen beliau yang lain. Bagi pihak Lembaga Pengarah, saya mendoakan beliau segala kejayaan di dalam segala urusan di masa hadapan.

PENGHARGAAN

Lembaga Pengarah ingin menyatakan penghargaan kepada para pemegang saham di atas sokongan serta kesetiaan mereka yang tidak berbelah bagi kepada Syarikat. Lembaga juga ingin mengucapkan terima kasih kepada semua pelanggan, pembekal, institusi kewangan, rakan perniagaan dan pihak berkuasa di atas sokongan dan kerjasama berterusan mereka.

Akhir sekali, pihak Lembaga Pengarah juga ingin merakamkan setinggi-tinggi penghargaan kepada Pengurusan dan kakitangan Kumpulan di atas dedikasi dan komitmen mereka.

DATO' JOHARI RAZAK
Pengerusi Bukan-Eksekutif

13 Oktober 2011
Petaling Jaya,
Selangor Darul Ehsan

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

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

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

1. THE BOARD OF DIRECTORS

1.1 Composition

During the financial year ended 31 May 2011, the Board comprised seven (7) Directors. One of them an Executive Director, who is also the Group Managing Director and six are Non-Executive Directors, including the Non-Executive Chairman. Three (3) of the Non-Executive Directors are 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.

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 balances on the conduct on the Group Managing Director in managing the business of the Group. The Independent Non-Executive Directors are all independent of Management and are free from any business or other relationship which would materially interfere with the exercise of their independent judgment. They are people of caliber, credibility and have the necessary skill and experience to bring an independent judgment to bear on the issues of strategy, business performance, resources and standards of conduct. They provided independent and constructive views in the Board's discussion. They are 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 10 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 business restructuring, 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 and Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company with authority to act on behalf of the Board in accordance with their respective Terms of Reference. At each Board meeting, the Chairman of the respective Board Committees would report to the Board on the key matters discussed by the Board Committees at its respective meetings. Minutes of the Board Committee meetings are also enclosed together with the Board papers for the Directors' attention.

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

The 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. At the quarterly Board meetings, the Group Managing Director provides the Board with an update on the Group's key strategic initiatives and key operational issues.

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 up 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.

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

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

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

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

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

1.4 Attendance

The 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	3/4
Edmond Cheah Swee Leng	4/4
Dato Mohammed Hussein	2/4

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 updates on relevant guidelines and statutory and regulatory requirements provided by the Company Secretaries and the management from time to time, the Directors have on their own initiative, whenever necessary and time permits, requested to attend courses, according to their individual needs as a Director or as members of a Board committee on which they serve, and to enhance their skills and knowledge and keep abreast with the relevant changes in laws, regulations and business environment.

During the financial year, Tan Sri Dato Dr Lin See Yan attended seven (7) seminars/courses while Chan Thye Seng completed all modules in the Financial Institutions Directors Education Programme. Dato Johari Razak, a practising lawyer, attended the Directors Continuing Education Programme organised by Dutch Lady Milk Industries Berhad on 21 and 22 October 2010. He has also completed the Financial Institutions Directors Education Programme in the last financial year.

The other Directors have not attended any seminars/courses as there were no suitable seminars/courses during the financial year. However, they will identify and attend seminars and further training which they consider as relevant and useful 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.

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 who are retiring pursuant to the Articles of Association of the Company. In accordance with this process, two (2) Directors retired by rotation at the 41st Annual General Meeting of the Company on 25 November 2010 and were re-elected to the Board by the Company's shareholders. To assist shareholders in making their decision in the re-election of Directors, sufficient information such as personal profile, attendance at Board and Committee meetings and the shareholdings in the Company of the Directors standing for re-election were furnished in a separate statement accompanying the Notice of Annual General 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 23-27 – Audit Committee Report, of this Annual Report.

Remuneration and Nomination Committee

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

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

The R&N Committee 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 2011, the members of the R&N Committee are as follows:

Tan Sri Dato' Dr Lin See Yan (Chairman)
Edmond Cheah Swee Leng (Member)
Dato Mohammed Hussein (Member)

During the financial year, the R&N Committee had one meeting which was attended by 2 of the members. During the meeting, the R&N Committee reviewed and assessed the composition of the Board and the Board Committees and was satisfied that the Board composition was appropriate and that there was a mix of Executive and Non-executive Directors on the Board. The R&N Committee was also satisfied with the caliber, credibility, skills and experiences of the Non-executive Directors to bring independent judgment to bear on issue of strategy, performance and resources. The Board and the Board Committees were effective in discharging their respective responsibilities.

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

For 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 RM30,000 each while the members of the R&N Committee received RM20,000 each per annum. These were as recommended by the R&N Committee and the total Directors' fee of RM445,890 was approved by the shareholders at the 41st Annual General Meeting of the Company.

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

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

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

The remuneration of the Group Managing Director comprises of monthly salary, bonuses, BIK and other benefits that the Board will approve from time to time. 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, 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	46	650	696
Salaries and bonuses (including EPF)	RM'000	2,368	1,820	4,188
Other emoluments	RM'000	4	78	82
Benefits-in-kind	RM'000	37	63	100
Total	RM'000	2,455	2,611	5,066

Remuneration in bands of RM50,000		**Executive Director**	**Non-Executive Director**	**Total**
Below RM50,000		-	-	-
RM50,001 to RM100,000		-	1	1
RM100,001 to RM150,000		-	2	2
RM200,001 to RM250,000		-	2	2
RM1,850,001 to RM1,900,000		-	1#	1
RM2,450,001 to RM2,500,000		1	-	1
Total		1	6	7

This is paid/payable to a Non-executive Director who is the Executive Chairman of the subsidiaries, Nylex (Malaysia) Berhad and Redberry Sdn Bhd.

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

3. 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 questions and queries to the Company via the IR portal and these questions and queries would be attended to the Company's senior management.

The Board also encouraged shareholders to communicate with the Company through other channels. The Board has decided not to appoint a Director to whom any queries or concerns may be conveyed as shareholders and investors are now able to convey their view and queries through the Company's IR portal at www.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 41st 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 104 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 took place.

The shareholders approved all the resolutions put forth at the AGM and the results of the AGM were announced to the shareholders via the Bursa Link and on the Company's IR portal on the same day after the 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 42nd AGM of the Company, which will be held on 23 November 2011, is on pages 151 to 152 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 Group in the annual Audited Financial Statements and the quarterly Interim Financial Reports of the Company and of Group.

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

A statement by the Board on its responsibilities for preparing the annual Audited Financial Statements is set out in page 32 of this Annual Report.

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

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.

4.4 Relationship with Auditors

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

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

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and 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 2011.

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);

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

B. INTERNAL AUDIT

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

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

b. approve the annual internal audit programme;

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

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

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

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

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

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

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

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

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

2. The 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:

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

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

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

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

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

MEETING

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

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

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. Edmond Cheah Swee Leng and Dato Mohammed Hussein attended all the four (4) meetings while Dato Johari Razak attended three (3) meetings. 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; and
- Reviewed the performance of the Internal Auditor and the resources requirements.

Related Party Transactions

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

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.

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 2011 made pursuant to Paragraph 15.27(b) of the Bursa Securities Listing Requirements. 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 2011 are as follows:

- **Organization structure and responsibility levels**

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

The Internal Audit function reports its findings on the Group's internal control system quarterly to the Audit Committee. The Internal Audit function would report any incidence of non-compliance of the 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 has regular meetings with the Divisional Managing Directors and senior management 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 Group has carried out certain activities during the financial year ended 31 May 2011 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.

One of the subsidiaries is operating under the ISO 14000, a standard for environmental management systems to reduce the environmental footprint of a business and to reduce pollution and waste. A subsidiary participated in a "Green Campaign" organised by the local authority by planting trees and plants around the factory. Another subsidiary achieved 5% reduction in general wastes compared to the previous financial year.

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.

During the financial year, in addition to the regular activities indicated above, the following activities were conducted by the Company and/or its subsidiaries:

- launched four Safety Campaigns, for its employees, which covered various topics on employee safety in January 2011;
- a fire safety talk by the Public Fire Safety & Prevention Education Centre;
- eye tests for its production workers; and
- donation of equipment and money to a disabled ex-staff.

Community

Consistent with one of the important focal areas of Corporate Social Responsibility which is to be responsible to the community in which the Group operates, 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 three (3) students. Two academic research visits were also conducted.

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.

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.

DIRECTORS' RESPONSIBILITIES STATEMENT ON AUDITED FINANCIAL STATEMENTS

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

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

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

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

- adopted accounting policies which are appropriate and consistently applied ;
- made judgment and estimates which are reasonable and prudent ;
- prepared the Financial Statements on the assumption that the Company and the Group will operate as a going concern ;
- 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 Financial Statements.

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

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

FINANCIAL STATEMENTS

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 2011.

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 43 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
(Loss)/Profit for the financial year	(5,898)	1,284
Attributable to:		
Owners of the parent	(12,952)	1,284
Minority interests	7,054	-
	(5,898)	1,284

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year 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 41st Annual General Meeting held on 25 November 2010, 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;

REPURCHASE OF SHARES (cont'd)

(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 2010; 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 in Malaysia 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 2011, 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 in Malaysia.

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
Dato' Mohammed Bin Haji Che Hussein

In accordance with Article 81 of the Company's Articles of Association, Edmond Cheah Swee Leng and Dato' Mohammed Bin Haji Che Hussein 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 in Malaysia 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 in Malaysia, 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 2011 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM1.00 each				
	Balance at 1.6.2010	**Bought**	**Share Dividend**	**Sold**	**Balance at 31.5.2011**
Shares in the Company					
Direct interests:					
Dato' Johari Razak	465,427	-	-	-	465,427
Dato' Siew Ka Wei	14,586,765	331,300	-	(14,300)	14,903,765
Tan Sri Dato' Dr. Lin See Yan	165,375	-	-	-	165,375

DIRECTORS' INTERESTS (cont'd)

	Balance at 1.6.2010	Bought	Share Dividend	Sold	Balance at 31.5.2011
	Number of ordinary shares of RM1.00 each				
Shares in the Company (cont'd)					
Indirect interests:					
Dato' Siew Ka Wei	19,398,848	-	-	-	19,398,848
Chan Thye Seng	29,050,402	-	-	-	29,050,402
Shares in subsidiaries					
Nylex (Malaysia) Berhad ('Nylex')					
Direct interests:					
Dato' Johari Razak	127,380	-	3,980	-	131,360
Dato' Siew Ka Wei	1,475,928	-	46,121	-	1,522,049
Tan Sri Dato' Dr. Lin See Yan	16,812	-	525	-	17,337
Indirect interests:					
Dato' Siew Ka Wei	96,362,894	-	3,011,023	(10,000)	99,363,917
Chan Thye Seng	30,500	-	953	-	31,453

	Balance at 1.6.2010	Bought	Share Dividend	Sold	Balance at 31.5.2011
	Number of ordinary shares of RM0.10 each				
Ancom Logistics 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	94,777,272	128,935,077*	-	-	223,712,349
Chan Thye Seng	15,000	-	-	-	15,000

* Pursuant to a corporate restructuring as disclosed in Note 9 to the financial statements

By virtue of their interests in the ordinary shares of the Company, Dato' Siew Ka Wei and Chan Thye Seng are 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 31 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 subsidiaries; and

(b) related party transactions as disclosed in Note 37 to the financial statements

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling 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 statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that 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 amounts 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 40 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 2011

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 42 to 143 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2011 and of their financial performance and 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 2011

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 42 to 143 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 2011

Lee Cheun Wei

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

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 statements of financial position as at 31 May 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 142.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 May 2011 and of their financial performance and 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 in Malaysia, we also report the following:

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 43 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 purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

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

Other Reporting Responsibilities

The supplementary information set out in Note 46 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF : 0206
Chartered Accountants

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

Kuala Lumpur
28 September 2011

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2011

	NOTE	Group 2011 RM'000	Group 2010 RM'000 (Restated)	Company 2011 RM'000	Company 2010 RM'000 (Restated)
ASSETS					
Non-current assets					
Property, plant and equipment	7	**227,156**	223,017	**39,822**	20,955
Investment properties	8	**353**	362	**-**	-
Investments in subsidiaries	9	**-**	-	**274,234**	287,642
Investments in associates	10	**4,324**	5,263	**507**	859
Other investments	11	**6,150**	10,540	**2,412**	6,905
Intangible assets	12	**24,218**	14,099	**-**	-
Goodwill on consolidation	13	**74,380**	74,992	**-**	-
Deferred tax assets	14	**30,430**	24,729	**-**	-
		367,011	353,002	**316,975**	316,361
Current assets					
Inventories	15	**150,524**	132,772	**-**	-
Receivables	16	**319,329**	292,193	**2,314**	1,674
Amounts owing by subsidiaries	17	**-**	-	**51,999**	47,003
Amounts owing by associates	18	**7,847**	8,739	**196**	196
Current tax assets		**6,387**	5,219	**735**	4,748
Other investments	11	**2,368**	5,310	**27**	27
Cash and cash equivalents	19	**90,267**	104,887	**250**	16
		576,722	549,120	**55,521**	53,664
TOTAL ASSETS		**943,733**	902,122	**372,496**	370,025

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

STATEMENTS OF FINANCIAL POSITION *(cont'd)*

AS AT 31 MAY 2011

	NOTE	Group 2011 RM'000	Group 2010 RM'000 (Restated)	Company 2011 RM'000	Company 2010 RM'000 (Restated)
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	20	**218,956**	218,956	**218,956**	218,956
Reserves	21	**88,970**	102,567	**30,330**	24,047
Less: Treasury shares, at cost		**(2,073)**	(2,073)	**(2,073)**	(2,073)
		305,853	319,450	**247,213**	240,930
Minority interests		**121,854**	116,454	**-**	-
TOTAL EQUITY		**427,707**	435,904	**247,213**	240,930
LIABILITIES					
Non-current liabilities					
Borrowings	22	**22,157**	25,118	**7,923**	6,547
Deferred tax liabilities	14	**14,855**	15,141	**4,628**	2,979
Government grant	25	**1,600**	1,800	**-**	-
Provision for retirement benefits	26	**3,476**	3,452	**-**	-
		42,088	45,511	**12,551**	9,526
Current liabilities					
Payables	27	**239,407**	195,817	**1,130**	1,500
Amounts owing to subsidiaries	28	**-**	-	**60,011**	58,498
Amounts owing to associates	18	**18**	1,400	**6**	119
Amounts owing to Directors	29	**-**	595	**-**	-
Borrowings	22	**232,511**	217,785	**51,264**	59,131
Current tax liabilities		**2,002**	5,110	**321**	321
		473,938	420,707	**112,732**	119,569
TOTAL LIABILITIES		**516,026**	466,218	**125,283**	129,095
TOTAL EQUITY AND LIABILITIES		**943,733**	902,122	**372,496**	370,025

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

		Group		Company	
		2011	2010	**2011**	2010
	NOTE	**RM'000**	RM'000	**RM'000**	RM'000
Revenue	30	**1,507,483**	1,513,137	**17,995**	18,640
Cost of sales		**(1,321,135)**	(1,309,821)	**-**	-
Gross profit		**186,348**	203,316	**17,995**	18,640
Other income		**8,638**	12,158	**1,787**	127
Distribution costs		**(71,293)**	(65,481)	**-**	-
Administrative expenses		**(92,466)**	(100,676)	**(14,656)**	(25,753)
Other operating expenses		**(17,434)**	(3,543)	**-**	-
Finance costs		**(12,931)**	(10,508)	**(3,813)**	(3,882)
Share of results of associates		**(609)**	(662)	**-**	-
Profit/(Loss) before tax	31	**253**	34,604	**1,313**	(10,868)
Taxation	32	**(6,151)**	(11,749)	**(29)**	206
(Loss)/Profit for the financial year		**(5,898)**	22,855	**1,284**	(10,662)
Other comprehensive (loss)/income					
Revaluation surplus on land and buildings		**2,838**	-	**5,353**	-
Foreign exchange reserves transfer to profit or loss upon disposals of subsidiaries	9	**4,948**	-	**-**	-
Foreign currency translations		**(3,296)**	(10,621)	**-**	-
Other comprehensive income/(loss), net of tax		**4,490**	(10,621)	**5,353**	-
Total comprehensive (loss)/income		**(1,408)**	12,234	**6,637**	(10,662)
(Loss)/Profit attributable to:					
Owners of the parent		**(12,952)**	1,480	**1,284**	(10,662)
Minority interests		**7,054**	21,375	**-**	-
		(5,898)	22,855	**1,284**	(10,662)
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(13,107)**	(3,172)	**6,637**	(10,662)
Minority interests		**11,699**	15,406	**-**	-
		(1,408)	12,234	**6,637**	(10,662)
(Loss)/Earnings per ordinary share attributable to the owners of the parent (sen):					
Basic:					
(Loss)/Profit for the financial year	33	**(5.99)**	0.68		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

Group	NOTE	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Exchange Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Minority interests RM'000	Total equity RM'000
As at 31 May 2010													
As previously reported		218,956	4,332	155	24,039	48	4,987	(8,015)	(2,073)	77,021	319,450	116,454	**435,904**
Effect of adopting FRS 139	45	-	-	-	-	-	-	-	-	(490)	(490)	-	**(490)**
As restated		218,956	4,332	155	24,039	48	4,987	(8,015)	(2,073)	76,531	318,960	116,454	**435,414**
Total comprehensive income/(loss)		-	-	-	1,668	-	-	(1,823)	-	(12,952)	(13,107)	11,699	**(1,408)**
Transactions with owners													
Dividend-in-specie paid to minority interest of subsidiaries		-	-	-	-	-	-	-	-	-	-	4,358	**4,358**
Dividends paid to minority interest of subsidiaries		-	-	-	-	-	-	-	-	-	-	(10,657)	**(10,657)**
Total transactions with owners		-	-	-	-	-	-	-	-	-	-	(6,299)	**(6,299)**
As at 31 May 2011		218,956	4,332	155	25,707	48	4,987	(9,838)	(2,073)	63,579	305,853	121,854	**427,707**

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 2011

Group	NOTE	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Minority interests RM'000	Total equity RM'000
As at 31 May 2009													
		218,956	4,332	155	24,039	48	4,987	(3,363)	(2,073)	79,707	326,788	107,763	**434,551**
Total comprehensive income		-	-	-	-	-	-	(4,652)	-	1,480	(3,172)	15,406	**12,234**
Transactions with owners													
Arising from acquisitions of additional interests in subsidiaries		-	-	-	-	-	-	-	-	(1,733)	(1,733)	(47)	**(1,780)**
Changes in equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	85	**85**
Disposal of a subsidiary	9	-	-	-	-	-	-	-	-	-	-	(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	34	-	-	-	-	-	-	-	-	(2,433)	(2,433)	-	**(2,433)**
Total transactions with owners		-	-	-	-	-	-	-	-	(4,166)	(4,166)	(6,715)	**(10,881)**
As at 31 May 2010		218,956	4,332	155	24,039	48	4,987	(8,015)	(2,073)	77,021	319,450	116,454	**435,904**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

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
As at 31 May 2010		218,956	4,332	8,221	4,917	(2,073)	6,577	**240,930**
Effects of the adoption of FRS 139	45	-	-	-	-	-	(354)	**(354)**
Restated balance as at 1 June 2010		218,956	4,332	8,221	4,917	(2,073)	6,223	**240,576**
Total comprehensive income		-	-	5,353	-	-	1,284	**6,637**
As at 31 May 2011		218,956	4,332	13,574	4,917	(2,073)	7,507	**247,213**
As at 31 May 2009		218,956	4,332	8,221	4,917	(2,073)	19,672	**254,025**
Total comprehensive loss		-	-	-	-	-	(10,662)	**(10,662)**
Transaction with owners								
Dividend in respect of financial year ended 31 May 2009:								
- Final dividend	34	-	-	-	-	-	(2,433)	**(2,433)**
Total transaction with owners		-	-	-	-	-	(2,433)	**(2,433)**
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.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

	NOTE	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		**253**	34,604	**1,313**	(10,868)
Adjustments for:					
Impairment loss on receivables		**2,372**	6,006	**-**	1,400
Reversal of impairment losses on receivables		**(343)**	(2,912)	**-**	-
Amortisation of government grant	25	**(200)**	(200)	**-**	-
Amortisation of intangible assets	12	**3,971**	1,804	**-**	-
Bad debts written off					
- third parties		**406**	2,100	**-**	74
- subsidiaries		**-**	-	**-**	3,200
Depreciation of investment properties	8	**9**	7	**-**	-
Depreciation of property, plant and equipment	7	**19,017**	18,778	**770**	1,437
Dividend income (gross)	30	**(18)**	(16)	**(16,745)**	(16,885)
Fair value adjustment on other investments		**1,148**	-	**1,148**	-
Loss/(Gain) on disposal of subsidiaries	9	**4,886**	(6,644)	**(446)**	-
Loss on disposal of other investments		**170**	-	**170**	-
Impairment loss on property, plant equipment	7	**2,000**	2,076	**-**	1,962
Impairment loss on investments in subsidiaries		**-**	-	**-**	1,922
Impairment loss on investments in associates		**352**	-	**352**	-
Impairment loss on intangible assets	12	**890**	-	**-**	-
Reversal of impairment loss on other investments		**-**	(368)	**-**	-
Investments written off		**-**	14	**-**	-
Interest expense		**12,931**	10,508	**3,813**	3,882
Interest income		**(760)**	(1,165)	**(667)**	(1,576)
Inventories written off		**1,838**	1,885	**-**	-
(Gain)/Loss on disposal of property, plant and equipment		**(1,184)**	475	**(1,201)**	(48)
Property, plant and equipment written off	7	**48**	27	**-**	-
Share of results in associates		**609**	662	**-**	-
Unrealised loss on foreign exchange		**1,991**	2,394	**-**	-
Provision for retirement benefits	26	**412**	270	**-**	-
Operating profit/(loss) before working capital changes		**50,798**	70,305	**(11,493)**	(15,500)

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

STATEMENTS OF CASH FLOWS *(cont'd)*
FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

		Group		Company	
		2011	2010	**2011**	2010
	NOTE	**RM'000**	RM'000	**RM'000**	RM'000
Increase in inventories		**(27,598)**	(24,799)	**-**	-
Increase in receivables		**(33,826)**	(37,793)	**(640)**	(1,657)
Increase/(Decrease) in payables		**54,293**	(2,411)	**(370)**	317
Decrease/(Increase) in amounts owing by associates		**892**	(4,762)	**-**	-
(Decrease)/Increase in amounts owing to associates		**(1,382)**	(3,044)	**(113)**	119
Increase in amounts owing to Directors		**-**	300	**-**	-
Cash generated from/(used in) operations		**43,177**	(2,204)	**(12,616)**	(16,721)
Dividend received		**18**	16	**15,673**	14,071
Government grant received	25	**-**	2,000	**-**	-
Retirement benefits paid	26	**(389)**	(595)	**-**	-
Tax (paid)/refunded		**(15,988)**	404	**3,983**	5,955
Net cash from/(used in) operating activities		**26,818**	(379)	**7,040**	3,305
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary	9	**(236)**	-	**-**	-
Acquisition of an associate	10	**-**	(1,200)	**-**	-
Disposals of subsidiaries	9	**1,480**	3,930	**-**	-
Interest received		**760**	1,165	**667**	111
Proceeds from disposal of property, plant and equipment		**3,070**	1,425	**15,438**	177
Purchase of additional shares in existing subsidiaries		**(3,045)**	(1,983)	**-**	(250)
Purchase of intangible assets	12	**(14,980)**	(9,369)	**-**	-
Purchase of other investments		**(1,104)**	(39)	**-**	-
Purchase of property, plant and equipment	7(a)	**(22,734)**	(26,041)	**(1,345)**	(177)
Advances to subsidiaries		**-**	-	**(13,483)**	(18,402)
Disposal of other investments		**6,831**	21,379	**-**	19,495
Proceeds from disposal of other investment		**-**	-	**2,821**	-
Withdrawal/(Placement) of short term deposits pledged to licensed banks		**766**	(73)	**-**	-
Net cash (used in)/from investing activities		**(29,192)**	(10,806)	**4,098**	954

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

	NOTE	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	34	**-**	(2,433)	**-**	(2,433)
Dividends paid to minority interests of subsidiaries		**(10,657)**	(3,767)	**-**	-
Interest paid		**(12,931)**	(10,508)	**(3,813)**	(3,882)
Repayments of hire-purchase and lease creditors		**(1,097)**	(89)	**(937)**	(1,102)
Drawdowns/(repayments) of borrowings		**5,857**	23,025	**(11,100)**	(500)
Net cash (used in)/from financing activities		**(18,828)**	6,228	**(15,850)**	(7,917)
Net decrease in cash and cash equivalents		**(21,202)**	(4,957)	**(4,712)**	(3,658)
Cash and cash equivalents at beginning of financial year		**87,536**	93,704	**(4,286)**	(628)
Effects of exchange rate changes on cash and cash equivalents		**1,448**	(1,211)	**-**	-
		88,984	92,493	**(4,286)**	(628)
Cash and cash equivalents at end of financial year	19	**67,782**	87,536	**(8,998)**	(4,286)

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

NOTES TO 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 Lot 2A, Jalan 13/2, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

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 2011.

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 45 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') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 46 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings except as otherwise stated in the financial statements.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

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.

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 statement of financial position within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

Minority interest in the results of the Group is presented in the consolidated statement of comprehensive income 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 statement of comprehensive income. 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.

4.3 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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:

Leasehold land	1%	-	5%
Buildings	2%	-	10%
Plant and machinery	7%	-	33%
Motor vehicles	10%	-	20%
Furniture, fittings and equipment	5%	-	33%
Renovation	2%	-	10%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 Lease and hire-purchase (cont'd)

(a) Finance leases and hire-purchase (cont'd)

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.

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.

Following the adoption of Amendment to FRS 117 *Leases* contained in the Improvements to FRSs (2009), the Group reassessed the classification of land elements of unexpired leases on the basis of information existing at the inception of those leases. Consequently, the Group retrospectively reclassified certain prepaid lease payments for land as finance leases as disclosed in Notes 7 and 44 to the financial statements.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Investment properties (cont'd)

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 important 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.

(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 statement of financial position 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 investment 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 gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.6 Investments (cont'd)

(b) Associates (cont'd)

When the Group's share of losses in the associate equals or exceeds its interest in the associates, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) 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.

4.7 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 amount may be impaired. Gains 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 and 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 and 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 acquire, 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 recognised in a business combination is their fair values as at the date of acquisition.

4. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

4.7 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

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.

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 and 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

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.

4.8 Impairment of non-financial 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 the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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 acquiree 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 all costs of purchase plus the cost of bringing the inventories to their present condition and location. Cost of finished goods and work-in-progress include the cost of raw materials, direct labour, other direct cost 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.

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

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

4.10.1 Financial assets

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

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

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

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

4.10.1 Financial assets (cont'd)

(b) Held-to-maturity investments

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

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

(c) Loans and receivables

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

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

(d) Available-for-sale financial assets

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

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

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term highly liquid investments which are readily convertible to cash and are subject to insignificant risk of changes in value.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

4.10.2 Financial liabilities

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

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

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

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(b) Other financial liabilities

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

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

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

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

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

4.10.3 Equity

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

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

4.10.3 Equity (cont'd)

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

If the Company 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 Company'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.

Following the adoption of FRS 139 during the financial year, the Group reassessed the classification and measurement of financial assets and financial liabilities as at 1 June 2010. Consequently, the Group reclassified and remeasured financial assets and financial liabilities as disclosed in Note 45 to the financial statements.

4.11 Impairment of financial assets

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

(a) Loans and receivables

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

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

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

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

(b) Available-for-sale financial assets

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

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

4.11 Impairment of financial assets (cont'd)

(b) Available-for-sale financial assets (cont'd)

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

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of 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.

4.13 Government grant

Government grant are recognised initially at their fair value in the statement of financial position 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 in the same period.

4.14 Income taxes

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

Taxes in the profit or loss 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 is 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 end of the reporting period.

(b) Deferred tax

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 Income taxes (cont'd)

(b) Deferred tax (cont'd)

A deferred tax asset is recognised only to the extent that it is probable that taxable profits 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 the end of each reporting period. 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 on either:

(i) the same taxable entity; or

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

Deferred tax 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 reporting date.

4.15 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 the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 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 disclosed 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.

4.17 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.

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Foreign currencies

4.18.1 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.

4.18.2 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 end of the reporting period 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.

4.18.3 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 end of the reporting period.

4.19 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.19 Revenue recognition (cont'd)

(b) Services rendered

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.

4.20 Operating segments

Operating segments are defined as components of the Group that:

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

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.21 Earnings per share

(a) Basic

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

(b) Diluted

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

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS

5.1 New FRS adopted during the current financial year

Effective for the annual financial periods beginning on or after 1 July 2009

(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 concluded that the operating segments defined by the Group under FRS 8 were the same as the business segments defined previously under FRS 114_{2004}. Likewise, the measures used to assess the performance of the segments correspond to those previously presented under FRS 114_{2004}. Consequently, the adoption of FRS 8 has no significant impact on the presentation of the Group's reportable segments and impairment on cash-generating units based on the new definition of operating segments.

Effective for the annual financial periods beginning on or after 1 January 2010

(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.

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

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.1 New FRS adopted during the current financial year (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2010 (cont'd)

(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 the Group's financial position and performance.

(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.

There is no impact upon adoption of this Standard during the financial year.

(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 transitional provisions set out in paragraph 103AA of this Standard, the Standard was applied prospectively and the comparatives are not restated. The impact arising from the adoption has been accounted for by adjusting the opening balances in statement of financial position as at 1 June 2010 as disclosed in Note 45 to the financial stateme nts.

(f) 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.

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.1 New FRS adopted during the current financial year (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2010 (cont'd)

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

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.

Following the adoption of this Standard, the Group has reflected the new format of presentation and additional disclosures warranted in the primary financial statements and relevant notes to the financial statements.

(g) 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 entity are accounted for in the same manner as cancellations by the entity 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.

There is no impact upon adoption of these amendments during the financial year.

(h) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 C*onsolidated 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.

There is no impact upon adoption of these amendments during the financial year.

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

These amendments require 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.

There is no impact upon adoption of these amendments during the financial year.

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.1 New FRS adopted during the current financial year (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2010 (cont'd)

(j) Amendments to FRS 132 *Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 January 2010 in respect of the transitional provisions in accounting for compound financial instruments.

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.

There is no impact upon adoption of these amendments during the financial year.

(k) Amendments to FRS 139 *Financial Instruments: Recognition and Measurement* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments 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.

There is no impact upon adoption of these amendments during the financial year.

(l) 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.

There is no impact upon adoption of these amendments during the financial year.

(m) *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 Standard specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 8 *Operating Segments* clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.1 New FRS adopted during the current financial year (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2010 (cont'd)

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

Amendment to FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* clarifies that only Implementation Guidance issued by the Malaysian Accounting Standards Board that are integral parts of FRS is mandatory. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 117 *Leases* 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 retrospectively in accordance with FRS 108. As at the end of the reporting period, the Group and the Company have carrying amounts of prepaid lease payments for land of RM50,157,000 and RM16,801,000 respectively (see Note 44 to the financial statements) that have been reclassified as land held in accordance with FRS116 upon adoption of this amendment.

Amendment to FRS 118 *Revenue* clarifies reference made on the term "transaction costs" to the definition in FRS 139. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in this 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. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 123 *Borrowing Costs* clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.1 New FRS adopted during the current financial year (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2010 (cont'd)

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

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in this 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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

Amendments to FRS 134 *Interim Financial Reporting* clarify 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*. There is no impact upon adoption of these amendments during the financial year.

Amendment to FRS 136 *Impairment of Assets* 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. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in this 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. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 140 *Investment Property* 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. There is no impact upon adoption of this amendment during the financial year.

(n) 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.

There is no impact upon adoption of this Interpretation during the financial year.

(o) 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.

There is no impact upon adoption of this Interpretation during the financial year.

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.1 New FRS adopted during the current financial year (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2010 (cont'd)

(p) 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 Company 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 Company grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Company 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 Company to its employees, this Interpretation requires the Company to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

There is no impact upon adoption of this Interpretation during the financial year.

(q) 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 entity 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.

There is no impact upon adoption of this Interpretation during the financial year.

(r) 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 FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.1 New FRS adopted during the current financial year (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2010 (cont'd)

(r) 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 reporting 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.

There is no impact upon adoption of this Interpretation during the financial year.

Effective for the annual financial periods beginning on or after 1 March 2010

(s) Amendments to FRS 132 *Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 March 2010 in respect of the classification of rights issues.

The amendments clarifies that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the entity 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.

There is no impact upon adoption of these amendments during the financial year.

5.2 New FRS that have been issued, but not yet effective and not yet adopted

The following are new FRS, Amendments to FRS and IC Interpretations issued by the Malaysian Accounting Standards Board as of the date of the issuance of financial statements, which have yet to be effective for the Group and the Company and have not been early adopted:

Effective for the annual financial periods beginning on or after 1 July 2010

(a) 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 FRS for the first time via the explicit and unreserved statement of compliance with FRS. 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 FRS;
(ii) Items of assets and liabilities shall not be recognised if FRS do not permit such recognition;
(iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRS; and
(iv) All recognised assets and liabilities shall be measured in accordance with FRS.

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

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

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.2 New FRS that have been issued, but not yet effective and not yet adopted (cont'd)

Effective for the annual financial periods beginning on or after 1 July 2010 (cont'd)

(b) 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 arrival 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. Any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss.

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 revised FRS 3 has been applied prospectively in accordance with its transitional provisions. Assets and liabilities that arose from business combinations whose acquisition date were before 1 July 2010 are not adjusted.

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

(c) 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 minority interests, even if this results in the minority 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 entity 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 remeasured at its fair value at the date when control is lost.

According to its transitional provisions, the revised FRS 127 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 July 2010. These changes would only affect future transactions with non-controlling interest.

As at the end of the reporting period, the Group reports minority interests of RM121,854,000. 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 FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.2 New FRS that have been issued, but not yet effective and not yet adopted (cont'd)

Effective for the annual financial periods beginning on or after 1 July 2010 (cont'd)

(d) Amendments to FRS are mandatory for annual periods beginning on or after 1 July 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 *Non-current Assets Held for Sale and Discontinued Operations* 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 entity 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 *Intangible Assets* 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 IC Interpretation 9 *Reassessment of Embedded Derivatives* 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.

(e) 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.

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.2 New FRS that have been issued, but not yet effective and not yet adopted (cont'd)

Effective for the annual financial periods beginning on or after 1 July 2010 (cont'd)

(f) 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 consolidated 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.

(g) 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.

Effective for the annual financial periods beginning on or after 1 January 2011

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

These amendments permit a first-time adopter of FRS 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.

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.2 New FRS that have been issued, but not yet effective and not yet adopted (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2011 (cont'd)

(i) 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 FRS to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7.

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

(j) 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. The effects of adopting IC Interpretation 11 have been disclosed in Note 5.1(o) to the financial statements.

(k) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are 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.

(l) 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 as there are no arrangement dependent on the use of specific assets in the Group.

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.2 New FRS that have been issued, but not yet effective and not yet adopted (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2011 (cont'd)

(m) 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 as there are no such arrangements in the Group.

(n) *Improvements to FRSs (2010)* are mandatory for annual periods beginning on or after 1 January 2011.

Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* clarify that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 3 *Business Combinations* clarify that for each business combination, the acquirer shall measure at the acquisition date minority interests that consists of the present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation. Un-replaced and voluntarily replaced share-based payment transactions shall be measured using the market-based measurement method in accordance with FRS 2 at the acquisition date. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 7 *Financial Instruments: Disclosures* clarify that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Group expects to improve the disclosures on maximum exposure to credit risk upon adoption of these amendments.

Amendments to FRS 101 *Presentation of Financial Statements* clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 121 *The Effects of Changes in Foreign Exchange Rates* clarify that the accounting treatment for cumulative foreign exchange differences in other comprehensive income for the disposal or partial disposal of a foreign operation shall be applied prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 128 *Investments in Associates* clarify that the accounting treatment for the cessation of significant influence over an associate shall be applied prospectively. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 131 *Interests in Joint Ventures* clarify that the accounting treatment for the cessation of joint control over an entity shall be applied prospectively. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.2 New FRS that have been issued, but not yet effective and not yet adopted (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2011 (cont'd)

(n) *Improvements to FRSs (2010)* are mandatory for annual periods beginning on or after 1 January 2011. (cont'd)

Amendments to FRS 132 *Financial Instruments: Presentation* clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 134 *Interim Financial Reporting* clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the Group's interim financial report. Although the Group does not expect any impact on the financial statements rising from the adoption of these amendments, it is expected that additional disclosures would be made in the quarterly interim financial statements of the Group.

Amendments to FRS 139 *Financial Instruments: Recognition and Measurement* clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 13 *Customer Loyalty Programmes* clarify that the fair value of award credits takes into account, amongst others, the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

(o) Amendments to IC Interpretation 14 FRS *119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* are mandatory for annual periods beginning on or after 1 July 2011.

These amendments clarify that if there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions shall include any amount that reduces future minimum funding requirement contributions for future service because of the prepayment made.

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

(p) IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* is mandatory for annual periods beginning on or after 1 July 2011.

This Interpretation applies to situations whereby equity instruments are issued to a creditor to extinguish all or part of a recognised financial liability. Such equity instruments shall be measured at fair value, and the difference between the carrying amount of the financial liability extinguished and the consideration paid 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.

5. ADOPTION OF NEW FRS, AMENDMENTS TO FRS AND IC INTERPRETATIONS (cont'd)

5.2 New FRS that have been issued, but not yet effective and not yet adopted (cont'd)

Effective for the annual financial periods beginning on or after 1 January 2012 (cont'd)

(q) 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 entity 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 (i.e. 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.

(r) FRS 124 *Related Party Disclosures* and the consequential amendments to FRS 124 are mandatory for annual periods beginning on or after 1 January 2012.

This revised Standard simplifies the definition of a related party and eliminates certain inconsistencies within the superseded version. In addition to this, transactions and balances with government-related entities are broadly exempted from the disclosure requirements of the Standard.

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

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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.1 Critical judgements made in applying accounting policies (cont'd)

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

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 the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

6.2.2 Impairment of investments in subsidiaries and associates

The Group and 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 of the Company as at 31 May 2011 less accumulated impairment losses, if any, was RM274,234,000 (2010: RM287,642,000). The carrying amounts of investments in associates of the Group and of the Company as at 31 May 2011 less accumulated impairment losses, if any, were RM4,324,000 (2010: RM5,263,000) and RM507,000 (2010: RM859,000) 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 2011 was RM442,000 (2010: RM537,000) and RM23,776,000 (2010: RM13,562,000) respectively. Further details are disclosed in Note 12 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 RM74,380,000 (2010: RM74,992,000) as at 31 May 2011. Further details are disclosed in Note 13 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 Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. 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 impairment of receivables. 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

	Balance as at 1.6.2010, as restated RM'000	Additions RM'000	Revaluation RM'000	Impairment RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Disposals of subsidiaries RM'000	Acquisition of subsidiary RM'000	Translation adjustments RM'000	Written off RM'000	Re-classifications RM'000	Balance as at 31.5.2011, as restated RM'000
Group												
2011												
Carrying amount												
Freehold land	1,057	-	-	-	-	-	-	-	-	-	-	1,057
Buildings	66,362	1,605	(336)	-	(1,183)	(1,579)	-	-	856	-	(17,876)	47,849
Long term leasehold land	50,157	-	3,174	-	-	(585)	-	-	-	-	18,728	71,474
Plant and machinery	54,016	6,453	-	-	(187)	(8,630)	(7)	-	(699)	(32)	17,835	68,749
Motor vehicles	18,560	8,237	-	-	(480)	(6,588)	(231)	612	180	-	(32)	20,258
Furniture, fittings and office equipment	17,334	3,203	-	(2,000)	(36)	(1,260)	(146)	52	(188)	(5)	(6,220)	10,734
Renovation	2,628	2,269	-	-	-	(375)	(98)	-	37	(11)	(544)	3,906
Assets under construction	12,903	1,983	-	-	-	-	-	-	134	-	(11,891)	3,129
	223,017	23,750	2,838	(2,000)	(1,886)	(19,017)	(482)	664	320	(48)	-	227,156

	At 31.5.2011			
	Cost RM'000	Valuation RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	-	1,057	-	1,057
Buildings	-	52,479	(4,630)	47,849
Long term leasehold land	-	74,272	(2,798)	71,474
Plant and machinery	208,954	-	(140,205)	68,749
Motor vehicles	46,500	-	(26,242)	20,258
Furniture, fittings and office equipment	27,151	-	(16,417)	10,734
Renovation	5,929	-	(2,023)	3,906
Assets under construction	3,129	-	-	3,129
	291,663	127,808	(192,315)	227,156

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Balance as at 1.6.2009, as restated RM'000	Additions RM'000	Impairment RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Disposals of subsidiaries RM'000	Translation adjustments RM'000	Written off RM'000	Re-classifications RM'000	Balance as at 31.5.2010, as restated RM'000
2010										
Carrying amount										
Freehold land	1,266	41	-	(250)	-	-	-	-	-	1,057
Buildings	69,869	3,532	-	(310)	(1,520)	(4,525)	(684)	-	-	66,362
Long term leasehold land	46,927	-	-	-	(808)	(1,177)	-	-	5,215	50,157
Plant and machinery	66,513	4,571	(1,962)	(1,402)	(8,749)	(4,443)	(542)	(16)	46	54,016
Motor vehicles	17,343	5,655	-	115	(4,251)	(178)	(124)	-	-	18,560
Furniture, fittings and office equipment	14,721	6,116	(114)	(53)	(3,098)	(214)	(15)	(9)	-	17,334
Renovation	2,800	216	-	-	(352)	(18)	(33)	(2)	17	2,628
Assets under construction	8,290	9,891	-	-	-	-	-	-	(5,278)	12,903
	227,729	30,022	(2,076)	(1,900)	(18,778)	(10,555)	(1,398)	(27)	-	223,017

	At 31.5.2010			
	Cost RM'000	Valuation RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	1,057	-	-	1,057
Buildings	-	84,816	(18,454)	66,362
Long term leasehold land	58,119	-	(7,962)	50,157
Plant and machinery	151,582	-	(97,566)	54,016
Motor vehicles	44,677	-	(26,117)	18,560
Furniture, fittings and office equipment	25,941	-	(8,607)	17,334
Renovation	5,035	-	(2,407)	2,628
Construction-in-progress	12,903	-	-	12,903
	299,314	84,816	(161,113)	223,017

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company 2011	Balance as at 1.6.2010, as restated RM'000	Additions RM'000	Revaluation RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2011 as restated RM'000
Carrying amount						
Long term leasehold land	16,801	21,813	4,161	(11,836)	(158)	30,781
Buildings	2,952	3,186	2,768	(2,295)	(41)	6,570
Motor vehicles	507	1,226	-	(106)	(356)	1,271
Furniture, fittings and office equipment	169	140	-	-	(34)	275
Renovation	526	580	-	-	(181)	925
	20,955	26,945	6,929	(14,237)	(770)	39,822

	At 31.5.2011			
	Cost RM'000	Valuation RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Long term leasehold land	-	30,781	-	30,781
Buildings	-	6,570	-	6,570
Plant and machinery	-	-	-	-
Motor vehicles	2,085	-	(814)	1,271
Furniture, fittings and office equipment	1,032	-	(757)	275
Renovation	2,323	-	(1,398)	925
	5,440	37,351	(2,969)	39,822

Company 2010	Balance as at 1.6.2009, as restated RM'000	Additions RM'000	Impairment RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2010 as restated RM'000
Carrying amount						
Long term leasehold land	17,102	-	-	-	(301)	16,801
Buildings	3,017	-	-	-	(65)	2,952
Plant and machinery	-	2,403	(1,962)	-	(441)	-
Motor vehicles	881	159	-	(118)	(415)	507
Furniture, fittings and office equipment	203	17	-	(11)	(40)	169
Renovation	700	1	-	-	(175)	526
	21,903	2,580	(1,962)	(129)	(1,437)	20,955

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	At 31.5.2011			
	Cost RM'000	Valuation RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Long term leasehold land	-	17,102	(301)	16,801
Buildings	-	3,280	(328)	2,952
Plant and machinery	-	-	-	-
Motor vehicles	2,547	-	(2,040)	507
Furniture, fittings and office equipment	897	-	(728)	169
Renovation	1,741	-	(1,215)	526
	5,185	20,382	(4,612)	20,955

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

		Group		Company	
	Note	**2011 RM'000**	2010 RM'000	**2011 RM'000**	2010 RM'000
Purchase of property, plant and equipment		**23,750**	30,022	**26,945**	2,580
Purchase of property, plant and equipment resulting from the corporate restructuring	9	**-**	-	**(25,000)**	-
Financed by hire-purchase and lease arrangements		**(1,016)**	(3,981)	**(600)**	(2,403)
Cash payments on purchase of property, plant and equipment		**22,734**	26,041	**1,345**	177

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

	Group		Company	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Motor vehicles	**5,957**	6,813	**798**	377
Office equipment, fixtures and fittings	**-**	249	**-**	-
	5,957	7,062	**798**	377

(c) As at 31 May 2011, land and buildings of the Group with a carrying amount of RM16,350,000 (2010: RM19,875,000) have been charged to banks for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

(d) During the financial year, the Group reassessed its long term leases of land in accordance with the Amendment to FRS 117 to be finance leases, where applicable. The classification of prepaid lease payments for land as property, plant and equipment has been accounted for retrospectively.

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(e) Land and buildings of the Group and of the Company were revalued during the financial year by the Directors based on a valuation exercise carried out in 2011 by an independent professional valuer using the open market value method.

(f) 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.

(g) The Group recognised an impairment loss of RM2,000,000 (2010: RM2,076,000) on property, plant and equipment, which were obsolete and no longer in use.

8. INVESTMENT PROPERTIES

	Group	
	2011	2010
	RM'000	RM'000
Freehold land and building, at cost	**362**	369
Less: Depreciation charged during the financial year	**(9)**	(7)
Carrying amount	**353**	362
Fair value	**885**	635

Rental income generated from rental of investment properties of the Group during the financial year amounted to RM55,200 (2010: RM55,200).

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM15,960 (2010: RM20,922).

9. INVESTMENTS IN SUBSIDIARIES

	Group	
	2011	2010
	RM'000	RM'000
Shares quoted in Malaysia, at cost	**60,751**	52,300
Unquoted shares, at cost	**268,406**	290,265
	329,157	342,565
Less: Impairment loss of investments in unquoted shares	**(54,923)**	(54,923)
	274,234	287,642
Market value of quoted shares	**37,825**	37,165

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are disclosed in Note 43 to the financial statements.

Quoted investments in a subsidiary with a carrying amount of RM35,324,641 (2010: RM30,978,000) and quoted investments held by a subsidiary with a carrying amount of RM55,921,649 (2010: RM54,090,000) have been charged to a licensed bank for credit facilities granted to the Company (Note 22).

9.1 Acquisition of additional interests in subsidiaries

During the financial year:

(a) the Company and its subsidiaries, Synergy Tanker Sdn Bhd ("STSB") and ALB, completed a corporate restructuring exercise, which involved the disposal of 221,234,240 ordinary shares of RM0.10 each in STL held by the Company and 93,775,190 ordinary shares of RM0.10 each in STL held by STSB to ALB representing 75.2% equity interest in STL which include its three (3) subsidiaries, namely, Ancom ChemQuest Terminals Sdn. Bhd., SinSenMoh Transportation Pte. Ltd. and Pengangkutan Cogent Sdn. Bhd. for a purchase consideration of RM22,304,893 and RM9,456,667 respectively. The consideration was satisfied by:

(i) issuance of new 56,191,485 of new ordinary shares of RM0.10 each in ALB to the Company and 72,743,592 of new ordinary shares of RM0.10 each in ALB to STSB at an issue price of RM0.13 per ordinary share; and

(ii) off-setting RM15,000,000 against the purchase consideration of the Company for the acquisition of leasehold land and building from ALB at a consideration of RM25,000,000. Accordingly, the Group's effective equity interest in ALB increased from 36.2% to 47.1% during the financial year.

(b) the Company received share dividend from Nylex of RM1,145,513, representing 1,590,990 ordinary shares of RM1.00 each of Nylex.

(c) a wholly-owned subsidiary, RedBerry Sdn. Bhd.("RBSB") acquired additional 100,000 ordinary shares of RM1.00 each representing 9.1% equity interest in Meru Utama Sdn. Bhd.("MUSB') for cash consideration of RM3,045,000 thereby increasing the Group's effective equity interest in MUSB from 54.9% to 64.0%.

In the previous 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.

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") by Perusahaan Kimia Gemilang Sdn. Bhd. ("PKG") 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.

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

9.2 Acquisition of a subsidiary

During the financial year, Perusahaan Kimia Gemilang Sdn. Bhd. ("PKG"), a subsidiary of the Group held through Nylex (Malaysia) Berhad acquired 550,000 shares in its associate, AKSB for a cash consideration of RM275,000. The acquisition has changed the effective shareholding of Ancom in AKSB from 14.5% to 26.5% and became a subsidiary of the Group.

From the date of acquisition, AKSB has contributed profit after tax of RM521,000 to the Group's net results. If the acquisition had taken place at the beginning of the financial year, the Group's net loss after tax would have been RM3,482,000 and revenue would have been RM1,604,227,000.

The fair values of the identifiable assets and liabilities of AKSB as at the date of acquisition, which approximate the carrying amounts were as follows:

	2011 RM'000
Property, plant and equipment	664
Investments	122
Trade and other receivables	18,886
Current tax assets	777
Cash and bank balances	39
	20,488
Trade and other payables	(18,106)
Borrowings	(2,798)
Hire-purchase and finance lease payables	(585)
	(21,489)
Fair value of total net liabilities and group's share of net liabilities	(1,001)
Goodwill on acquisition (Note 13)	1,276
Total cost of acquisition	275
The effect of the acquisition on cash flows is as follows:	
Purchase consideration satisfied by cash	275
Cash and cash equivalents of subsidiary acquired	(39)
Net cash outflow on acquisition	236

9.3 Disposals of equity interests in subsidiaries

During the financial year:

(a) the Group completed the sale of Ancom Electrical (Malaysia) Sdn. Bhd., Ancom Systems (Singapore) Pte. Ltd., Ancom Electrical & Environmental (Singapore) Pte. Ltd., Ancom Electrical (Hong Kong) Limited and Ancom Electrical (Guangzhou) Limited for cash consideration of RM8,000,000.

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

The fair values of assets and liabilities disposed of are as follows:

	Group 2011 RM'000
Property, plant and equipment	**482**
Receivables	**3,926**
Cash and cash equivalents (net of bank overdraft)	**6,520**
Inventories	**8,007**
Deferred tax assets	**299**
Payables	**(11,296)**
Total net assets disposed of	**7,938**
Transfer from exchange translation reserve	**4,948**
Loss on disposals of subsidiaries	**(4,886)**
Total disposal proceeds	**8,000**
Cash and cash equivalents in subsidiaries disposed of	**(6,520)**
Net cash inflow to the Group	**1,480**

(b) During the financial year, the Company disposed of its 52.81% equity interest in STL of which the cost of investment in RM21,859,000.

	Company 2011 RM'000
Cost of investment	21,859
Non-cash consideration (Note 9.1(a))	22,305
Gain on disposal	446

In the previous financial year:

(a) the Group 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 and 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.

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

The fair values of assets and liabilities disposed of were as follows:

	Group 2010 RM'000
Property, plant and equipment	10,555
Receivables	3,179
Cash and cash equivalents (net of bank overdraft)	(1,082)
Inventories	1,059
Deferred tax liabilities	(445)
Borrowings	(4,851)
Payables	(9,225)
Total net assets disposed of	(810)
Minority interests	(2,986)
Gain on disposals of subsidiaries	6,644
Total disposal proceeds	2,848
Cash and cash equivalents in subsidiaries disposed of	1,082
Net cash inflow to the Group	3,930

(b) the Company 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. 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

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

(d) the Company transferred its entire equity interests in VIPS, WSM and MUSB to RBSB, its wholly-owned subsidiary, consisting total cost of investments of RM14,264,000.

10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Unquoted shares, at cost	**8,363**	9,479	**1,216**	1,216
Group's share of post acquisition results	**(3,677)**	(4,206)	**-**	-
	4,686	5,273	**1,216**	1,216
Less: Impairment loss	**(362)**	(10)	**(709)**	(357)
	4,324	5,263	**507**	859

During the financial year, AKSB, previously an associate became subsidiary of the Group, as disclosed in Note 9 to the financial statements.

The details of the associates are disclosed in Note 43 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 would not be lower than the carrying amount.

In the previous financial year, 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.

The summarised financial information of the associates are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Assets and liabilities		
Current assets	**20,983**	17,519
Non-current assets	**9,923**	17,955
Total assets	**30,906**	35,474
Current liabilities	**29,186**	25,522
Non-current liabilities	**86**	-
Total liabilities	**29,272**	25,522
Results		
Revenue	**21,442**	146,407
(Loss)/Profit for the financial year	**(1,490)**	1,545

11. OTHER INVESTMENTS

	Group 2011 RM'000	Group 2010 RM'000
Non-current		
Available-for-sale financial assets		
Unquoted shares in Malaysia	**3,580**	-
Financial assets at fair value through profit or loss		
Quoted shares in Malaysia	**612**	-
Unquoted shares in Malaysia	**1,958**	-
At cost		
Unquoted shares in Malaysia	**-**	6,683
Quoted shares in Malaysia	**-**	3,857
Total non-current other investments	**6,150**	10,540
Current		
Financial assets at fair value through profit or loss		
Unit trusts	**1,889**	-
Quoted shares in Malaysia	**479**	-
	2,368	-
At cost		
Unit trusts	**-**	4,152
Quoted shares in Malaysia	**-**	1,158
Total current other investments	**2,368**	5,310

	Company 2011 RM'000	Company 2010 RM'000
Non-current		
Available-for-sale financial assets		
Quoted shares in Malaysia	**512**	-
Financial assets at fair value through profit or loss		
Unquoted shares in Malaysia	**1,900**	-
At cost		
Unquoted shares in Malaysia	**-**	3,048
Quoted shares in Malaysia	**-**	3,857
Total non-current other investments	**2,412**	6,905

11. OTHER INVESTMENTS (cont'd)

	Company	
	2011	2010
	RM'000	RM'000
Current		
Financial assets at fair value through profit or loss		
Unit trusts	**27**	-
At cost		
Quoted investments in unit trusts	**-**	27
Total current other investments	**27**	27

(a) Other investments have been classified into available-for-sale financial assets upon adoption of FRS 139 on 1 June 2010.

(b) The comparative figures have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

(c) Information on the fair value hierarchy is disclosed in Note 35(b)(iv) to the financial statements.

12. INTANGIBLE ASSETS

	Group	
	2011	2010
	RM'000	RM'000
Development expenditure		
Balance as at 1 June	**537**	586
Amortisation during the financial year	**(95)**	(49)
Balance as at 31 May	**442**	537
Rights		
Balance as at 1 June	**13,562**	5,948
Additions during the financial year	**14,980**	9,369
Amortisation during the financial year	**(3,876)**	(1,755)
Impairment loss	**(890)**	-
Balance as at 31 May	**23,776**	13,562
Total	**24,218**	14,099

12. INTANGIBLE ASSETS (cont'd)

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.

There remains a risk that the ability to achieve management's business plan may be adversely affected due to unforeseen changes in economic conditions. Hence, in computing the value-inuse for each CGU, the management has used a discount rate of 8.0% and average growth rate of 10.0% 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.

During the financial year, the Group recognised an impairment loss of RM890,000 on intangible assets based on its recoverable amount.

13. GOODWILL ON CONSOLIDATION

		Group	
		2011	2010
	Note	**RM'000**	RM'000
Balance as at 1 June		**74,992**	79,399
Acquisition of a subsidiary	9	**4,321**	-
Foreign exchange differences		**(4,933)**	(4,407)
Balance as at 31 May		**74,380**	74,992

(a) Allocation of goodwill

Goodwill has been allocated to the Group's CGU's which has been identified according to business segment as follows:

	Polymer and industrial chemical RM'000	Media RM'000	Total RM'000
31 May 2011	**55,771**	**18,609**	**74,380**
31 May 2010	59,428	15,564	74,992

13. **GOODWILL ON CONSOLIDATION (cont'd)**

(b) Key assumptions used in value-in-use calculation

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 ranged from 8.0% to 10.3% and average growth rate ranged from 4.2% to 10.0% 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.

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

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

		Group		**Company**	
		2011	2010	**2011**	2010
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Balance as at 1 June		**(9,588)**	(2,033)	**2,979**	3,038
Recognised in the profit or loss	32	**(5,649)**	(6,934)	**74**	(59)
Foreign exchange differences		**(76)**	(176)	**-**	-
Disposals of subsidiaries	9	**299**	(445)	**-**	-
Recognised in other comprehensive income		**(561)**	-	**1,575**	-
		(5,987)	(7,555)	**1,649**	(59)
Balance as at 31 May		**(15,575)**	(9,588)	**4,628**	2,979
Presented after appropriate offsetting:					
Deferred tax assets, net		**(30,430)**	(24,729)	**-**	-
Deferred tax liabilities, net		**14,855**	15,141	**4,628**	2,979
		(15,575)	(9,588)	**4,628**	2,979

14. 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:

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
2011			
Balance as at 1 June	20,366	(951)	**19,415**
Recognised in profit or loss	(767)	816	**49**
Foreign exchange differences	(95)	-	**(95)**
Recognised in other comprehensive income	(561)	-	**(561)**
Balance as at 31 May	18,943	(135)	**18,808**
2010			
Balance as at 1 June	21,441	(1,355)	**20,086**
Recognised in profit or loss	(623)	430	**(193)**
Foreign exchange differences	(7)	(26)	**(33)**
Disposals of subsidiaries	(445)	-	**(445)**
Balance as at 31 May	20,366	(951)	**19,415**

Deferred tax assets of the Group

	Payables RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
2011				
Balance as at 1 June	(6,828)	(21,307)	(868)	**(29,003)**
Recognised in profit or loss	1,140	(6,917)	79	**(5,698)**
Disposals of subsidiaries	299	-	-	**299**
Foreign exchange differences	-	19	-	**19**
Balance as at 31 May	(5,389)	(28,205)	(789)	**(34,383)**
2010				
Balance as at 1 June	(5,228)	(15,940)	(951)	**(22,119)**
Recognised in profit or loss	(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)**

14. 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:

Deferred tax liabilities of the Company

	Company	
	Property, Plan and equipment RM'000	**Total RM'000**
2011		
Balance as at 1 June	2,979	**2,979**
Recognised in profit or loss	74	**74**
Recognised in other comprehensive income	1,575	**1,575**
Balance as at 31 May	4,628	**4,628**
2010		
Balance as at 1 June	3,038	**3,038**
Recognised in profit or loss	(59)	**(59)**
Balance as at 31 May	2,979	**2,979**

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

	Group	
	2011 RM'000	2010 RM'000
Unutilised tax losses	**84,546**	79,962
Unabsorbed capital allowances	**7,834**	7,399
Other deductible temporary differences	**(4,687)**	(4,777)
	87,693	82,584

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.

15. INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
At cost		
Raw materials	**14,832**	10,502
Packing materials	**941**	288
Work-in-progress	**1,461**	1,185
Finished goods	**31,869**	31,818
	49,103	43,793

15. INVENTORIES (cont'd)

	Group 2011 RM'000	Group 2010 RM'000
At net realisable value		
Raw materials	**19,226**	15,586
Finished goods	**78,659**	69,979
Work-in-progress	**3,536**	3,414
	101,421	88,979
	150,524	132,772

16. RECEIVABLES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade receivables	**281,519**	257,585	**-**	-
Less: Impairment loss	**(8,090)**	(6,842)	**-**	-
	273,429	250,743	**-**	-
Other receivables	**30,715**	34,037	**3,397**	2,746
Less: Impairment loss	**(1,463)**	(3,074)	**(1,400)**	(1,400)
	29,252	30,963	**1,997**	1,346
Deposits	**5,553**	3,102	**204**	151
Prepayments	**11,095**	7,385	**113**	177
	45,900	41,450	**2,314**	1,674
	319,329	292,193	**2,314**	1,674

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from one (1) month to three (3) months. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) The currency exposure profiles of receivables are disclosed in Note 36 to the financial statements.

16. RECEIVABLES (cont'd)

(c) The ageing analysis of trade receivables of the Group are as follows:

	Group 2011 RM'000
Neither past due nor impaired	**203,289**
Past due, not impaired	
1 to 30 days	**33,835**
31 to 60 days	**12,311**
61 to 90 days	**3,783**
91 to 120 days	**1,428**
More than 120 days	**16,413**
	67,770
Past due and impaired	**10,460**
	281,519

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

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

Receivable that are past due and impaired

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

Individually

	Group	
	2011 RM'000	2010 RM'000
Trade receivables	**8,090**	6,842
Less: Impairment loss	**(8,090)**	(6,842)
	-	-

16. RECEIVABLES (cont'd)

The reconciliation of movement in the impairment loss of trade receivables are as follows:

	Group 2011 RM'000
At 1 June	**6,842**
Effects on adoption of FRS 139	**148**
Charge for the financial year	**1,347**
Arising from acquisition of a subsidiary	**696**
Reversal of impairment loss	**(178)**
Written off	**(708)**
Exchange differences	**(57)**
At 31 May	**8,090**

17. AMOUNTS OWING BY SUBSIDIARIES

	Company 2011 RM'000	Company 2010 RM'000
Interest bearing	**22,911**	35,210
Non-interest bearing	**29,088**	16,793
	51,999	52,003
Less: Impairment loss	**-**	(5,000)
	51,999	47,003

(a) The amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured and payable upon demand in cash and cash equivalents. Interest rates for the interest bearing amounts is 6.75% (2010: 6.75% to 8.00%) per annum.

(b) The impairment loss was net of bad debt written off of RM5,000,000 (2010: Nil).

18. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Amounts owing by associates	**8,287**	9,179	**196**	196
Less: Impairment loss	**(440)**	(440)	**-**	-
	7,847	8,739	**196**	196

18. AMOUNTS OWING BY/(TO) ASSOCIATES (cont'd)

The amounts owing by associates represent balances arising from trade transactions and advances, which are unsecured and payable 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.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Short term deposits	**29,714**	30,670	**-**	-
Cash and bank balances	**60,553**	74,217	**250**	16
As reported in statements of financial position	**90,267**	104,887	**250**	16
Less:				
Short term deposits pledged with licensed banks	**(9,011)**	(9,777)	**-**	-
Bank overdrafts (Note 22)	**(13,475)**	(7,574)	**(9,248)**	(4,302)
As reported in statements of cash flows	**67,782**	87,536	**(8,998)**	(4,286)

(a) Short term deposits of the Group amounting to RM9,011,000 (2010: RM9,777,000) have been pledged to licensed banks for banking facilities granted to certain subsidiaries of the Group (Note 22).

(b) Information on financial risks of cash and cash equivalents are disclosed in Note 36 to the financial statements.

20. SHARE CAPITAL

	Group and Company			
	2011		**2010**	
	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/31 May	**218,956,342**	**218,956**	218,956,342	218,956

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

20. SHARE CAPITAL (cont'd)

(b) Treasury shares

As at 31 May 2011 and 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 in Malaysia.

The Company did not repurchase any of its own shares or resold or cancel any of its Treasury Shares during the financial year and in the previous financial year.

21. RESERVES

	Group		**Company**	
	2011	2010	**2011**	2010
	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	**25,707**	24,039	**13,574**	8,221
Capital reserve	**48**	48	**-**	-
Exchange translation reserve	**(9,838)**	(8,015)	**-**	-
Capital redemption reserve	**4,987**	4,987	**4,917**	4,917
Distributable:				
Retained earnings	**63,579**	77,021	**7,507**	6,577
	88,970	102,567	**30,330**	24,047

(a) Merger reserve

An accounting reserve which arises in group accounts on the application of merger accounting to a business combination.

(b) Revaluation reserve

The revaluation reserve is used to record the increase and decrease in the fair value of land and buildings included under property, plant and equipment.

(c) Foreign exchange reserve

The foreign exchange reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

21. RESERVES (cont'd)

(d) Capital redemption reserve

The capital redemption reserve arose from the capital reduction exercised in pursuant to the requirements of Section 64 of the Companies Act, 1965 in Malaysia.

(e) 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.

22. BORROWINGS

		Group		Company	
		2011	2010	**2011**	2010
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Non-current liabilities					
Unsecured					
Hire-purchase and lease creditors	24	**-**	53	**-**	-
Secured					
Hire-purchase and lease creditors	24	**3,384**	3,373	**923**	1,214
Revolving credits		**4,966**	-	**4,000**	-
Term loans		**13,807**	21,692	**3,000**	5,333
		22,157	25,065	**7,923**	6,547
		22,157	25,118	**7,923**	6,547
Current liabilities					
Unsecured					
Bankers' acceptances		**1,552**	2,486	**-**	-
Bank overdrafts		**10,554**	6,565	**9,248**	4,302
Revolving credits		**16,000**	29,100	**16,000**	29,100
Trust receipts		**-**	2,770	**-**	-
Hire-purchase and lease creditors	24	**125**	28	**-**	-
Term loans		**105,508**	87,707	**3,000**	-
		133,739	128,656	**28,248**	33,402

22. **BORROWINGS (cont'd)**

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current liabilities					
Secured					
Bankers' acceptances		**2,497**	-	**-**	-
Bank overdrafts		**2,921**	1,009	**-**	-
Revolving credits		**4,510**	2,280	**-**	-
Trust receipts		**40,544**	36,555	**-**	-
Hire-purchase and lease creditors	24	**2,602**	2,649	**766**	812
Term loans		**45,698**	46,636	**22,250**	24,917
		98,772	89,129	**23,016**	25,729
		232,511	217,785	**51,264**	59,131
Total borrowings					
Bankers' acceptances		**4,049**	2,486	**-**	-
Bank overdrafts		**13,475**	7,574	**9,248**	4,302
Revolving credits		**25,476**	31,380	**20,000**	29,100
Trust receipts		**40,544**	39,325	**-**	-
Hire-purchase and lease creditors	24	**6,111**	6,103	**1,689**	2,026
Term loans		**165,013**	156,035	**28,250**	30,250
		254,668	242,903	**59,187**	65,678

(a) 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 9 to the financial statements; and

(iii) a pledge of short term deposits with licensed banks as disclosed in Note 19 to the financial statements.

(b) Information on financial risks of borrowings is disclosed in Note 36 to the financial statements.

23. TERM LOANS

Other than as disclosed in Note 22 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 36 to the financial statements.

24. HIRE-PURCHASE AND LEASE CREDITORS

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Minimum hire-purchase and lease payments:				
- not later than one year	**3,070**	2,881	**753**	927
- later than one year and not later than five years	**3,499**	3,777	**1,099**	1,302
- later than five years	**116**	25	**-**	-
Total minimum hire-purchase and lease payments	**6,685**	6,683	**1,852**	2,229
Less: Future interest charges	**(574)**	(580)	**(163)**	(203)
Present value of hire-purchase and lease payments	**6,111**	6,103	**1,689**	2,026
Repayable as follows:				
Current liabilities:				
- not later than one year	**2,727**	2,677	**766**	812
Non-current liabilities:				
- later than one year and not later than five years	**3,271**	3,412	**923**	1,214
- later than five years	**113**	14	**-**	-
	3,384	3,426	**923**	1,214
	6,111	6,103	**1,689**	2,026

Information on financial risks of borrowings is disclosed in Note 36 to the financial statements.

25. GOVERNMENT GRANT

	Group	
	2011	2010
	RM'000	RM'000
Balance as at 1 June	**1,800**	-
Government grant received during the financial year	**-**	2,000
Less: Recognised in the profit or loss	**(200)**	(200)
Balance as at 31 May	**1,600**	1,800

The government grant has been given by the Ministry of Science, Technology and Innovation in relation to development of an animated television series.

26. PROVISION FOR RETIREMENT BENEFITS

Movements in the net liabilities recognised in the statement of financial position are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Balance as at 1 June	**3,452**	3,774
Charged to profit or loss	**412**	270
Utilised during the financial year	**(389)**	(595)
Foreign exchange differences	**1**	3
Balance as at 31 May	**3,476**	3,452

Retirement benefit obligation is a post-employment benefit plan whereby the Group pays fixed contribution and will have no legal or constructive obligation to pay further contributions. The retirement benefit obligation are payable to employees employed prior to 1 July 2005 who has more than ten (10) years of continuous working experience with the Group. No actuarial valuation is required for defined contribution plan.

27. PAYABLES

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**188,478**	140,338	**-**	-
Other payables	**27,616**	27,307	**1,020**	419
Accruals	**23,313**	26,776	**110**	1,081
Amounts owing to minority shareholders of subsidiaries	**-**	1,396	**-**	-
	239,407	195,817	**1,130**	1,500

(a) The normal credit terms available to the Group in respect of trade payables ranged from 30 to 90 days (2010: 30 to 90 days) from date of invoice.

(b) In the previous financial year, 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.

28. 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 payable upon demand in cash and cash equivalents.

29. AMOUNTS OWING TO DIRECTORS

The amounts owing to Directors represented payments made on behalf, which were unsecured, interest-free and payable upon demand in cash and cash equivalents.

30. REVENUE

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Sale of goods	**1,374,502**	1,407,550	**-**	-
Rendering of services	**74,679**	57,731	**-**	-
Freight and rental income	**58,284**	47,840	**583**	179
Interest income	**-**	-	**667**	1,576
Dividend income (gross)	**18**	16	**16,745**	16,885
	1,507,483	1,513,137	**17,995**	18,640

31. PROFIT/(LOSS) BEFORE TAX

		Group		Company	
		2011	2010	**2011**	2010
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Profit/(Loss) before tax is arrived at after charging:					
Amortisation of:					
- intangible assets	12	**3,971**	1,804	**-**	-
Auditors' remuneration:					
- statutory:					
- auditors of the Company:					
- current year		**259**	195	**104**	63
- under/(over) provision in prior years		**57**	(6)	**27**	8
- other auditors:					
- current year		**552**	557	**-**	-
- under provision in prior years		**4**	6	**-**	-
- non-statutory:					
- auditors of the Company		**6**	6	**6**	6
Bad debts written off					
- third parties		**406**	2,100	**-**	74
- subsidiaries		**-**	-	**-**	3,200
Depreciation of property, plant and equipment	7	**19,017**	18,778	**770**	1,437

31. PROFIT/(LOSS) BEFORE TAX (cont'd)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Depreciation of investment properties	8	**9**	7	**-**	-
Directors' remuneration:					
Fees					
- payable by the Company		**470**	446	**470**	446
- payable by subsidiaries		**226**	295	**-**	-
Salaries and other emoluments					
- paid by the Company		**547**	1,265	**547**	1,265
- paid by subsidiaries		**3,723**	4,682	**-**	-
Impairment loss on investments in subsidiaries		**-**	-	**-**	1,922
Impairment loss on investment in associates		**352**	-	**352**	-
Impairment losses on property, plant and equipment	7	**2,000**	2,076	**-**	1,962
Fair value adjustment on other investment		**1,148**	-	**1,148**	-
Impairment loss on intangibles assets	12	**890**	-	**-**	-
Impairment loss on receivables		**2,372**	6,006	**-**	1,400
Interest expense on:					
- bank overdrafts		**585**	206	**397**	52
- term loans, revolving credits and bankers' acceptance		**11,581**	9,578	**3,381**	3,801
- others		**765**	724	**35**	29
Inventories written off		**1,838**	1,885	**-**	-
Loss on foreign exchange: -					
- realised		**3,939**	1,478	**-**	-
- unrealised		**1,991**	2,394	**-**	-
Loss on disposal of subsidiaries	9	**4,886**	-	**-**	-
Loss on disposal of property, plant and equipment		**-**	475	**-**	-
Loss on disposal of other investments		**170**	-	**170**	-
Other investments written off		**-**	14	**-**	-
Operating lease rental		**2,539**	2,235	**-**	-
Property, plant and equipment written off	7	**48**	27	**-**	-
Provision for retirement benefits	26	**412**	270	**-**	-
Rental of:					
- land and premises		**3,273**	2,777	**200**	203
- others		**2,108**	801	**14**	9
And crediting:					
Reversal of impairment loss on receivables		**343**	2,912	**-**	-
Amortisation of government grant	25	**200**	200	**-**	-
Bad debts recovered		**17**	-	**-**	-
Dividend (gross) from:					
- quoted investment in Malaysia	30	**18**	15	**18**	15
- quoted subsidiaries		**-**	-	**1,147**	1,192
- other investment		**-**	1	**-**	-
- unquoted subsidiaries		**-**	-	**15,580**	15,678
Gain on disposal of property, plant and equipment		**1,184**	-	**1,201**	48
Gain on disposals of subsidiaries	9	**-**	6,644	**446**	-

31. PROFIT/(LOSS) BEFORE TAX (cont'd)

		Group		Company	
		2011	2010	**2011**	2010
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Interest income from:					
- advances to a subsidiary		**-**	-	**667**	1,465
- others		**760**	1,165	**-**	111
Rental income from:					
- a subsidiary		**-**	-	**27**	179
- others		**607**	6,565	**556**	-
Reversal of impairment loss other investments		**-**	368	**-**	-

The monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Company and the Group are estimated at RM100,000 (2010: RM79,000).

32. TAXATION

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Current tax expense based on profit for the financial year:				
Malaysian income tax	**9,199**	14,549	**(372)**	32
Foreign income tax	**2,539**	5,144	**-**	-
	11,738	19,693	**(372)**	32
Under/(Over) provision in prior years:				
Malaysian income tax	**91**	(1,010)	**327**	(179)
Foreign income tax	**(29)**	-	**-**	-
	11,800	18,683	**(45)**	(147)
Deferred tax (Note 14)	**(4,989)**	(5,705)	**(139)**	(69)
(Over)/Under provision in prior years (Note 14)	**(660)**	(1,229)	**213**	10
	(5,649)	(6,934)	**74**	(59)
Taxation	**6,151**	11,749	**29**	(206)

The income tax is calculated at the statutory tax rate of 25.00% (2010: 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.

32. TAXATION (cont'd)

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	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Profit/(Loss) before tax	**253**	34,604	**1,313**	(10,868)
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	**63**	8,651	**328**	(2,717)
Tax effects in respect of:				
Non-allowable expenses	**12,257**	10,270	**3,884**	5,316
Non-taxable income	**(2,524)**	(959)	**(4,510)**	(2,636)
Tax incentives and allowances	**(4,774)**	(4,972)	**-**	-
Deferred tax assets not recognised	**2,707**	3,414	**-**	-
Effect of change in tax rate	**22**	-	**-**	-
Utilisation of unrecognised tax losses and capital allowances	**(1,048)**	(1,063)	**-**	-
Different tax rates in foreign jurisdictions	**161**	(1,353)	**-**	-
Relating to reversal to temporary differences	**(262)**	-	**-**	-
Share of post tax result of associates	**147**	-	**-**	-
	6,749	13,988	**(298)**	(37)
(Over)/Under provision in prior years:				
- taxation	**62**	(1,010)	**327**	(179)
- deferred tax	**(660)**	(1,229)	**-**	10
	(598)	(2,239)	**327**	(169)
Taxation	**6,151**	11,749	**29**	(206)

33. EARNINGS PER ORDINARY SHARE

(a) Basic/(loss)

The basic earnings per ordinary share for the financial year have been calculated based on the consolidated (loss)/profit for the year attributable to equity holders of the Company of RM12,952,000 (2010: RM1,480,000) and the weighted average number of 216,245,382 (2010: 216,245,382) ordinary shares in issue (after adjusting for Treasury Shares) during the financial year.

	Group	
	2011	2010
	RM'000	RM'000
(Loss)/Profit attributable to equity holders of the parent	**(12,952)**	1,480

33. EARNINGS PER ORDINARY SHARE (cont'd)

(a) Basic/(loss) (cont'd)

	Group	
	2011	2010
	RM'000	RM'000
Weighted average number of ordinary shares in issue (in '000)	**216,245**	216,245

	Group	
	2011	2010
	sen	sen
Basic (loss)/earnings per ordinary share for the financial year	(5.99)	0.68

(b) Diluted

The Company does not have any potential dilutive ordinary shares, thus, diluted earnings/(loss) per ordinary share is not presented.

34. DIVIDENDS

	Group and Company			
	Group		Company	
	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 2010/2009				
- final dividend	-	-	1.5	2,433

35. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group are able to continue as going concerns while it maintains acceptable capital ratios in order to support its business and maximize shareholder value. The overall strategy of the Group remains unchanged from that in financial year ended 31 May 2010.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or dividend payment. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2011 and 31 May 2010.

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments

Certain comparative figures have not been presented for 31 May 2011 by virtue of the exemption given in paragraph 44AA of FRS 7.

(i) Categories of financial instruments

	Loans and receivables RM'000	Fair value through profit or loss RM'000	Available for sale RM'000	Total RM'000
Financial assets				
2011				
Group				
Receivables	319,329	-	-	**319,329**
Amounts owing by associates	7,847	-	-	**7,847**
Other investments	-	4,938	3,580	**8,518**
Cash and cash equivalents	90,267	-	-	**90,267**
	417,443	4,938	3,580	**425,961**
Company				
Receivables	2,314	-	-	**2,314**
Amounts owing by subsidiaries	51,999	-	-	**51,999**
Amounts owing by associates	196	-	-	**196**
Other investments	-	1,927	512	**2,439**
Cash and cash equivalents	250	-	-	**250**
	54,759	1,927	512	**57,198**

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
2011			
Group			
Payables	239,407	-	**239,407**
Amount owing to associates	18	-	**18**
Borrowings	254,668	-	**254,668**
	494,093	-	**494,093**

35. FINANCIAL INSTRUMENTS (cont'd)

(i) Categories of financial instruments (cont'd)

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Company			
Payables	1,130	-	**1,130**
Amount owing to subsidiaries	60,011	-	**60,011**
Borrowings	59,187	-	**59,187**
	120,328	-	**120,328**

(ii) The fair values of financial instruments approximate to its fair values.

(iii) Methods and assumptions used to estimate fair value

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

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

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(b) Quoted and unquoted investments

The fair value of quoted investments is determined by reference to the exchange quoted market prices at the close of the business on the end of the reporting period.

The fair value of unquoted investments has been estimated using a relative valuation technique based on the industry average price earnings ('PE') ratio obtained from the market. Management believes that the estimated fair values resulting from the valuation technique are reasonable and the most appropriate at the end of the reporting period.

(c) 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.

(d) Term loans

The carrying amounts of term loans as at the end of the reporting date approximate their fair values as they are variable rate financial instruments.

(e) Forward foreign exchange contract

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.

35. FINANCIAL INSTRUMENTS (cont'd)

(iii) Methods and assumptions used to estimate fair value (cont'd)

(f) 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.

(iv) Fair value hierarchy

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

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

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

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

As at 31 May 2011, the Group and the Company held the following financial instruments carried at fair value on the statement of financial positions:

Assets measured at fair value

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
Financial assets at fair value through profit or loss				
- Quoted shares	2,980	-	-	**2,980**
- Unquoted shares	-	-	1,958	**1,958**
	2,980	-	1,958	**4,938**
Available-for-sale financial assets				
- Unquoted shares	-	-	3,580	**3,580**
Total	2,980	-	5,538	**8,518**
Company				
Financial assets at fair value through profit or loss				
- Quoted shares	27	-	-	**27**
- Unquoted shares	-	-	1,900	**1,900**
Total	27	-	1,900	**1,927**
Available-for-sale financial assets				
- Unquoted shares	512	-	-	**512**
	539	-	1,900	**2,439**

During the reporting period ended 31 May 2011, there were no transfers between Level 1 and Level 2 fair value measurements.

36. 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 the end of the reporting period are as follows:

At 31 May 2011	**Currency**	**RM'000**
Forward contracts used to hedge trade receivables	US Dollar	**1,562**
Forward contracts used to hedge future sales	US Dollar	**4,056**
At 31 May 2010		
Forward contracts used to hedge trade receivables	US Dollar	2,439
Forward contracts used to hedge future sales	US Dollar	5,072

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

31 May 2011 Functional currecy 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	27,168	3,401	-	-	-	**30,569**
Singapore Dollar	1,470	-	-	2,046	-	**3,516**
Hong Kong Dollar	-	-	-	148	-	**148**
Japanese Yen	299	-	-	-	-	**299**
	28,937	3,401	-	2,194	-	**34,532**

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(i) Foreign currency risk (cont'd)

31 May 2011 Functional currecy 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
Cash and cash equivalents						
United States Dollar	9,091	4,261	-	-	11	**13,363**
Singapore Dollar	9	-	-	354	-	**363**
	9,100	4,261	-	354	11	**13,726**
Bank borrowings						
United States Dollar	-	-	-	-	6,501	**6,501**
Singapore Dollar	-	-	-	350	-	**350**
	-	-	-	350	6,501	**6,851**
Payables						
United States Dollar	6,496	2,347	-	-	41	**8,884**
Singapore Dollar	95	-	-	2,740	-	**2,835**
EURO	-	8	-	-	-	**8**
Ringgit Malaysia	-	-	-	327	-	**327**
	6,591	2,355	-	3,067	41	**12,054**
31 May 2010						
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**

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(i) Foreign currency risk (cont'd)

31 May 2010

Functional currecy 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
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**

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the foreign currencies strengthened or weakened by 3% and exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2011 RM'000
Profit after tax		
USD/RM	- strengthen by 3%	**544**
	- weaken by 3%	**(544)**
USD/VND	- strengthen by 3%	**(390)**
	- weaken by 3%	**390**

The Group's profit after tax is not sensitive to foreign currencies other than USD.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(ii) Interest rate risk

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 end of reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
As at 31 May 2011									
Fixed rates									
Short term deposits	19	2.30% - 3.00%	29,714	-	-	-	-	-	**29,714**
Hire-purchase and lease creditors	24	4.73% - 7.04%	2,727	2,002	423	423	423	113	**6,111**
Floating rates									
Bank overdrafts	22	7.35% - 8.10%	13,475	-	-	-	-	-	**13,475**
Bankers' acceptances	22	3.47% - 4.17%	4,049	-	-	-	-	-	**4,049**
Revolving credits	22	5.14% - 5.25%	20,510	4,966	-	-	-	-	**25,476**
Short term loans	22	2.03% - 23.1%*	40,544	-	-	-	-	-	**40,544**
Long term loans	22	6.25% - 8.50%	151,206	7,851	4,244	1,500	212	-	**165,013**

* Term loan of RM2,904,000 denominated in VND has an effect annual interest rate of 21.8% to 23.1% per annum.

36. 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
Group									
As at 31 May 2010									
Fixed rates									
Short term deposits	19	1.00% - 2.59%	30,670	-	-	-	-	-	**30,670**
Hire-purchase and lease creditors	24	3.30% - 24.41%	2,677	2,372	783	218	39	14	**6,103**
Floating rates									
Bank overdrafts	22	5.25% - 8.05%	7,574	-	-	-	-	-	**7,574**
Bankers' acceptances	22	3.00% - 4.00%	2,486	-	-	-	-	-	**2,486**
Revolving credits	22	3.98% - 7.05%	31,380	-	-	-	-	-	**31,380**
Trust receipts	22	7.00% - 7.50%	39,325	-	-	-	-	-	**39,325**
Term loans	22	4.53% - 11.24%	134,343	18,378	2,953	142	33	186	**156,035**

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont')

(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 2011									
Fixed rates									
Hire-purchase and lease creditors	24	4.73% - 7.04%	688	831	170	-	-	-	**1,689**
Floating rates									
Bank overdrafts	22	7.35% - 8.10%	9,248	-	-	-	-	-	**9,248**
Revolving credits	22	5.14% - 5.25%	16,000	2,000	2,000	-	-	-	**20,000**
Term loans	22	8.00% - 8.50%	25,250	3,000	-	-	-	-	**28,250**
As at 31 May 2010									
Fixed rates									
Hire-purchase and lease creditors	24	4.73% - 7.04%	812	563	563	88	-	-	**2,026**
Floating rates									
Bank overdrafts	22	6.30% - 7.80%	4,302	-	-	-	-	-	**4,302**
Revolving credits	22	3.79% - 4.91%	29,100	-	-	-	-	-	**29,100**
Term loans	22	7.25%	24,917	3,000	2,333	-	-	-	**30,250**

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(ii) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

As at 31 May 2011, if interest rates at the date had been 10 basis points variance with all other variables held constant, the Group's and Company's profit after tax for the year, arising mainly as a result of higher or lower interest expense on variable borrowings, would have been:

Effects on profit after tax	2011 Group RM'000	2010 Company RM'000
10 basis point higher	**(254)**	(59)
10 basis point lower	**254**	59

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(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.

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

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2011				
Group				
Financial liabilities				
Payables	239,407	-	-	**239,407**
Borrowings	232,511	22,207	524	**255,242**
Total undiscounted financial liabilities	471,918	22,207	524	**494,649**
Company				
Financial liabilities				
Payables	1,130	-	-	**1,130**
Borrowings	51,264	8,086	-	**59,350**
Total undiscounted financial liabilities	52,394	8,086	-	**60,480**

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Liquidity risk (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2010				
Group				
Financial liabilities				
Payables	195,817	-	-	**195,817**
Borrowings	217,785	25,121	577	**243,483**
Total undiscounted financial liabilities	413,602	25,121	577	**439,300**
Company				
Financial liabilities				
Payables	1,500	-	-	**1,500**
Borrowings	59,943	7,964	-	**67,907**
Total undiscounted financial liabilities	61,443	7,964	-	**69,407**

(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 from one (1) month to three (3) months. 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.

<u>Exposure to credit risk</u>

As at the end of the reporting period, the Group has no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

<u>Credit risk concentration profile</u>

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 16 to the financial statements. Deposits with banks and other financial institutions as well as held-to-maturity investments that are neither past due nor impaired are placed with nor entered into with reputable financial institutions or other entities with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 to the financial statements.

37. 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 and the Company had the following transactions with related parties during the financial year:

	Group	
	2011	2010
	RM'000	RM'000
Sales to associates:		
- Ancom Kimia Sdn. Bhd.*	**-**	9,158
- Nufarm Technologies (Malaysia) Sdn. Bhd.	**82**	2,193
- Magiqads Sdn. Bhd.	**408**	-
Commission payable to an associate:		
- Nufarm Technologies (Malaysia) Sdn. Bhd.	**-**	207
Purchases from associates:		
- Ancom Kimia Sdn. Bhd.*	**-**	99,546
- Magiqads Sdn. Bhd.	**1,032**	-
- Perusahaan Kimia Gemilang Sdn. Bhd.	**133**	-
Marketing rights paid to a company in which certain Directors of the Company have substantial indirect shareholdings	**2,633**	2,767
Professional legal fees paid to a firm of which a Director of the Company is a Partner	**1,125**	1,161
Insurance premium paid to a company in which a Director of the Company has a substantial indirect shareholding	**42**	97

37. RELATED PARTY DISCLOSURES (cont'd)

	Company	
	2011	2010
	RM'000	RM'000
Professional legal fees paid to a firm of which a Director of the Company is a Partner	**1,080**	1,080

These transactions have been entered into the normal course of business and have been established under negotiated commercial terms.

* Ancom Kimia Sdn. Bhd. has become a subsidiary of the Group during the financial year (Note 9).

(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 Director and other key management personnel of the Group and of the Company during the financial year was as follows:

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Short term employee benefits	**23,666**	28,367	**938**	1,137
Contributions to defined contribution plan	**1,321**	1,369	**52**	128
Benefits-in-kind	**312**	127	**70**	-
	25,299	29,863	**1,060**	1,265

38. COMMITMENTS

(a) Capital commitments

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

	Group	
	2011	2010
	RM'000	RM'000
In respect of purchase of property, plant and equipment:		
Authorised and contracted for	**6,532**	6,863
Authorised but not contracted for	**367**	2,205
	6,899	9,068

38. COMMITMENTS (cont'd)

(b) Operating lease commitments

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

	Group	
	2011	2010
	RM'000	RM'000
Future minimum lease payments:		
- not later than one year	**4,873**	3,682
- later than one year and not later than five years	**7,049**	7,412
- later than five years	**23,759**	19,685
	35,681	30,779

39. CONTINGENT LIABILITIES

	Group	
	2011	2010
Unsecured	**RM'000**	RM'000
Guarantees given to third parties by a subsidiary in respect of trade performance	**15,450**	14,029

Company

Unsecured

As at 31 May 2011, the Company has given corporate guarantees amounting to RM55,036,000 (2010: RM64,921,000) to financial institutions for credit facilities granted to and utilised by certain subsidiaries.

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

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) Acquisition of additional equity interests

On 22 February 2011, PKG purchased 550,000 shares in its associate, Ancom Kimia Sdn.Bhd. from a third party for a cash consideration of RM275,000.

Details of the acquisition are disclosed in Note 9 to the financial statements.

b) Shortfall in profit guarantee

During the financial year, a subsidiary, Nylex (Malaysia) Berhad, received a sum of S$55,378 from the vendor of CKG Chemicals Pte Ltd for the shortfall in the profit guarantee given in connection with Nylex's acquisition of 100% equity interest in CKG.

c) Corporate restructuring

The Company and its subsidiaries, STSB and ALB, completed a corporate restructuring exercise as disclosed in Note 9 to the financial statements.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

d) Disposals of subsidiaries

The Group completed the sale of Ancom Electrical (Malaysia) Sdn. Bhd., Ancom Systems (Singapore) Pte. Ltd., Ancom Electrical & Environmental (Singapore) Pte. Ltd., Ancom Electrical (Hong Kong) Limited and Anco m Electrical (Guangzhou) Limited for cash consideration of RM8,000,000 as disclosed in Note 9 to the financial statements.

41. EMPLOYEE BENEFITS

	Group		**Company**	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Salaries and wages	**75,407**	73,509	**2,614**	2,899
Defined contribution plan	**5,735**	5,994	**286**	322
Provision for/(Write back of) retirement benefits	**412**	270	**-**	-
Termination benefits	**148**	-	**-**	-
Other benefits	**2,362**	2,517	**9**	10
	84,064	82,290	**2,909**	3,231

Included in the employee benefits of the Group and of the Company are Executive Director's remuneration amounting to RM4,270,000 (2010: RM5,947,000) and RM547,000 (2010: RM1,265,000) respectively.

42. OPERATING SEGMENTS

The Group's operations comprise the following main operating segments:

Investment holding	:	Investment holding
Agricultural and industrial chemicals	:	Manufacture and sale of agricultural and industrial chemical products
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

Others mainly comprise trading, contracting and marketing in electrical engineering products.

42. OPERATING SEGMENTS

(a) Operating segments

2011	Investment holding RM'000	Agricultural and industrial chemicals RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue									
External sales	55	1,205,541	54,352	15,541	67,181	133,887	30,926		**1,507,483**
Inter-segment	18,040	4,708	7,886	466	2,000	157	350	(33,257)	**-**
Total revenue	18,095	1,210,249	62,238	16,007	69,181	134,044	31,276	(33,257)	**1,507,483**
Results									
Interest income	-	583	-	-	-	177	115		**760**
Depreciation and amortisation	777	3,423	5,887	93	11,443	7,747	3,584	(973)	**22,797**
Share of results of associates	60	(82)	-	-	(587)	-			**(609)**
Reversal of impairment loss	-	343		-	-	-			**343**
Impairment losses on non-financial assets	-	-	-	-	-	2,000	-		**(2,000)**
Other non-cash expenses	1,500	1,054	(343)	3	9,664	3,723	-		**15,601**
Segment profit/(loss)	(39,308)	36,432	8,958	(130)	(16,028)	11,714	(4,309)	(3,227)	**(5,898)**
Assets									
Investments in associates	4,790	419	-	-	473	-	-	(1,358)	**4,324**
Goodwill on consolidation	-	54,495	-	-	19,885	-	-		**74,380**
Additions to non-current assets	2,765	6,618	9,438	27	3,767	1,135	-		**23,750**
Segment assets	44,427	455,089	96,083	7,381	94,962	164,835	-	(21,498)	**841,279**
Segment liabilities	88,150	311,325	28,560	4,878	48,087	34,993	-	33	**516,026**

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten (10) percent or more of its revenue during the financial year.

42. OPERATING SEGMENTS (cont'd)

(a) Operating segments (cont'd)

2010	Investment holding RM'000	Agricultural and industrial chemicals RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue									
External sales	70	1,216,856	47,840	20,503	54,036	122,544	51,288		**1,513,137**
Inter-segment	19,148	1,862	6,062	715	-	-	-	(27,787)	**-**
Total revenue	19,218	1,218,718	53,902	21,218	54,036	122,544	51,288	(27,787)	**1,513,137**
Results									
Interest income	134	811	96	-	-	124	-		**1,165**
Depreciation and amortisation	1,500	3,479	4,921	117	3,578	5,904	890		**20,389**
Share of profit of associates	662	-	-	-	-	-	-		**662**
Impairment of non-financial assets	72	-	-	-	-	-	-		**72**
Other non-cash expenses	6,202	6,294	576	2	191	691	1,291		**15,247**
Segment profit/(loss)	(27,111)	44,914	6,594	(542)	(9,723)	16,648	(1,863)	(6,062)	**22,855**
Assets									
Investments in associates	6,290	419	-	-	473	-	-	(1,919)	**5,263**
Goodwill on consolidation	-	63,085	-	-	11,907	-	-		**74,992**
Additions to non-current assets	2,580	1,700	16,123	27	4,336	4,795	461		**30,022**
Segment assets	74,594	398,116	84,244	7,933	105,379	109,138	52,120	(39,679)	**791,845**
Segment liabilities	70,624	277,166	21,326	4,349	39,116	30,562	19,776	3,699	**466,218**

42. OPERATING SEGMENTS (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	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Malaysia	**669,456**	618,111	**679,598**	644,197
Singapore	**347,918**	478,896	**182,598**	187,697
Other Southeast Asian countries	**296,145**	222,869	**76,378**	66,803
Other Asian countries	**86,180**	100,798	**2,114**	3,425
Australia and New Zealand	**43,903**	34,181	**-**	-
North and South America	**44,922**	34,213	**-**	-
Africa	**18,756**	21,378	**-**	-
Europe	**203**	2,691	**-**	-
	1,507,483	1,513,137	**940,688**	902,122

43. SUBSIDIARIES AND ASSOCIATES

(a) Details of subsidiaries are as follows:

Company	Country of incorporation	Group's effective equity interest 2011	2010	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	**100.0%**	58.9%	Supply of goods and services to oil and gas industry (b) Geographical segment
Synergy Tanker Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
* 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	**50.1%**	50.1%	Dormant

43. SUBSIDIARIES AND ASSOCIATES (cont'd)

(a) Details of subsidiaries are as follows: (cont'd)

Company	Country of incorporation	Group's effective equity interest 2011	2010	Principal activities
Direct:				
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
WorldSOL.com Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Dormant
Redberry Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
Rentas Cabaran Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
* Ancom Ship Management Sdn. Bhd.	Malaysia	**100.0%**	75.2%	Dormant
Indirect:				
Ancom Bioscience Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Trading of gardening products
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 related chemical products
Ancom Nutrifoods 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	**100.0%**	84.1%	Trading of petro-chemical and other chemical products
Redberry Media Sdn. Bhd.	Malaysia	**49.0%**	49.0%	Dormant

43. SUBSIDIARIES AND ASSOCIATES (cont'd)

(a) Details of subsidiaries are as follows: (cont'd)

Company	Country of incorporation	Group's effective equity interest 2011	2010	Principal activities
Indirect:				
Meru Utama Sdn. Bhd.	Malaysia	**64.0%**	54.9%	General traders and rental of media space at airport, baggage trolleys and signages
Redberry Contact Centre Sdn. Bhd. (formerly known as Vision IP Services Sdn. Bhd.)	Malaysia	**100.0%**	100.0%	Providing call centre services
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
Redberry Outdoors Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Provision of outdoor advertising media space
Redberry Events Sdn. Bhd.	Malaysia	**90.0%**	90.0%	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	**83.9%**	83.9%	Provision of digital advertising media space
* Redberry Animation Sdn. Bhd.	Malaysia	**51.0%**	51.0%	Production and marketing and animation television series
Point Cast (Asia) Sdn. Bhd.	Malaysia	**100.0%**	60.0%	Investment holding
Point Cast (M) Sdn. Bhd.	Malaysia	**100.0%**	60.0%	Provision of digital advertising media space
AES Mayak Sdn. Bhd.	Malaysia	**100.0%**	50.2%	Dormant
*# 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
* 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

43. SUBSIDIARIES AND ASSOCIATES (cont'd)

(a) Details of subsidiaries are as follows: (cont'd)

Company	Country of incorporation	Group's effective equity interest 2011	2010	Principal activities
Indirect:				
* 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 Nylex Indonesia	Indonesia	**48.2%**	48.2%	Manufacture, marketing and distribution of PVC and PU leather cloth
* Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	**48.2%**	48.2%	Trading in petrochemicals and industrial chemicals
* Fermpro Sdn. Bhd.	Malaysia	**48.2%**	48.2%	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products
* 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
* Nylex Specialty Chemicals Sdn. Bhd.	Malaysia	**48.2%**	48.2%	Manufacture and sale of phosphoric acid
* 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
* PT Indomalay Ekatana Roofing Industries	Indonesia	**23.6%**	23.6%	Manufacture and marketing of metal roofing tiles
* Dynamic Chemical Trading Pte. Ltd.	Singapore	**43.4%**	43.4%	Trading in industrial chemicals
* Perusahaan Kimia Gemilang (Vietnam) Company Ltd.	Vietnam	**48.2%**	48.2%	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals
* PT PKG Lautan Indonesia of industrial chemicals	Indonesia	**24.6%**	24.6%	Importation and distribution of industrial chemicals

43. SUBSIDIARIES AND ASSOCIATES (cont'd)

(a) Details of subsidiaries are as follows: (cont'd)

Company	Country of incorporation	Group's effective equity interest 2011	2010	Principal activities
Indirect:				
* Ancom Kimia Sdn. Bhd.	Malaysia	**26.5%**	14.5%	Distributor of petrochemicals and industrial chemicals
*# Ancom Logistics Berhad	Malaysia	**47.1%**	36.2%	Investment holding
* Synergy Trans-Link Sdn. Bhd.	Malaysia	**47.1%**	75.2%	Investment holding
* Ancom-ChemQuest Terminals Sdn. Bhd.	Malaysia	**24.0%**	38.3%	Build, own, operate, lease and manage chemical tank farm and warehouse
* Pengangkutan Cogent Sdn. Bhd.	Malaysia	**47.1%**	75.2%	Providing transportation and related services
* Sinsenmoh Transportation Pte. Ltd.	Singapore	**47.1%**	75.2%	Freight forwarding, packaging and crafting services
* Ancom Systems Technology Sdn. Bhd.	Malaysia	**47.1%**	36.2%	Dormant
Hikmat Ikhlas Sdn. Bhd.	Malaysia	**16.5%**	12.7%	Dormant
* Ancom Components Sdn. Bhd.	Malaysia	**31.9%**	24.1%	Manufacturing and marketing of low voltage switchgear
Ancom Electrical (Malaysia) Sdn. Bhd.	Malaysia	**-**	36.2%	Trading and contracting in electrical engineering products
Ancom Systems (Singapore) Pte. Ltd.	Singapore	**-**	36.2%	Trading and contracting in electrical engineering products
Ancom Electrical (Hong Kong) Limited	Hong Kong	**-**	36.2%	Trading and contracting in electrical engineering products
Ancom Electrical & Environmental (Singapore) Pte. Ltd.	Singapore	**-**	36.2%	Trading and contracting in electrical engineering products
Ancom PTX Technology (Singapore) Pte. Ltd.	Singapore	**-**	25.3%	Dormant

* Not audited by BDO or BDO Member Firms.

\# The financial statements of Nylex were consolidated as a subsidiary as the Group has control over the Boards of Nylex.

\# The financial statements of ALB were consolidated as a subsidiary as the Group has power to govern the financial and operating policies of the ALB under a statute or an agreement.

43. SUBSIDIARIES AND ASSOCIATES (cont'd)

(b) Details of associates are as follows:

Company	Country of incorporation	Group's effective equity interest 2011	2010	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%**	40.0%	Advertising media design and production
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 Philippines Inc.	Philippines	**39.6%**	39.6%	Dormant. Holder of licenses for certain agricultural chemical products
Tamco Chongqing Switchgear Company Limited	China	**23.1%**	17.7%	Under voluntary liquidation

44. COMPARATIVE FIGURES

Certain figures as at 1 June 2009 have been restated due to the effects arising from the adoption of Amendment to FRS 117 Leases, which have resulted in retrospective adjustments. Long term leasehold land held by the Group for own use were reclassified from prepaid lease payments for land as previously reported, to property, plant and equipment as long term leasehold land.

As at 1 June 2009	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Statements of financial position			
Group			
Property, plant and equipment	180,802	46,927	227,729
Prepaid lease payments	46,927	(46,927)	-
Company			
Property, plant and equipment	4,801	17,102	21,903
Prepaid lease payments	17,102	(17,102)	-
As at 31 May 2010			
Statements of financial position			
Group			
Property, plant and equipment	172,860	50,157	223,017
Prepaid lease payments	50,157	(50,157)	-
Company			
Property, plant and equipment	4,154	16,801	20,955
Prepaid lease payments	16,801	(16,801)	-
For the financial year ended 31 May 2010			
Statement of comprehensive income			
Group			
Depreciation of property, plant and equipment	17,970	808	18,778
Amortisation of prepaid lease payments	808	(808)	-
Company			
Depreciation of property, plant and equipment	1,136	301	1,437
Amortisation of prepaid lease payments	301	(301)	-

45. OPENING STATEMENTS OF FINANCIAL POSITION

The opening statements of financial position as at 1 June 2010 primarily reflect the effects arising from the adoption of FRS 139 as follows:

Group	As previously reported RM'000	Effect of adopting FRS 139 RM'000	As restated RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	223,017		223,017
Investment properties	362		362
Investment in subsidiaries	-		-
Investments in associates	5,263		5,263
Other investments	10,540	(354)	10,186
Intangible assets	14,099		14,099
Goodwill on consolidation	74,992		74,992
Deferred tax assets	24,729		24,729
	353,002		352,648
Current assets			
Inventories	132,772		132,772
Receivables	292,193	(148)	292,045
Amounts owing by associates	8,739		8,739
Current tax assets	5,219		5,219
Other investments	5,310	12	5,322
Cash and cash equivalents	104,887		104,887
	549,120		548,984
TOTAL ASSETS	902,122		901,632
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	218,956		218,956
Reserves	102,567	(490)	102,077
Less: Treasury shares, at cost	(2,073)		(2,073)
	319,450		318,960
Minority interests	116,454		116,454
TOTAL EQUITY	435,904		435,414

45. OPENING STATEMENTS OF FINANCIAL POSITION (cont'd)

Group	As previously reported RM'000	Effect of adopting FRS 139 RM'000	As restated RM'000
Liabilities			
Non-current liabilities			
Borrowings	25,118		25,118
Deferred tax liabilities	15,141		15,141
Government grant	1,800		1,800
Provision for retirement benefits	3,452		3,452
	45,511		45,511
Current liabilities			
Payables	195,817		195,817
Amount owing to associates	1,400		1,400
Amount owing to Directors	595		595
Borrowings	217,785		217,785
Current tax liabilities	5,110		5,110
	420,707		420,707
TOTAL LIABILITIES	466,218		466,218
TOTAL EQUITY AND LIABILITIES	902,122		901,632
ASSETS			
Non-current assets			
Property, plant and equipment	20,955		20,955
Investments in subsidiaries	287,642		287,642
Investments in associates	859		859
Other investments	6,905	(354)	6,551
	316,361		316,007
Current assets			
Receivables	1,674		1,674
Amounts owing by subsidiaries	47,003		47,003
Amounts owing by associates	196		196
Current tax assets	4,748		4,748
Other investments	27		27
Cash and cash equivalents	16		16
	53,664		53,664
TOTAL ASSETS	370,025		369,671

45. OPENING STATEMENTS OF FINANCIAL POSITION (cont'd)

Company	As previously reported RM'000	Effect of adopting FRS 139 RM'000	As restated RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	218,956		218,956
Reserves	24,047	(354)	23,693
Less: Treasury shares, at cost	(2,073)		(2,073)
TOTAL EQUITY	240,930		240,576
Liabilities			
Non-current liabilities			
Borrowings	6,547		6,547
Deferred tax liabilities	2,979		2,979
	9,526		9,526
Current liabilities			
Payables	1,500		1,500
Amount owing to subsidiaries	58,498		58,498
Amount owing to associates	119		119
Borrowings	59,131		59,131
Current tax liabilities	321		321
	119,569		119,569
TOTAL LIABILTIES	129,095		129,095
TOTAL EQUITY AND LIABILITIES	370,025		369,671

46. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period are analysed as follows:

	Group	
	2011	2010
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
Realised	**17,128**	7,507
Unrealised	**18,876**	-
	36,004	7,507
Total share of retained profits/(accumulated losses) from associates:		
Realised	**(3,677)**	-
	32,327	-
Less: Consolidation adjustments	**17,982**	-
	50,309	7,507

SHARE BUY BACK
The Company did not transact any share buy back during the financial year.

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 material 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 RM159,000.

VARIATION IN RESULTS
There were no material variances between the results for the financial year ended 31 May 2011 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 2011.

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 is 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 revalued in April and May 2011.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")
Details of the RRPT entered into during the period from 1 June 2010 to 10 January 2011, in accordance with the shareholders' mandate obtained in the last annual general meeting of the Company are as shown in the table below.

With effect from 11 January 2011, these transactions were no longer considered as RRPT due to the disposal of the Company's subsidiaries, namely, Ancom-ChemQuest Terminals Sdn Bhd, Pengangkutan Cogent Sdn Bhd and SinSenMoh Transportation Pte Ltd to Ancom Logistics Berhad.

Related Party	Nature of Transaction	Interested directors, major shareholders and connected persons	Value of RRPT (RM'000)
Nylex (Malaysia) Berhad	Provision of transportation services by Pengangkutan Cogent Sdn Bhd	Dato' Johari Razak Dato' Siew Ka Wei Siew Nim Chee & Sons Sdn Bhd	81
Perusahaan Kimia Gemilang Sdn Bhd	Provision of transportation services by Pengangkutan Cogent Sdn Bhd Provision of storage services by Ancom-ChemQuest Terminals Sdn Bhd Provision of handling and pipeline services by Ancom-ChemQuest Terminals Sdn Bhd	Dato' Johari Razak Dato' Siew Ka Wei Siew Nim Chee & Sons Sdn Bhd	881 1,301 105
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	101
Dynamic Chemical Trading Pte Ltd	Provision of storage services by SinSenMoh Transportation 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	290 111

LIST OF PROPERTIES
AS AT 31 MAY 2011

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2011 (RM'000)	Date of Acquisition / Revaluation
Ancom Berhad					
1. P.T. 4227 Mukim of Kapar Daerah Klang Selangor	Unexpired leasehold interest of 75 years (Expiring on 9 June 2086)	2.52 hectares	Office and factory buildings Age of buildings : approximately 20 years	8,600	30 March 2011
2. H.S.(D) 7524 2A, Jalan 13/2 46200 Petaling Jaya Selangor	Unexpired leasehold interest of 94 years (Expiring in 2105)	1.31 hectares	Office and factory buildings Age of buildings : approximately 26 to 36 years	28,750	7 April 2011
Ancom Crop Care Sdn Bhd					
1. PN 77684, Lot 39, Seksyen 15 Bandar Shah Alam Daerah Petaling Selangor	Unexpired leasehold interest of 97 years (Expiring in 2108)	2.22 hectares	Office and factory buildings Age of buildings : approximately 41 years	16,350	11 May 2011
2. HS(D) 240444, PT No. 827 Bandar Shah Alam Daerah Petaling Selangor	Unexpired leasehold interest of 95 years (Expiring in 2106)	153 sq. m.	Three-storey shop office Age of buildings : approximately 1 year	1,332	1 February 2011
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 85 years (Expiring on 24 February 2097)	0.22 hectare	Vacant land	475	7 April 2011
Meru Utama Sdn Bhd					
1. Cempaka Court B-5-30 Bandar Baru Nilai HS (D) 89742 PT No 10663 Mukim of Labu District of Seremban	Freehold	97.57 sq.m.	Apartment Age of buildings : approximately 15 years	106	May 1997

LIST OF PROPERTIES *(cont'd)*

AS AT 31 MAY 2011

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2011 (RM'000)	Date of Acquisition / Revaluation
2. Cempaka Court B-5-29 Bandar Baru Nilai HS (D) 89742 PT No 10663 Mukim of Labu District of Seremban	Freehold	97.57 sq.m.	Apartment Age of buildings : approximately 15 years	106	May 1997
Syarikat Wandeerfull Sdn Bhd					
1. Apartment 8E Kayangan Apartments Genting Highlands Pahang	Freehold	190 sq.m.	Apartment Age of building : approximately 32 years	198	31 May 2004
2. Shoplot No. 1.30 First Floor Wisma Cosway Kuala Lumpur	Freehold	40 sq.m.	Shoplot Age of building : approximately 35 years	135	31 May 2004
3. Geran 11679 Lot 40268 Mukim of Batu Daerah Wilayah Persekutuan	Freehold	597 sq.m.	Vacant land	20	31 May 2004
Ancom-Chem Quest Terminals Sdn Bhd					
1. Jeti Petrokimia, Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 13 years (Expiring on 31 August 2024)	9.8 acres	Tank farm, office and warehouse Age of building : approximately 14 years	31,769	N/A
SinSenMoh Transportation Pte Ltd					
1. 32 Tanjong Penjuru Singapore 609028	Unexpired lease period of 36 years (Expiring on 30 June 2047)	12,311.3 sq.m.	Office and warehouse Age of building : approximately 24 years	20,772 *(Value for building only)*	May 2011
Pengangkutan Cogent Sdn Bhd					
1. PTD 149227 Jalan Berjaya 7 Taman Perindustrian Berjaya, Daerah Johor Bahru, Johor	Freehold	6,070.3 sq.m.	Office building Age of building : 2 years	3,381	2010

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2011 (RM'000)	Date of Acquisition / Revaluation
Nylex (Malaysia) Berhad					
1. H.S.(D) 256546 Lot 16 Persiaran Selangor Section 15 Shah Alam Selangor	Unexpired leasehold interest of 97 years (Expiring on 29 June 2108)	2.93 hectares	Office building and factory Age of buildings : approximately 40 years	35,000	5 May 2011
2. H.S.(D) 256546, Lot 16, Persiaran Selangor, Section 15, Shah Alam Selangor	Unexpired leasehold interest of 97 years (Expiring on 29 June 2108)	1.21 hectares	Warehouse factory and vacant land Age of buildings : approximately 31 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 63 years (Expiring on 1 September 2074)	0.87 hectare	Warehouse, factory and office buildings Age of buildings : approximately 36 years	3,827	25 April 2011
2. H.S.(M) 6588 PT 624 Persiaran Raja Lumu Pandamaran Industrial Estate, Port Klang	Unexpired leasehold interest of 65 years (Expiring on 19 February 2076)	0.83 hectare	Warehouse, factory and office buildings Age of buildings : approximately 34 years	3,923	25 April 2011
Fermpro Sdn Bhd					
1. H.S.(M) 748 Lot 1113 Mukim of Chuping Perlis	Unexpired leasehold interest of 35 years (Expiring on 22 November 2046)	1.62 hectares	Office and factory building Age of buildings : approximately 23 years	2,058	11 April 2011
2. H.S.(M) 1804 Plot 3 & 4, P.T. 924A Mukim of Chuping Perlis	Unexpired leasehold interest of 48 years (Expiring on 7 February 2059)	2.43 hectares	Spent molasses treatment pond	653	11 April 2011
3. H.S.(M) 1803 P.T. 2978 Mukim of Chuping Perlis	Unexpired leasehold interest of 48 years (Expiring on 7 February 2059)	0.81 hectare	Office building and factory Age of buildings : approximately 9 years	610	11 April 2011
Perusahaan Kimia Gemilang Sdn Bhd					
1. H.S.(M) 6259 PT 4228 Mukim of Kapar Daerah Klang Selangor	Unexpired leasehold interest of 75 years (Expiring 9 June 2086)	2.85 hectares	Office building and factory Age of building : approximately 20 years	9,580	7 April 2011

ANALYSIS OF SHAREHOLDINGS
AS AT 10 OCTOBER 2011

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	:	9,190
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	1,459	45,083	0.02
100 to 1,000	707	407,776	0.19
1,001 to 10,000	5,453	21,596,940	9.99
10,001 to 100,000	1,414	40,335,754	18.65
100,001 to less than 5% of issued Shares	155	123,701,584	57.20
5% and above of issued Shares	2	30,158,178	13.95
	9.190	216,245,315	100.00
Treasury Shares	-	2,711,027	-
	9.190	218,956,342	100.00

Substantial holders

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Siew Ka Wei	15,054,665	6.96	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	15,054,665	6.96	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.

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	11,140,900	5.151
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.	HDM Nominees (Tempatan) Sdn Bhd - HDM Capital Sdn Bhd for Siew Ka Wei	9,005,803	4.164
6.	Lim Chui Kui @ Lim Chooi Kui	7,076,243	3.272
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.	ECML Nominees (Tempatan) Sdn Bhd - Siew Ka Wei	4,760,066	2.201
11.	Malaysia Nominees (Tempatan) Sendirian Berhad - Silver Dollars Sdn Bhd	4,727,683	2.186
12.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Nim Chee & Sons Sdn Bhd	4,461,317	2.063
13.	Pacific & Orient Insurance Co Berhad	4,310,246	1.993
14.	CitiGroup Nominees (Asing) Sdn Bhd - Exempt An for Citibank NA, Singapore (Julius Baer)	4,074,800	1.884
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.	Asian Strategic Investments Group Limited	2,581,020	1.193
18.	Thong Yaw Hong	2,480,625	1.147
19.	EB Nominees (Tempatan) Sendirian Berhad - Eastern & Oriental Berhad	1,821,881	0.842
20.	CimSec Nominees (Asing) Sdn Bhd - Exempt An for CIMB Securities (Singapore) Pte Ltd	1,557,806	0.720
21.	HDM Nominees (Tempatan) Sdn Bhd - Tan Tung Lai	1,310,300	0.605
22.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Ka Wei	1,288,796	0.595
23.	Green Country Valley Sdn Bhd	1,240,100	0.573
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.	EB Nominees (Tempatan) Sendirian Berhad - Yeap Gek @ Yeap Poh Chim	803,000	0.371
28.	CimSec Nominees (Tempatan) Sdn Bhd - Wong Leong Pin	700,000	0.323
29.	Tan Aik Kuai	684,652	0.316
30.	Thong Yaw Hong	649,923	0.300
	Total	123,604,439	57.145

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of the Company will be held at Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No. 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 23 November 2011 at 2.30 p.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

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

2. To approve the payment of the Directors' fees for the financial year ended 31 May 2011; **[Resolution 1]**

3. To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association :
   3.1 Edmond Cheah Swee Leng **[Resolution 2]**
   3.2 Dato' Siew Ka Wei **[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:

6. <u>Proposed Issuance Of New Ordinary Shares Of RM1 Each Pursuant To Section 132D of the Companies Act, 1965</u> **[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. <u>Proposed Renewal Of Shareholders' Mandate To Purchase Ancom Berhad's Own Shares ("Proposed SBB Mandate")</u> **[Resolution 7]**

   "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 2011 of RM4,332,000 and RM7,507,000 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."

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 WAI FOONG
LIM LEE KUAN
Secretaries

Petaling Jaya
1 November 2011

NOTES

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

2. **Item 6 of the Agenda**

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

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

3. **Item 7 of the Agenda**

   Resolution 7 proposed under item 7 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 7 are set out in the Company's Share Buy-back Statement dated 1 November 2011, a copy of which is sent together with the Company's 2011 Annual Report.

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

Proxy Form

CDS A/C No.
No. of shares held

I/We ____
(Full Name in Block Letters)

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 42nd 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 Wednesday, 23 November 2011 at 2.30 p.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 payment of Directors' fees	1		
3.	To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association :			
	3.1 Edmond Cheah Swee Leng	2		
	3.2 Dato' Siew Ka Wei	3		
4.	To re-appoint Tan Sri Dato' Dr. Lin See Yan who retires pursuant to Section 129 of the Company's Articles of Association.	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 share buy-back mandate	7		

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

Dated this .... day of November 2011

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

Telephone no.
during office hours : ....

Notes:

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