TOGETHER WE CAN MAKE A DIFFERENCE...

Annual Report 2012

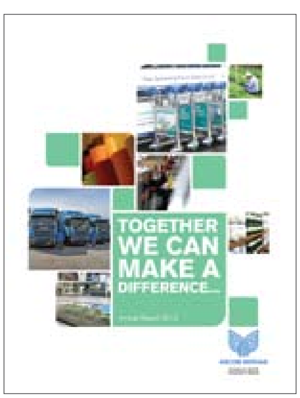
ANCOM BERHAD

(Company No. 8440-M)
Incorporated in Malaysia

Contents

> **"When you consider our achievements and plans for the future, it's our approach to doing business that sets us apart in our vision to create a diversified group."**

DATO' JOHARI RAZAK



It's the power of our people that drives us forwards and makes the difference.

At Ancom Berhad, we empower and enable our staff to be the best that they can be. We encourage innovation, foresight and determination as a means to succeed.

We believe that an investment in human capital, is an investment for our future sustainability. Together, we can make a difference.

by
LEADERSHIP

We've always led by example, from being pioneers in the manufacturing of agricultural and herbicide products in Malaysia to now, as one of the more diversed group in Malaysia. It's our desire to be the best that keeps us as leaders in our industry.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Corporate Information

DIRECTORS

Dato'Johari Razak
(Non-Independent Non-Executive Chairman)

Dato' Siew Ka Wei
(Group Managing Director / Chief Operating Officer)

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)

Lim Hock Chye
(Independent Non-Executive Director)

AUDIT COMMITTEE

Edmond Cheah Swee Leng *(Chairman)*
Dato' Johari Razak
Lim Hock Chye

REMUNERATION & NOMINATION COMMITTEE

Tan Sri Dato' Dr Lin See Yan *(Chairman)*
Edmond Cheah Swee Leng
Lim Hock Chye

COMPANY SECRETARIES

Choo Se Eng
Wong Wai Foong

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 REGISTRAR

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

AUDITORS

BDO (AF: 0206), Chartered Accountants

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
- Industrial Products Sector

PRINCIPAL BANKERS

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

SOLICITORS

Shearn Delamore & Co

DOMICILE

Malaysia

Five-Year Highlights

	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
Sales	1,705,204	1,507,483	1,513,137	1,650,935	2,391,168
Profit/(Loss) before tax					
- continuing operations	10,207	253	34,604	15,090	31,241
- discontinued operations	-	-	-	(25,498)	146,224
	10,207	253	34,604	(10,408)	177,465
Profit/(Loss) after tax					
- continuing operations	404	(5,898)	22,855	8,707	19,310
- discontinued operations	-	-	-	(25,498)	147,710
	404	(5,898)	22,855	(16,791)	167,020
Effective percentage rate of tax - %	96	>100	34	42*	6
Net Earnings/(Loss) for Ancom shareholders	(9,014)	(12,952)	1,480	(6,648)	55,256
ASSETS EMPLOYED					
Fixed assets	233,222	227,156	223,017	227,729	237,216
Investments	6,693	10,827	16,165	16,301	37,343
Other non-current assets	130,144	129,028	113,820	102,890	81,844
Current assets	642,113	576,722	549,120	533,635	891,323
Total assets	1,012,172	943,733	902,122	880,555	1,247,726
FINANCED BY					
Share capital	218,956	218,956	218,956	218,956	202,338
Reserves	81,994	88,970	102,567	109,905	152,565
Less : Treasury Shares, at cost	(2,281)	(2,073)	(2,073)	(2,073)	(1,408)
Ancom shareholders' interests	298,669	305,853	319,450	326,788	353,495
Non-controlling interests	122,691	121,854	116,454	107,763	152,151
Total equity	421,360	427,707	435,904	434,551	505,646
Non-current liabilities	37,451	42,088	45,511	56,003	90,835
Current liabilities	553,361	473,938	420,707	390,001	651,245
Total funds employed	1,012,172	943,733	902,122	880,555	1,247,726
ANCOM SHAREHOLDERS' INTERESTS					
Earnings/(Loss) per share – sen	(4.17)	(5.99)	0.65	(3.07)	27.70
Gross dividend per share – sen	-	-	1.5	18	5
Net assets per share – RM	1.38	1.41	1.48	1.51	1.75
OTHERS					
Depreciation & amortisation	26,857	22,997	20,389	21,285	31,436
Interest expense	13,868	12,931	10,508	15,761	25,129

* In respect of continuing 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

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

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

**KUMPULAN KESUMA SDN BHD /
WEDON SDN BHD**
No.6, Lorong SS13/6A
Subang Jaya Industrial Estate
47500 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 5633 6229
Fax : (603) 5634 9915

MERU UTAMA SDN BHD
Lot 2A, Jalan 13/2
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 3333

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

List of Principal Offices

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

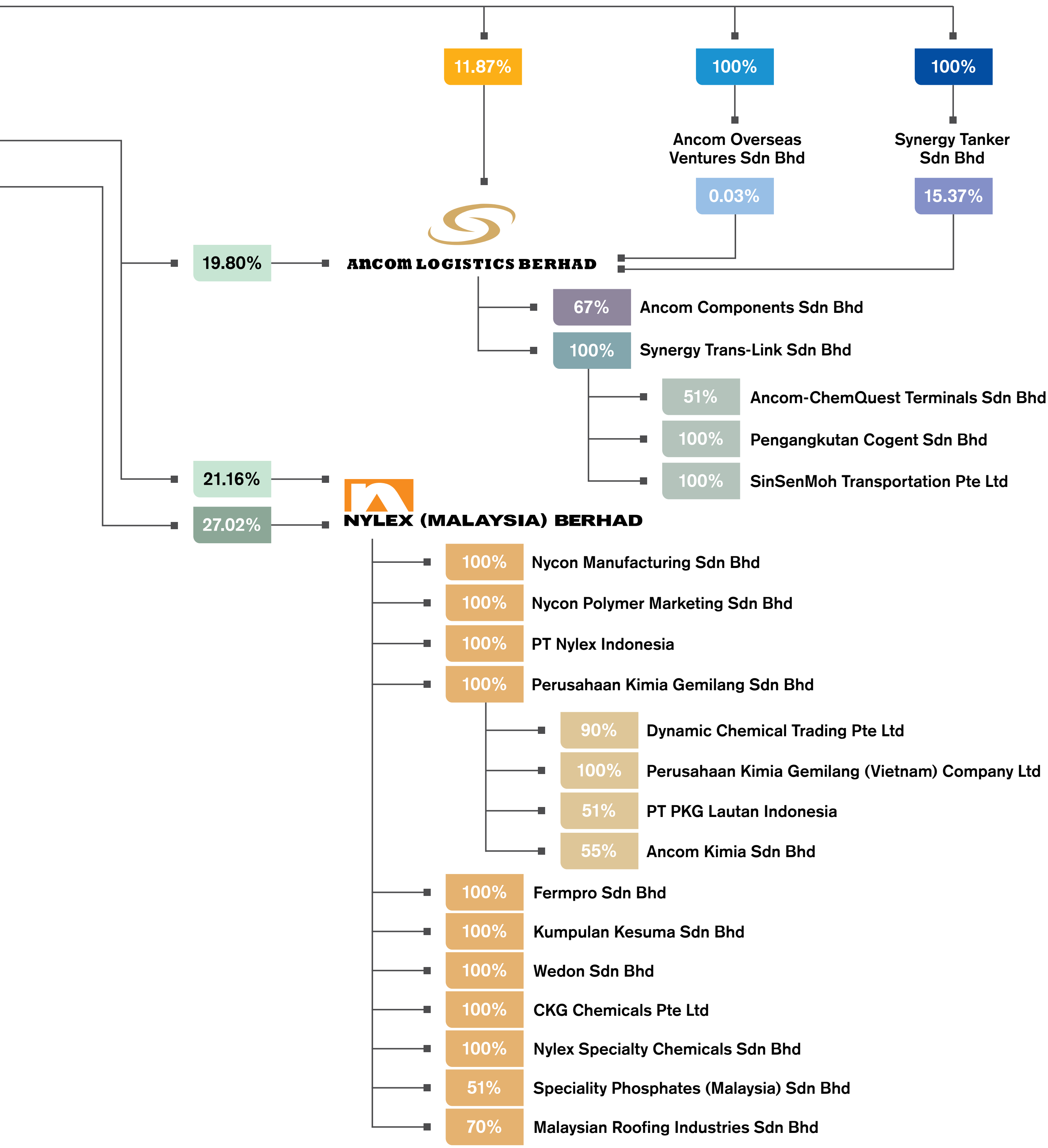
As at 31 May 2012

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 Outdoors Sdn Bhd
    - 100% Redberry Outdoors Productions Sdn Bhd
  - 83.9% 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% 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

* Only major companies are shown in the Corporate Structure.

Corporate Structure
As at 31 May 2012



by TEAMWORK

Success cannot be achieved without absolute cohesion and efficient synergies. That's why, in all that we do, we endeavor to streamline processes and trim unwarranted wastage to ensure quality and value results. The people that work to this end are key in providing that necessary efficiency. Their teamwork ensures we get the best we have.

Board of Directors

DATO' JOHARI RAZAK

TAN SRI DATO'
DR LIN SEE YAN

DATUK IR. (DR.) MOHAMED
AL AMIN ABDUL MAJID

CHAN THYE SENG
(not in picture)

DATO' SIEW KA WEI

LIM HOCK CHYE

EDMOND CHEAH SWEE LENG

DATO' JOHARI RAZAK

Aged 57, 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 on 1 August 2007.

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

DATO' SIEW KA WEI

Aged 56, 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 of more than 30 years in the field of petrochemicals locally and internationally.

Currently, Dato Siew is also the Group Managing Director of Nylex (Malaysia) Berhad and the Executive Vice Chairman of Ancom Logistics Berhad, both subsidiaries of the Company and listed on the Main Market and ACE Market respectively of Bursa Malaysia Securities Berhad. He is currently the President of the Imperial College Alumni Association of Malaysia and a Governor of the Board of Governors for Marlborough College of Malaysia.

Dato Siew was the Chairman of the Malaysian Chapter of the Young Presidents Organisation ("YPO"), an international grouping of more than 10,500 chief executive officers and leaders of major companies and organizations over the world. He became a director of the International Board of Directors of YPO in 2000 and served until 2003 during which he was the Chairman of YPO's Global Leadership Congress in Beijing, China.

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). He is also a British Chartered Scientist, London. Tan Sri Lin is Professor of Economics (Adjunct), Universiti Utara Malaysia, Professor of International Finance & Business (Adjunct), Universiti Malaysia Sabah as well as an Eisenhower Fellow.

Tan Sri Lin has a long and distinguished history of service with the Government of Malaysia and the private sector including Economic Advisor, Associated Chinese Chambers of Commerce & Industry Malaysia. 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 Economic Council Working Group; key Steering Committees at the Ministry of Higher Education; Asian Shadow Financial Regulatory Committee as well as Governor, Asian Institute of Management, Manila; Director, Monash University Sunway Campus Malaysia; Chairman Emeritus, Harvard Graduate School Alumni Council at Harvard University in Cambridge (USA); and President, Harvard Club of Malaysia.

Tan Sri Lin is currently a Director of Fraser & Neave Holdings Berhad, Genting 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 other public listed and private businesses in Malaysia, Singapore and Indonesia.

DATUK IR. (DR.) MOHAMED AL AMIN ABDUL MAJID

Aged 57, 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 from which he was conferred an Honorary Doctorate Degree – Doctor of Science. He is a Corporate Member of Institute of Engineers Malaysia ("IEM") and is a professional Engineer.

Datuk Al Amin began his career as a Project Engineer with Perbadanan Kemajuan Negeri Perak ("PKNP") in 1979 and was later appointed as Executive Director of Maju Bangun Sdn Bhd, a subsidiary of PKNP. Subsequently, Datuk Al Amin started his own business involving in a wide range of businesses such as construction, investment, distributorship, general trading and project management.

Currently Datuk Al Amin is the Executive Chairman of Nylex (Malaysia) Berhad and Redberry Sdn Bhd, a wholly owned subsidiary of the Company. He is also the Executive Chairman of Country View Berhad; the Chairman of SME Corporation Malaysia [formerly known as Small Medium Industries Development Corporation ("SMIDEC")], an important government agency in the development and enhancement of small and medium enterprises in Malaysia under the Ministry of International Trade and Industry; and a director of MCIS Zurich Insurance (M) Berhad.

Datuk Al Amin is also a Council Member of National Information Technology Council ("NITC") of Malaysia.

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 1982.

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, a subsidiary of P&O.

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 58, 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, the largest private unit trust management company in Malaysia. He was also a Council Member and Chairman of the Secretariat of the Federation of Malaysian Unit Trust Managers ("FMUTM"), a former Task Force Member on Islamic Finance for the Labuan Offshore Financial Services Authority ("LOFSA"), a former member on the Securities Market Consultation Panel in Bursa Malaysia Securities Berhad and a founder member and a past President of the Financial Planning Association of Malaysia ("FPAM").

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, a company listed on the Main Market of Bursa Malaysia Securities Berhad and a Director of Nylex (Malaysia) Berhad and Ancom Logistics Berhad, both subsidiaries of the Company and listed on the Main Market and ACE Market respectively of Bursa Malaysia Securities Berhad.

LIM HOCK CHYE

Aged 57, Malaysian
Independent and Non-Executive Director

Mr Lim joined the Board on 1 December 2011. He is currently a member of the Audit Committee and the Remuneration and Nomination Committee of the Company.

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

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

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

Currently, Mr Lim is a Director of Nylex (Malaysia) Berhad and Ancom Logistics Berhad, both of which are subsidiaries of the Company and listed on the Main Market and ACE Market respectively of Bursa Malaysia Securities Berhad.

Notes :

1. None of the Directors has any family relationship with any other Directors and/or substantial shareholders of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.
3. None of the Director has been convicted for any offence other than traffic offences (if any) within the past ten (10) years.
4. Please refer to page 30 – Statement on Corporate Governance of this Annual Report for the Directors' meeting attendance records.
5. Please refer to pages 50 to 51 – Directors' Report of this Annual Report for the Directors' securities holdings in the Company and its related corporations.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 May 2012 ("FY2012").

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 the Company for the financial year ended 31 May 2012 ("FY2012").

Performance

The Group posted higher revenue of RM1.75 billion in FY2012 as compared to RM1.507 billion in the last financial year ended 31 May 2011 ("FY2011"). The higher revenue was mainly due to improved sales performance in two key business segments namely, Agricultural and Industrial Chemical division and Polymer division. Profit before tax ("PBT") improved significantly to RM10.2 million in FY2012 from RM0.3 million in FY2011 in line with the higher revenue.

The net loss attributable to shareholders, after deducting taxation and minority interests, decreased to RM9.0 million in FY2012 from RM12.95 million in FY2011. Consolidated net loss per share fell to 4.17 sen in FY2012 from 5.99 sen in FY2011 while the consolidated net assets per share was RM1.38 as at the end of FY2012 (2011: RM1.41).

Review of Operations

Agricultural and Industrial Chemicals division posted a higher revenue of RM1.48 billion in FY2012 compared with RM1.21 billion in FY2011. This division remains the main revenue contributor in the Group. The higher prevailing crude oil prices coupled with better performance from the industrial chemicals operating units in the region has contributed to the higher revenue. Strong demands for our agricultural chemical products from overseas markets further contributed to the higher revenue for this division. However, PBT of this division declined to RM36.1 million from RM41.2 million in FY2011 following higher overheads in the industrial chemicals operations and accounting for goodwill impairment.

Revenue from the Polymer division increased to RM135.4 million in FY2012 from RM134.0 million in FY2011. Segmental PBT increased in tandem with revenue to RM13.6 million from RM11.7 million in FY2011, after accounting for impairments in receivables and inventories totalling RM2.9 million (FY2011: RM3.7 million). This division is facing competitions from cheap imports that have eroded its profit margins.

Revenue for the Media division improved marginally in FY2012. Correspondingly, segmental loss also declined slightly to RM15.0 million in FY2012 from RM16.0 million in FY2011. The management will continue to pursue its turnaround strategy by growing its revenue further. We hope to make further inroads into the media industry in the coming year.

The Logistics division posted a higher revenue of RM59.2 million from RM58.2 million a year ago. The higher revenue was primarily attributed to the growth of the bulk liquid terminal business. However, segmental PBT fell to RM7.8 million in FY2012 compared with RM8.9 million in FY2011, mainly attributed to the higher operational overheads incurred relating to the fleet maintenance.

Prospects for Next Financial Year

The global economic outlook remains challenging. With the slowing down of economic growth in China, we will be seeing similar trends across Asia. Domestic demand will continue to be the key driver in sustaining overall economic activity in the region, which hopefully will offset any weakness in external demand. Barring any unforeseen circumstances, the Group should perform satisfactory in the coming financial year unless there is further deterioration in global economies.

Board Changes

We are delighted to welcome Mr. Lim Hock Chye to our Board. With his extensive experience as a consultant and speaker on corporate governance in Malaysia, Mr Lim will bring to the Board his extensive expertise and guidance in this field.

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
12 October 2012
Petaling Jaya,
Selangor Darul Ehsan

Kenyataan Pengerusi

Bagi pihak Lembaga Pengarah, saya dengan sukacita membentangkan Laporan Tahunan dan Penyata Kewangan Diaudit Kumpulan dan Syarikat bagi tahun kewangan yang berakhir pada 31 Mei 2012 (“FY2012”).

Para Pemegang Saham yang dihormati,

Bagi pihak Lembaga Pengarah, saya dengan sukacita membentangkan Laporan Tahunan dan Penyata Kewangan Diaudit Kumpulan dan Syarikat bagi tahun kewangan yang berakhir pada 31 Mei 2012 ("FY2012").

Prestasi

Kumpulan mencatatkan pendapatan yang lebih tinggi sebanyak RM1.75 bilion pada FY2012 berbanding RM1.507 bilion pada tahun kewangan yang berakhir 31 Mei 2011 ("FY2011"). Pendapatan yang lebih tinggi ini sebahagian besarnya disumbangkan oleh prestasi jualan yang lebih baik dalam dua segmen perniagaan utama, iaitu divisyen Pertanian dan Kimia Industri serta divisyen Polimer. Keuntungan sebelum cukai ("PBT") ketara meningkat kepada RM10.2 juta pada FY2012 dari RM0.3 juta pada FY2011 selara dengan pendapatan yang lebih tinggi.

Kerugian bersih yang boleh diagihkan kepada pemegang saham, selepas ditolak cukai dan faedah minoriti, berkurang dari RM9.0 juta pada FY2012 dari RM12.95 juta pada FY2011. Kerugian bersih sesaham terkumpul jatuh dari 4.17 sen pada FY2012 dari 5.99 pada FY2011 apabila aset bersih sesaham terkumpul ialah RM1.38 pada penutup FY2012 (2011: RM1.41).

Prestasi Bahagian Pengendalian

Divisyen Pertanian dan Kimia Industri mencatatkan pendapatan yang lebih tinggi sebanyak RM1.48 bilion pada FY2012 berbanding RM1.21 bilion pada FY2011. Divisyen ini kekal sebagai penyumbang pendapatan utama kepada Kumpulan. Harga minyak mentah yang terus meningkat ditambah dengan prestasi yang lebih baik dari unit pengendalian kimia industri di rantau ini telah menyumbang kepada pendapatan yang lebih tinggi. Permintaan yang kukuh terhadap produk kimia industri daripada pasaran luar negara turut menyumbang kepada pendapatan yang lebih tinggi untuk divisyen ini. Walau bagaimanapun, Keuntungan sebelum Cukai (PBT) merosot dari RM41.2 juta pada FY2011 kepada RM36.1 juta tahun ini berikutan overhed yang lebih tinggi dalam pengendalian kimia industri dan peruntukan untuk nama baik yang terjejas.

Pendapatan dari divisyen Polimer meningkat kepada RM135.4 juta pada FY2012 dari RM134.0 juta pada FY2011. PBT bersegmen meningkat sejajar dengan pendapatan kepada RM13.6 juta dari RM11.7 juta apda FY2011, selepas mengambil kira kejejasan pada belum terima dan inventori yang berjumlah RM2.9 juta (FY2011: RM3.7 juta). Divisyen ini berhadapan dengan persaingan daripada bahan import murahan yang telah menjejaskan margin keuntungannya.

Pendapatan untuk divisyen Media juga meningkat secara marginal pada FY2012. Selaras dengan itu juga, kerugian bersegmen juga menurun sedikit kepada RM15.0 juta pada FY2012 dari RM16.0 juta pada FY2011. Pengurusan akan terus melaksanakan strategi pemulihan dengan menggalakkan lagi pendapatannya. Kami berharap untuk melangkah lebih jauh dalam industri media di tahun yang akan datang.

Divisyen Logistik mencatatkan pendapatan yang lebih tinggi sebanyak RM59.2 juta berbanding RM58.2 juta pada tahun lalu. Pendapatan yang lebih tinggi ini banyak didorong oleh pertumbuhan dalam perniagaan terminal cecair pukal. Walau bagaimanapun, PBT segmen merosot kepada RM7.8 juta pada FY2012 berbanding RM8.9 juta pada FY2011. Ini disebabkan oleh overhed pengendalian yang lebih tinggi dibelanjakan untuk penyenggaraan kapal.

Prospek untuk Tahun Kewangan Berikut

Ramalan ekonomi global akan kekal mencabar. Berikutan pertumbuhan ekonomi yang perlahan di China, kita akan melihat aliran yang serupa di seluruh Asia. Permintaan domestik akan terus menjadi pemacu utama dalam melestarikan keseluruhan aktiviti ekonomi di rantau yang diharapkan akan mengimbangi kekurangan dalam permintaan luaran. Melainkan berlaku kejadian luar jangka, prestasi Kumpulan seharusnya memuaskan dalam tahun kewangan mendatang kecuali jika ekonomi global semakin merudum.

Perubahan dalam Lembaga Pengarah

Kami dengan sukacita mengalu-alukan En. Lim Hock Chye menyertai barisan Lembaga Pengarah. Dengan pengalaman beliau yang meluas sebagai konsultan dan jurucakap tentang tadbir urus korporat di Malaysia, En. Lim akan menyumbang dari segi pengetahuan dan kepakarannya dalam bidang ini kepada Lembaga Pengarah.

Penghargaan

Lembaga Pengarah ingin menyampai penghargaannya kepada para pemegang saham atas kesetiaan dan sokongan yang tidak putus-putus. Lembaga Pengarah juga ingin berterima kasih kepada para pelanggan, pembekal, bank, rakan perniagaan yang dihargai serta pihak berkuasa terhadap bantuan dan kerjasama yang berterusan.

Akhir sekali dan yang teristimewa, pihak Lembaga ingin menyampaikan penghargaan yang tidak terhingga kepada pihak Pengurusan dan kakitangan Kumpulan atas ketekalan komitmen dan dedikasi mereka.

DATO' JOHARI RAZAK
Pengerusi Bukan Eksekutif
12 Oktober 2012
Petaling Jaya,
Selangor Darul Ehsan

by ENTHUSIASM

At Ancom Berhad, our people have a genuine desire to improve themselves, to take up challenges and find innovative solutions. It's this infectious enthusiasm that allows us to stay ahead of our game, continually being industry leaders and setting the standards for others to follow.

Operational Review

OVERVIEW

Ancom Berhad was incorporated in Malaysia on 3 March 1969 as Ansul (Malaysia) Sdn Bhd to pioneer the manufacturing of agricultural chemicals and herbicides in Malaysia. After several changes in management and shareholders, Ancom assumed its present name on 9 September 1989 and was listed on the then Kuala Lumpur Stock Exchange on 29 March 1990.

Today, Ancom is a diversified group involving in the following business divisions:

a) Agricultural and industrial chemicals - manufacturing and sale of agricultural and industrial chemicals;
b) Polymer - manufacturing and marketing of polymer products;
c) Logistics – transportation, container haulage, bulk cargo handling, chemicals warehousing and related services;
d) Media - Provision of digital and out-of-home advertising media space;
e) Information technology - provision of information technology services and sales of computer hardware and software.

Ancom is the holding company of Nylex (Malaysia) Berhad and Ancom Logistics Berhad, both listed on the Bursa Malaysia Securities Berhad's Main Board and ACE Market, respectively.

AGRICULTURAL AND INDUSTRIAL CHEMICALS DIVISION

This division is the largest revenue and profit contributor of the Group. The manufacturing and sale of agricultural chemicals include a wide range of herbicides, pesticides and insecticides based on Monosodium Methyl Arsenate ("MSMA") and Glyphosate. They are manufactured in two factories in Malaysia servicing the local market and export markets including faraway places like Cuba, South America, Africa and Central Asia. For industrial chemicals, the products include methanol, ethanol, phosphoric acid, adhesives and sealants. These are marketed and distributed to the Asia-Pacific region.

The key subsidiaries in this division are:
- Ancom Crop Care Sdn Bhd ("ACC") and its subsidiaries.
- Nylex (Malaysia) Berhad ("Nylex") and its subsidiaries:
  - Perusahaan Kimia Gemilang Sdn Bhd ("PKG");
  - Dynamic Chemical Trading Pte Ltd;
  - Perusahaan Kimia Gemilang (Vietnam) Company Ltd ("PKG Vietnam");
  - PT PKG Lautan Indonesia;
  - Fermpro Sdn Bhd;
  - Nylex Specialty Chemicals Sdn Bhd ("NSC");
  - Speciality Phosphates (Malaysia) Sdn Bhd;
  - Kumpulan Kesuma Sdn Bhd; and
  - CKG Chemicals Pte Ltd ("CKG").

POLYMER DIVISION

This division manufactures and markets a wide range of products namely, PVC and PU leather cloth, films and sheets, pre-fabricated drains, bulk chemical containers, road barriers, rubbish bins, playground equipment, water tanks and other custom moulding.

The key subsidiaries in this division are:
- Nylex and the following subsidiaries:
  - Nycon Manufacturing Sdn Bhd ("Nycon");
  - Nylex Polymer Marketing Sdn Bhd ("NPM"); and
  - PT Nylex Indonesia ("PTNI").

LOGISTICS DIVISION

This division provides bulk liquid chemical related logistics services in Malaysia and Singapore. The bulk liquid terminal is strategically located within Port Klang, West Port Bulk Liquid Terminal and Free Trade Zone. It owns and operates a large fleet of prime movers, road tankers and lorries, and provides cross border bulk chemicals land transportation between Malaysia and Singapore.

The key subsidiaries in this division are:

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

MEDIA DIVISION

The Media division of the Group owns and operates a wide range of media platforms, which includes outdoor billboards, airports in-door advertisements, advertisements on busses, advertisements in hypermarkets and digital screens with primary focus in the Klang Valley. It also operates an out-sourced customer contact centre catering mainly to financial institutions, insurance companies and telecommunication companies. The division also holds the rights for organising and promoting international and local motor sport events.

The key subsidiaries in this division are:

- Redberry Sdn Bhd ("RBSB");
- Meru Utama Sdn Bhd ("MUSB");
- Redberry Outdoors Sdn Bhd ("RBO");
- Redberry Outdoors Productions Sdn Bhd ("RBOP");
- Focus Media Network Sdn Bhd ("FMN");
- Point Cast (M) Sdn Bhd ("PCM");
- Redberry Contact Center Sdn Bhd ("RBCC");
- Wheel Sport Management Sdn Bhd ("WSM"); and
- Magiqads Sdn Bhd ("MQADS") – an associate.

INFORMATION TECHNOLOGY ("IT") DIVISION

The IT division specialises in the supply of computer hardware, software and related products as well as providing software consultation services to the government sector. The division is also a supplier of applications, specialising in application development utilising the Oracle core technologies. Its applications include Enterprise Resource Planning, Corporate Treasury, Co-operations and Credit Guarantee System. Its other applications include Gaming System and Wireless Work In Progress System.

The key subsidiaries in this division are:

- MSTi Corporation Sdn Bhd; and
- iEnterprise Online Sdn Bhd.

REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

In the current financial year ended 31 May 2012 ("FY2012"), the Group posted revenue of RM1.75 billion compared with RM1.51 billion in the previous financial year ended 31 May 2011 ("FY2011"). The higher revenue was mainly due to improved sales performance in two key business segments namely, the Agricultural and Industrial Chemical division and Polymer division. Profit before tax ("PBT") rose to RM10.2 million in FY2012 compared with RM0.3 million in FY2011 in line with the higher revenue.

AGRICULTURAL AND INDUSTRIAL CHEMICALS DIVISION

The division posted a higher revenue of RM1.48 billion in FY2012 compared to RM1.21 billion in FY2011. The higher crude oil prices throughout FY2012 had pushed up prices of petrochemicals and industrial chemical products sold by the division. To a certain extent, this had a positive effect on the top line of the division. In addition, better performance from operating units in Indonesia, Malaysia and Singapore have also attributed to the higher revenue.

However, segmental PBT from this division declined in FY2012 to RM36.1 million from RM41.2 million in FY2011. The Group accounted for a RM1.4 million impairment of goodwill in PKG Vietnam, a wholly-owned subsidiary of Nylex in Vietnam. Main profit contributors were ACC and its subsidiaries, PKG, Fermpro, and NSC, whilst the division's operating units in Vietnam, Indonesia and Singapore incurred losses.

ACC and its subsidiaries continue to experience strong demand for its products from overseas. ACC had embarked on expanding some of its manufacturing facilities to cater for the demand. The MSMA plant was expanded with new evaporators to increase production capacity by 30%.Revenue of ACC and its subsidiaries grew by 15.4% in FY2012 compared with FY2011 and PBT grew by 13.8% in line with the higher revenue.

PKG is the key PBT and revenue contributor to the Group. It is one of the largest independent marketer, importer and distributor of petrochemicals, solvents, industrial chemicals and specialty products in the Asia-Pacific region. It sells more than 50 different products to more than a dozen countries in the Asia-Pacific region. Sales grew almost 20% mainly due to its success in securing new customers in the region. Despite this, profit was down by more than 10% due to increased cost of products from suppliers and higher logistics expenses. While the market remains volatile, PKG is resilient and will maintain its strategy of increasing its product range, securing new customers and seeking new competitive supply sources for its products.

Fermpro is Malaysia's leading manufacturer of high quality ethanol using sugar cane molasses and advance distillation technology from the United States of America. Sales were flat in FY2012 as the demand for its products in the local market was stagnant. However, PBT grew by 10% due to improved efficiency in its manufacturing plant. Notwithstanding this, we are looking at upgrading some of our existing equipment to further improve the manufacturing process.

NSC is the only licensed manufacturer of orthophosphoric and polyphosphoric acids in Malaysia. It has also obtained ISO 9001 and HACCP certifications. Sales grew 18% mainly due to our success in exporting our products. Profit was marginally down due to increase in the cost of our raw material from China. We anticipate that the local demand for our products in the next financial year will be flat to weak. Hence, our strategy is to beef up and push export sales.

The regional subsidiaries continue to face a challenging time. Our operating units in Vietnam, Indonesia and Singapore narrowed its total loss to about RM4 million, less than half the losses incurred in FY2011. The reduction was mainly due to better coordination and cooperation between the various regional subsidiaries in managing the volatility of product prices.

In Vietnam, factors such as weak economic conditions, the devaluation of Vietnamese Dong currency and the restriction on foreign exchange continue to weigh down on the performance of our operating unit. Our strategy is now to buy and sell products locally in Vietnamese Dong, thereby insulating ourselves from foreign currency fluctuation.

In Indonesia, sales increased by almost 130%. We secured many more customers as we widened the range of our products and provided value-added logistic services to customers. Our focus now is to reduce our operating cost and to seek new competitive supply sources of our products so as to improve profitability.

Sales of CKG grew by more than 10%. Due to better coordination and cooperation with the other units, its loss has been reduced by more than 80% compared to FY2011. With better market discipline and further cooperation on the management of volatility in product prices, we are hopeful that CKG will be in the black in the next financial year.

POLYMER DIVISION

Revenue of the Polymer division grew marginally to RM135.4 million in FY2012 compared to RM134.0 million in FY2011. The revenue growth came from PTNI, Nycon and NPM whilst revenue from NMB declined on lower demand for Films and Coated Fabrics ("FCF") and Geosynthetics Drainage Business ("GDB") products.

Segmental profit in FY2012 increased to RM13.6 million from RM11.7 million in FY2011. Main profit contributions came from PTNI and GDB. Nylex's FCF business made a loss of about RM1.0 million.

Revenue of PTNI grew more than 20% in FY2012. We are capitalising on the steady economic growth in Indonesia. Rising domestic demand for consumer goods is fuelling the growth for our PVC leather cloth. Our main market segment is the automotive car seats and furniture industry. We are now the market leader for high quality automotive leather cloth in Indonesia where we command more than half of market share. We have developed new products to introduce to the expanding motorcycle market segment. In addition to Javanese island, our marketing network in Indonesia has been extended to cover the outlying provinces in Sumatera, Kalimantan, Sulawesi and West Papua.

PTNI's PVC leather cloth factory in Surabaya, Indonesia is now operating at above 70% of its capacity. At current average growth rate of 20% per annum, we anticipate hitting maximum capacity within two years. As such, we are now planning to build a new building at our current six hectares site and to install a new Calender Machine.

In FY2012, Nycon secured two projects to install Prefabricated Vertical Drains ("PVD"). They were the Petrochemical and Maritime Industrial Park in Tanjung Bin, Johor and another project in Terengganu. At the same time, we completed the Tenaga PMU in Tanjung Bin, Johor project secured in the previous year. Since then, our drainage business saw a drop in sales volume from both domestic and export sectors. We are currently actively seeking out new projects for GDB both locally and abroad.

In the chemical container business, Nycon expanded its revenue by more than 10% in FY2012. We have reached 100% capacity of our rotomould plant producing Intermediate Bulk Containers ("IBC"). There is potential for growth in the IBC business, both in Malaysia and the ASEAN region. We supplemented the demand for IBCs by selling a special green packaging 'paper IBC' targeted at the oleo market segment. Longer term, plans are being put in place to expand Nycon's manufacturing capacity.

NPM was active in selling some engineering related products to the GDB projects. NPM achieved a PBT of RM323,000 from a turnover of RM2.5 million. The plans in future for NPM is to distribute PVC flooring products and engineering products to projects. The loss in FCF was due to lower sales and fierce competition from cheaper imported PVC products. In the last few years, we have witnessed a trend of shrinking demand for FCF products in Malaysia as many operators in the stationery and furniture industries switched from fabrication to importing finished products from China. To stem the loss in domestic revenue, we extended our export sales coverage. During this financial year, we managed to increase exports to India and Middle East.

Another factor has recently emerged to further depress prices in the PVC business. It is that of over-capacity in China and the ASEAN countries, particularly in Vietnam. Goods from these countries are being dumped in Malaysia at 20% to 30% lower than market prices for products such as PVC sheets, laminates and ceiling foils.

To negate the effects of such competition, the division is focusing on the premium PVC leather cloth market where we have some competitive edge due to our superior quality and modern designs. Last year, we introduced the vacuum emboss technology in our process, allowing us to produce higher quality products. To improve manufacturing efficiency and increase product competitiveness, we are looking into a plan to upgrade existing equipment in the Shah Alam plant.

LOGISTICS DIVISION

Revenue of the division increased marginally to RM59.2 million from RM58.2 million a year ago. The logistics business continues to experience commendable growth in line with the overall growth in the industry. However, segmental profit fell to RM7.8 million in FY2012 compared to RM8.9 million in FY2011 mainly due to the higher operational overheads incurred relating to the fleet maintenance.

ACT operates a tank farm consisting of 48 tanks with capacities of 43,000 cubic meters in West Port in Klang, Selangor. ACT provides bulk storage facilities for liquid chemicals servicing MNC petrochemicals companies in the region. The demand for ACT's tank farm was strong in FY2012 owing to shortages of the facilities in Malaysia. As a result, revenue of ACT grew by 31.1% in FY2012 compared to FY2011. PBT grew by 9.9% in FY2012 on the back of stronger revenue. With proven track records and strong customer base, ACT is expected to benefit from the prevailing strong demand for its services.

SSM specialises in bulk liquid chemical transportation, container haulage and bulk cargo handling services and provision of warehousing services within Malaysia and Singapore. It owns a fleet of prime movers, road tankers and lorries catering to customers within Singapore, while transportation services in Malaysia is complemented by PCSB. SSM revenue declined 5.4% in FY2012 compared to FY2011 mainly due to loss of certain key customers. Efforts are being undertaken by the management to improve its revenue in the coming financial year. SSM PBT declined 33.8% in FY2012 following lower revenue coupled with higher overheads.

PCSB owns and operates a fleet of approximately 90 road tankers. It is one of the only two local companies providing cross border bulk chemicals land transportation between Malaysia and Singapore. PCSB revenue increased 1.4% in FY2012 compared to FY2011. The loss of contracts in SSM has partially affected its revenue stream. PBT fell by 11.9% in FY2012 on higher operating overheads for the company's maintenance of its fleet.

MEDIA DIVISION

Revenue for the Media division in FY2012 rose to RM70.5 million from RM69.2 million in FY2011. Segmental loss declined to RM15.0 million in FY2012 from RM16.0 million in FY2011.

This is a relatively recent business ventured into by the Group about 5 years ago. Ever since then, the revenue of Media division has grown commendably, although revenue growth in FY2012 has been affected by deferment and delay in confirmation of certain contracts. Advertising in the airport is the largest revenue contributor to the division followed by advertising revenue from outdoor billboards and busses. The retail advertising revenue, through our associated company MQADS, is registering commendable growth in their niche areas. The continued segmental loss posted by the Media division is mainly attributable to the amortisation of intangible assets for its media assets. Although this division still posted segmental loss in FY2012 of RM15.0 million (FY2011: RM16.0 million), the losses are on a declining trend. After successfully integrated the various media businesses in FY2012, the management will focus on growing its market share as part of its turnaround strategy.

MUSB owns the exclusive rights to manage the advertisement spaces KLIA and LCCT. This is the Group's premium product and over the years, we have managed to grow the company into a key player in the out-of-home advertising space provider. The revenue of the company increased by 18.6% in FY2012 on higher advertising contracts secured for the financial year. MUSB managed to turnaround in FY2012 with the higher revenue and better negotiated costs.

RBO and RBOP manage the advertising concessions in the outdoor billboards and busses. The companies had recently renewed the concessionaire for the RapidKL advertising contract. In FY2012, their combined revenue decreased by 10.3% whilst its PBT fell by 107%. The PBT fell on impairments on certain billboard structures incurred in the past. Nevertheless, with the renewal of the concessionaire for RapidKL busses, which is now a highly sought after medium of advertisement in Klang Valley, this business should continue to perform satisfactorily.

RBCC is an outsourced customer contact center with 150 seats in FY2012. Its revenue grew 27.6% in FY2012 and is now one of the key players in the call-center industry. Correspondingly, it posted a PBT growth of 53% in FY2012 in line with revenue growth. RBCC has added an additional 20 seats recently to cater for its growing customer base. The company is also exploring with investors in a neighbouring country to expand its business there.

FMN and PCM represent the division in the digital advertising medium. We have presence in over 90 commercial buildings (mostly within Klang Valley) and international airports in Malaysia i.e. KLIA and LCCT. Revenue from this medium fell 7.2% with the temporary withdrawal from a hypermarket. Through product cross-selling within the Media division, the management is actively engaging its customers with better value proposition for its products and services.

INFORMATION TECHNOLOGY ("IT") DIVISION

The IT division of the Group posted a lower revenue of RM11.1 million in FY2012 compared to RM16.0 million in FY2011. Segmental loss for the division increased to RM0.8 million from RM0.1 million in FY2011. The division is primarily involved in the public sector IT projects and applications development. During the financial year, the division's profit margins have been eroded due to highly competitive tendering process in the public sector. The division has also embarked on a new business direction for its applications development business which saw higher development costs incurred upfront for future recurring revenue.

In view of the competitive tendering process locally, the division is reviewing its options on the possibility of securing contracts from a neighbouring country where it can offer its expertise. This will help to diversify its business and minimise the pressure on profit margins it is currently facing.

PROSPECTS AND OUTLOOK

The European economies have yet to show any indications of recovery. Moreover, the latest statistics are indicating the possibility of a prolonged crisis as the Eurozone manufacturing activity shrank for the 14th straight month in September 2012 with record unemployment in August 2012. In Asia, economic activity expanded at a moderate pace in the second quarter of 2012. Growth performance, however, showed divergent trends, mainly reflecting the degree of openness of the economies in the respective countries. China's economy, being the largest in Asia, moderated to 7.6% (1Q 2012: 8.1%) mainly due to slower manufacturing activities.

Domestic demand continued to provide support to overall economic activity in the region, partially offsetting the weakness in external demand. The management, in consultation with the Board, will continue to assess and take appropriate actions in dealing with these economic uncertainties.

Barring any unforeseen circumstances, the Group should perform satisfactory in the coming financial year unless there is further deterioration in global economies.

Statement on Corporate Governance

INTRODUCTION

The Board of the Company 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 2012. This Statement provides an insight into the Corporate Governance practices of the Company to the extent as disclosed in this Statement.

1. THE BOARD OF DIRECTORS

1.1 Composition

During the financial year ended 31 May 2012, 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 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 14 to 15 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 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

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

	Name of Directors	Attendance
1.	Dato' Johari Razak	4/4
2.	Dato' Siew Ka Wei	4/4
3.	Tan Sri Dato' Dr. Lin See Yan	4/4
4.	Datuk Ir (Dr) Mohamed Al Amin Abdul Majid	2/4
5.	Chan Thye Seng	4/4
6.	Edmond Cheah Swee Leng	4/4
7.	Lim Hock Chye (appointed on 1 December 2011)	2/2
8	Dato' Mohammed Hussein (resigned on 13 October 2011)	N/A

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 requested to attend courses, according to their individual needs as a Director or as members of a Board committee on which they serve, to enhance their skills and knowledge and keep abreast with the relevant changes in laws, regulations and business environment.

During the financial year, Dato Johari Razak, a practicing lawyer, attended the Directors Continuing Education Programme 2011 organized by Shell Refining Company (Federation of Malaysia) Berhad in November 2011 and the Accounting For Financial Instruments Simplified (FRS 139) workshop organized by the Malaysia Institute of Accountants in September 2011. Datuk Ir (Dr) Mohammed Al Amin Abdul Majid attended the Seminar on Amendments to Listing Requirements & Corporate Governance Blueprint 2012 organised by Country View Berhad in January 2012 while Lim Hock Chye attended the Seminar on Audit Committee Forum organized by the Institute of Internal Auditors in July 2011. He is currently a panel speaker for Bursatra Sdn Bhd on continuing education programme for directors of public listed companies in Malaysia to promote good corporate governance in Corporate Malaysia. Tan Sri Dato Dr Lin See Yan attended 3 seminars/courses, namely, Navigating a Changing Anti-corruption Landscape (UK Bribery Act) by Norton Rose, Overview of Social Media Marketing by Ian McKee and The General Manager As Strategist & Implementer, in the 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 attend, in future, seminars/courses 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 re-retiring pursuant to the Articles of Association of the Company. In accordance with this process, two (2) Directors retired by rotation at the 42nd Annual General Meeting of the Company on 23 November 2011 and were re-elected to the Board by the Company's shareholders. To assist shareholders in making their decision in the re-election of Directors, sufficient information such as personal profile, attendance at Board and Committee meetings and the shareholdings in the Company of the Directors standing for re-election were furnished in the Annual Report.

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 36 to 39 – Report of the Audit Committee, 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 the nomination, appointment and resignation of Directors on the Board and the Board Committee. During the financial year, one (1) Independent Non-Executive Director, Dato' Mohammed Hussein resigned from the Board and from the Audit Committee and R&N Committee. In his place, Lim Hock Chye was appointed during the financial year.

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

It is the ultimate responsibility of the Board as a whole to decide the 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 2012, the members of the R&N Committee are as follows:

Tan Sri Dato' Dr Lin See Yan (Chairman)
Edmond Cheah Swee Leng (Member)
Lim Hock Chye (Member) – appointed on 1 December 2011
Dato Mohammed Hussein (Member) – resigned on 13 October 2011

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 RM470,000/= was approved by the shareholders at the 42nd Annual General Meeting of the Company.

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

The R&N Committee had not engaged a consultant to do a comparative study on the Directors' remuneration. However, based on the members' personal experience, the R&N Committee is of the opinion that the amount of Directors' fee and allowances paid in the previous year 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	-	828	828
Salaries and bonuses (including EPF)	RM'000	5,482	2,364#	7,846
Other emoluments	RM'000	875	90	965
Benefits-in-kind	RM'000	59	63	122
Total	RM'000	6,416	3,345	9,761

Remuneration in bands of RM50,000	Executive Director	Non-Executive Director	Total
Below RM50,000	-	1	1
RM50,001 to RM100,000	-	1	1
RM100,001 to RM150,000	-	1	1
RM200,001 to RM250,000	-	3	3
RM2,400,001 to RM2,450,000	-	1#	1
RM6,400,001 to RM6,450,000	1	-	1
Total	1	7	8##

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

Inclusive of fees payable to a retired Director.

In addition to the above, the Company has taken up a Directors' and Officers' Liability ("D&O") insurance for the benefit of the Directors of the Group. The D&O insurance covers the defense costs and legal representation expenses of the Directors in respect of actions against them arising from them acting as Directors 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 and financial ratios are also posted on the IR portal and these are accessible by the shareholders and investors without any restriction.

Shareholders and investors are also able to pose question 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 42nd 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 43rd AGM of the Company, which will be held on 21 November 2012, is on pages 150 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 46 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.

The report of the Audit Committee is separately set out in pages 36 to 39 of this Annual Report.

4.3 Relationship with Auditors

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

As per its Terms of Reference, the Audit Committee has been explicitly accorded the power to appoint, to decide on the remuneration and the resignation/dismissal of the external auditors. It has also been empowered to ensure that the internal audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has all the authorities and resources to carry out its responsibilities. The Audit Committee also has the authority to appoint and accept the resignation/dismissal of the 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 2012.

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
- Lim Hock Chye – (Independent Non-Executive Director) – Member (appointed on 1 December 2011)
- Dato' Mohammed Hussein (Independent Non-Executive Director) – Member (resigned on 13 October 2011)

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 attended all the four (4) meetings while Dato Johari Razak attended three (3) meetings. Dato Mohammed Hussein attended all the two (2) meetings prior to his resignation and Lim Hock Chye attended all the two (2) meetings since his appointment to the Committee. The Internal Auditor and the External Auditors attended four (4) and three (3) Audit Committee meetings respectively. During two (2) of the meetings with the External Auditors, there were sessions during the meeting where management were not present.

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

- The Company did not enter into any related party transaction during the financial year.

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 Audit function of the Group (other than the Nylex (Malaysia) Berhad group and Ancom Logistics Berhad group), is under the charge of the Head of Internal Audit.

During the financial year, the Internal Auditor carried out her 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 her findings from the follow-up reviews in the subsequent Audit Committee meeting.

5. CONCLUSION

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

Please refer pages 40 to 41 of this Annual Report for the Statement on Internal Control.

Statement on Internal Control

INTRODUCTION

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

The Board is pleased to provide the Group's Statement on Internal Control for the financial year ended 31 May 2012 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 2012 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.

by QUALITY

There's a deliberate and compulsive desire to ensure quality standards remain at the heart of our business. This attention to absolute detail and precision has always been key to our winning ways. We know that the quality of each product that results is also a reflection on us.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Corporate Social Responsibility Statement

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

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

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

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

- the Group will build relationship with its shareholders, suppliers, customers, employees, partners and authorities that are based on trust; 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 its activities during the financial year ended 31 May 2012 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") and Majlis Bandaraya Shah Alam. Other wastes or materials such as papers, plastic, wood, paper cartons and cardboard boxes are re-used, where possible, or sent to recycling centres. Used photocopy ink cartridges are returned to the ink suppliers for re-use.

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 as follows to promote a healthy and positive work environment for its employees:

- Proactive measures are taken to reduce employees' exposure to the noise in the high noise level areas, 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 are conducted regularly 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;
- Only Personal Protective Equipment which are registered with the Department of Occupational Safety and Health are used;
- 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 Group:

- Four (4) Safety Campaigns for its employees, which covered various topics on employee safety in January 2012;
- Personal Protective Equipment talk for employees;
- Fire safety talk by the Public Fire Safety & Prevention Education Centre; and
- Medical check-up for operators working in hazardous areas.

Community

Consistent with one of the important focal area of Corporate Social Responsibility which is to be responsible to the community in which the Group operates, the Group provided industrial training to three (3) students from Universiti Teknologi Mara ("UiTM) and SEGi University College. An academic research visit was conducted by twelve (12) students of Bachelor of Engineering (Mechanical) from UiTM. Ten (10) students from the Faculty of Administrative Science and Policy Studies of UiTM were also granted permission to attend and observe the proceedings of a subsidiary's annual general meeting, as part of their academic training.

Employees of the Group are encouraged to volunteer in community projects. During the financial year, the Group organised various fund raising activities for old folks home and orphanages; donated bloods for hospitals, contributed foods and building materials to local villagers in Indonesia in conjunction with Hari Raya festivities, made donation to schools, charity organizations and other community projects in Malaysia. Employees of a subsidiary also participated in blood donation campaign organized by 75 customers.

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 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 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 2012 and the profit and loss of the Company and the Group for the financial year ended 31 May 2012. The Directors are also responsible to ensure that the 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 2012 ("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 auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they considered appropriate to enable them to give their audit report on the Financial Statements.

Financial Statements

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2012.

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 41 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year	404	(5,371)
Attributable to:		
Owners of the parent	(9,014)	(5,371)
Non-controlling interests	9,418	-
	404	(5,371)

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 42nd Annual General Meeting held on 23 November 2011, the shareholders of the Company, by an ordinary resolution, renewed the authority given to the Directors to purchase the Company's own shares based on the following terms:

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

(ii) The amount to be utilised for the repurchase of shares by the Company shall not exceed the total retained earnings and share premium of the Company as at 31 May 2011; 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 and expedient in accordance with the Companies Act, 1965 in Malaysia and the applicable guidelines of Bursa Malaysia Securities Berhad.

During the financial year, the total shares repurchased by the Company and the consideration paid are as follows:

Month	Number of shares repurchased	Purchase Price			Total consideration
		Lowest RM	Highest RM	Average RM	RM
November 2011	5,000	0.3700	0.3700	0.3700	1,893
December 2011	20,000	0.3750	0.3700	0.3725	7,620
March 2012	92,300	0.3800	0.3600	0.3723	34,581
April 2012	77,000	0.3650	0.3600	0.3632	28,330
May 2012	376,700	0.3600	0.3500	0.3578	135,537
	571,000				207,961

The shares purchased are being held as treasury shares in accordance with the requirement of Section 67A (As amended) of the Companies Act, 1965 in Malaysia. There was no cancellation or reselling of treasury shares during the financial year.

As at 31 May 2012, a total of 3,282,027 (2011: 2,711,027) Treasury Shares at a total cost of RM2,281,000 (2011: 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
Lim Hock Chye *(appointed on 1 December 2011)*
Dato' Mohammed Bin Haji Che Hussein *(resigned on 13 October 2011)*

DIRECTORS *(continued)*

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

In accordance to Article 87, Lim Hock Chye shall retire and, being eligible, offers himself 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 the ordinary shares of the Company and of its related corporations during the financial year ended 31 May 2012 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 1.6.2011	Bought	Sold	Balance at 31.5.2012
Shares in the Company				
Direct interests:				
Dato' Johari Razak	465,427	-	-	465,427
Dato' Siew Ka Wei	14,903,765	218,000	-	15,121,765
Tan Sri Dato' Dr. Lin See Yan	165,375	-	-	165,375
Indirect interests:				
Dato' Siew Ka Wei	19,398,848	-	-	19,398,848
Chan Thye Seng	29,050,402	541,500	-	29,591,902
Shares in subsidiaries				
Nylex (Malaysia) Berhad ('Nylex')				
Direct interests:				
Dato' Johari Razak	131,360	-	-	131,360
Dato' Siew Ka Wei	1,522,049	-	-	1,522,049
Tan Sri Dato' Dr. Lin See Yan	17,337	-	-	17,337
Indirect interests:				
Dato' Siew Ka Wei	99,363,917	-	-	99,363,917
Chan Thye Seng	31,453	-	-	31,453

DIRECTORS' INTERESTS *(continued)*

	Number of Ordinary Shares of RM0.10 Each			
	Balance at 1.6.2011	Bought	Sold	Balance at 31.5.2012
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	223,712,349	-	-	223,712,349
Chan Thye Seng	15,000	-	-	15,000

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 36 to the financial statements.

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

	Note	Group 2012 RM'000	Company 2012 RM'000
Impairment losses on:			
- amounts owing by subsidiaries		-	4,451
- investments in subsidiaries		-	2,060
- intangible assets	12	3,210	-
- trade and other receivables		5,528	291
Inventories written down		2,984	-

(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.

(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.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY *(continued)*

(III) AS AT THE DATE OF THIS REPORT

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

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

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

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
20 September 2012

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 57 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 2012 and of their financial performance and cash flows for the financial year then ended.

On behalf of the Board,

Dato' Johari Razak
Director

Dato' Siew Ka Wei
Director

Kuala Lumpur
20 September 2012

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

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 57 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
20 September 2012

Lee Cheun Wei

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

Independent Auditors' Report

To the members of Ancom Berhad (Incorporated in Malaysia)

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 2012 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 57 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 applicable approved 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 2012 and of their financial performance and cash flows 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 41 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 42 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
2895/08/14 (J)
Chartered Accountant

Kuala Lumpur
20 September 2012

Statements of Financial Position

As at 31 May 2012

		Group		Company	
		2012	**2011**	**2012**	**2011**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
ASSETS					
Non-current assets					
Property, plant and equipment	7	233,222	227,156	39,736	39,822
Investment properties	8	151	353	-	-
Investments in subsidiaries	9	-	-	272,174	274,234
Investments in associates	10	2,515	4,324	112	507
Other investments	11	4,027	6,150	2,149	2,412
Intangible assets	12	21,893	24,218	-	-
Goodwill on consolidation	13	75,992	74,380	-	-
Deferred tax assets	14	32,259	30,430	-	-
		370,059	367,011	314,171	316,975
Current assets					
Inventories	15	188,935	150,524	-	-
Trade and other receivables	16	351,826	319,329	556	2,314
Amounts owing by subsidiaries	17	-	-	59,325	51,999
Amounts owing by associates	18	8,250	7,847	337	196
Current tax assets		5,134	6,387	415	735
Other investments	11	2,156	2,368	-	27
Cash and cash equivalents	19	85,812	90,267	554	250
		642,113	576,722	61,187	55,521
Total Assets		1,012,172	943,733	375,358	372,496

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

Statements of Financial Position

As at 31 May 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	20	218,956	218,956	218,956	218,956
Reserves	21	81,994	88,970	24,959	30,330
Less: Treasury shares, at cost		(2,281)	(2,073)	(2,281)	(2,073)
		298,669	305,853	241,634	247,213
Non-controlling interests		122,691	121,854	-	-
Total Equity		421,360	427,707	241,634	247,213
LIABILITIES					
Non-current liabilities					
Borrowings	22	20,202	22,157	8,213	7,923
Deferred tax liabilities	14	13,803	14,855	2,681	4,628
Government grant	25	600	1,600	-	-
Provision for retirement benefits	26	2,846	3,476	-	-
		37,451	42,088	10,894	12,551
Current liabilities					
Trade and other payables	27	311,296	239,407	689	1,130
Amounts owing to subsidiaries	28	-	-	72,535	60,011
Amounts owing to associates	18	13	18	-	6
Borrowings	22	239,986	232,511	49,606	51,264
Derivatives liabilities	29	469	-	-	-
Current tax liabilities		1,597	2,002	-	321
		553,361	473,938	122,830	112,732
Total Liabilities		590,812	516,026	133,724	125,283
Total Equity And Liabilities		1,012,172	943,733	375,358	372,496

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

Statements of Comprehensive Income

For the financial year ended 31 May 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	30	1,750,204	1,507,483	18,710	17,995
Cost of sales		(1,553,271)	(1,321,135)	-	-
Gross profit		196,933	186,348	18,710	17,995
Other operating income		8,767	8,638	26	1,787
Distribution costs		(65,607)	(71,293)	-	-
Administrative expenses		(94,011)	(92,466)	(11,242)	(12,216)
Other operating expenses		(21,694)	(17,434)	(10,105)	(2,440)
Finance costs		(13,868)	(12,931)	(4,334)	(3,813)
Share of results of associates		(313)	(609)	-	-
Profit/(Loss) before tax	31	10,207	253	(6,945)	1,313
Taxation	32	(9,803)	(6,151)	1,574	(29)
Profit/(Loss) for the financial year		404	(5,898)	(5,371)	1,284
Other comprehensive income					
Revaluation surplus on land and buildings		-	2,838	-	5,353
Foreign exchange reserve transferred to profit or loss upon disposals of subsidiaries	9	-	4,948	-	-
Foreign currency translations		2,905	(3,296)	-	-
Other comprehensive income, net of tax		2,905	4,490	-	5,353
Total comprehensive income/(loss)		3,309	(1,408)	(5,371)	6,637
(Loss)/Profit attributable to:					
Owners of the parent		(9,014)	(12,952)	(5,371)	1,284
Non-controlling interests		9,418	7,054	-	-
		404	(5,898)	(5,371)	1,284
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(6,976)	(13,107)	(5,371)	6,637
Non-controlling interests		10,285	11,699	-	-
		3,309	(1,408)	(5,371)	6,637
Loss per ordinary share attributable to the owners of the parent (sen):					
Basic:					
Loss for the financial year	33	(4.17)	(5.99)		

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

Consolidated Statement of Changes in Equity
For the financial year ended 31 May 2012

Group	Note	Share capital RM'000	Share premium 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	Non-controlling interests RM'000	Total equity RM'000
As at 31 May 2011		218,956	4,332	25,707	203	4,987	(9,838)	(2,073)	63,579	305,853	121,854	427,707
(Loss)/Profit for the financial year		-	-	-	-	-	-	-	(9,014)	(9,014)	9,418	404
Foreign currency translation		-	-	(355)	-	-	2,393	-	-	2,038	867	2,905
Total comprehensive (loss)/income		-	-	(355)	-	-	2,393	-	(9,014)	(6,976)	10,285	3,309
Transactions with owners												
Winding-up of a subsidiary	9	-	-	-	-	-	-	-	-	-	(1,980)	(1,980)
Repurchase of ordinary shares of the Company	20(b)	-	-	-	-	-	-	(208)	-	(208)	-	(208)
Repurchase of ordinary shares of subsidiaries from the non-controlling interests		-	-	-	-	-	-	-	-	-	(305)	(305)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	-	(7,163)	(7,163)
Total transactions with owners		-	-	-	-	-	-	(208)	-	(208)	(9,448)	(9,656)
As at 31 May 2012		218,956	4,332	25,352	203	4,987	(7,445)	(2,281)	54,565	298,669	122,691	421,360

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 May 2012

Group	Share capital RM'000	Share premium 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	Non-controlling interests RM'000	Total equity RM'000
As at 31 May 2010											
As previously reported	218,956	4,332	24,039	203	4,987	(8,015)	(2,073)	77,021	319,450	116,454	435,904
Effect of adopting FRS 139	-	-	-	-	-	-	-	(490)	(490)	-	(490)
	218,956	4,332	24,039	203	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 non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	4,358	4,358
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(10,657)	(10,657)
Total transactions with owners	-	-	-	-	-	-	-	-	-	(6,299)	(6,299)
As at 31 May 2011	218,956	4,332	25,707	203	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.

Statement of Changes in Equity

For the financial year ended 31 May 2012

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 equity 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		-	-	-	-	-	(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
Total comprehensive loss		-	-	-	-	-	(5,371)	(5,371)
Transaction with owners								
Repurchase of ordinary shares of the Company	20(b)	-	-	-	-	(208)	-	(208)
As at 31 May 2012		218,956	4,332	13,574	4,917	(2,281)	2,136	241,634

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

Statements of Cash Flows

For the financial year ended 31 May 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before tax		10,207	253	(6,945)	1,313
Adjustments for:					
Amortisation of government grant	25	(1,000)	(200)	-	-
Amortisation of intangible assets	12	5,865	3,971	-	-
Bad debts written off					
- third parties		1,442	406	1,441	-
- subsidiaries		-	-	5	-
Depreciation of investment properties	8	13	9	-	-
Depreciation of property, plant and equipment	7	20,979	19,017	1,184	770
Dividend income (gross)	30	(6)	(18)	(18,126)	(16,745)
Fair value adjustment on other investments		(47)	1,148	76	1,148
Fair value loss on derivatives		469	-	-	-
Gain on disposal of investment properties		(20)	-	-	-
Loss/(Gain) on disposal of subsidiaries	9	-	4,886	-	(446)
Loss on disposal of other investments		1,734	170	-	170
Impairment loss on amounts owing by subsidiaries		-	-	4,451	-
Impairment loss on property, plant and equipment	7	8	2,000	-	-
Impairment loss on investments in subsidiaries		-	-	2,060	-
Impairment loss on investments in associates		1,495	352	395	352
Impairment loss on intangible assets	12	3,210	890	-	-
Impairment loss on other investments		200	-	200	-
Impairment loss on trade and other receivables		5,528	2,372	291	-
Impairment loss on goodwill consolidation		1,398	-	-	-
Interest expense		13,868	12,931	4,334	3,813
Interest income		(821)	(760)	(180)	(667)
Inventories written down		2,984	1,838	-	-
Loss/(Gain) on disposal of property, plant and equipment		417	(1,184)	-	(1,201)
Property, plant and equipment written off	7	1,007	48	2	-
Reversal of impairment losses on trade and other receivables		(368)	(343)	-	-
Share of results in associates		313	609	-	-
Unrealised (gain)/loss on foreign exchange		(852)	1,991	-	-
Waiver of debts		(264)	-	-	-
(Write back)/Provision for retirement benefits	26	(28)	412	-	-
Operating profit/(loss) before working capital changes		67,731	50,798	(10,812)	(11,493)
Increase in inventories		(41,395)	(27,598)	-	-
(Increase)/Decrease in trade and other receivables		(41,310)	(33,826)	26	(640)
Increase/(Decrease) in trade and other payables		72,153	54,293	(442)	(370)
(Increase)/Decrease in amounts owing by associates		(403)	892	(141)	-
Decrease in amounts owing to associates		(5)	(1,382)	(6)	(113)
Cash generated from/(used in) operations		56,771	43,177	(11,375)	(12,616)
Dividend received		6	18	5,753	15,673
Retirement benefits paid	26	(593)	(389)	-	-
Tax (paid)/refunded		(12,294)	(15,988)	-	3,983
Net cash from/(used in) operating activities		43,890	26,818	(5,622)	7,040

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

Statements of Cash Flows

For the financial year ended 31 May 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash Flows From Investing Activities					
Acquisition of a subsidiary	9	-	(236)	-	-
Disposals of subsidiaries	9	-	1,480	-	-
Distribution of surplus assets to non-controlling interests on winding up		(1,980)	-	-	-
Interest received		821	760	180	667
Proceeds from disposal of property, plant and equipment		746	3,070	-	15,438
Proceeds from disposal of investment properties		209	-	-	-
Purchase of additional shares in existing subsidiaries		-	(3,045)	-	-
Purchase of intangible assets	12	(6,750)	(14,980)	-	-
Purchase of other investments		(1,811)	(1,104)	(14)	-
Purchase of property, plant and equipment	7(a)	(24,587)	(22,734)	(1,100)	(1,345)
Repayments/(Advances) to subsidiaries		-	-	12,743	(13,483)
Proceeds from disposal of other investments		3,946	6,831	27	2,821
Purchase of treasury shares from owners		(208)	-	(208)	-
Purchase of treasury shares of a subsidiary from non-controlling interests		(305)	-	-	-
Withdrawal of short term deposits pledged to licensed banks		5,101	766	-	-
Net cash (used in)/from investing activities		(24,818)	(29,192)	11,628	4,098
Cash Flows From Financing Activities					
Dividends paid to non-controlling interests of subsidiaries		(7,163)	(10,657)	-	-
Interest paid		(13,868)	(12,931)	(4,334)	(3,813)
Repayments of hire-purchase and lease creditors		(3,266)	(1,097)	(428)	(937)
Drawdowns/(repayments) of borrowings		3,080	5,857	450	(11,100)
Net cash used in financing activities		(21,217)	(18,828)	(4,312)	(15,850)
Net (decrease)/increase in cash and cash equivalents		(2,145)	(21,202)	1,694	(4,712)
Cash and cash equivalents at beginning of financial year		67,782	87,536	(8,998)	(4,286)
Effects of exchange rate changes on cash and cash equivalents		446	1,448	-	-
		68,228	88,984	(8,998)	(4,286)
Cash and cash equivalents at end of financial year	19	66,083	67,782	(7,304)	(8,998)

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

1. CORPORATE INFORMATION

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

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

The principal place of business of the Company is located at 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 20 September 2012.

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 41 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 set out on pages 57 to 142 have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 42 to the financial statements set out on page 143 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.

As at 31 May 2012, the Company's current liabilities exceeded its current assets by RM61,643,000. The net current liabilities comprise amounts owing to subsidiaries of RM72,535,000.

The Directors are of the opinion that the preparation of the financial statements of the Company on a going concern basis is appropriate due to expected dividends from the subsidiaries and credit facilities in place to meet its operation requirements. In addition, the Company carries out cash flows reviews for the next twelve (12) months to ensure that the business operations have sufficient funds available to operate as a going concern.

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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

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

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

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

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

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 June 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.3 Business Combinations

Business combinations from 1 June 2011 onwards

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

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

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

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

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

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

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

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

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8(a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.3 Business Combinations *(continued)*

Business combinations before 1 June 2011

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 (see Note 4.8(a) to the financial statements on 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 business combination; and

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

When a business combination includes more than one exchange transaction, 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.

4.4 Property, plant and equipment and depreciation

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the 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 a 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.

Land and 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 land and buildings are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the buildings at the reporting date.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.4 Property, plant and equipment and depreciation *(continued)*

Freehold land has unlimited useful life and 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%
Buildings	2% - 10%
Plant and machinery	7% - 33%
Motor vehicles	10% - 20%
Furniture, fittings and equipment	5% - 33%
Renovation	2% - 10%
Software	33%

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 4.9 to the financial statements on impairment of non-financial assets).

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

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation reserve related to those assets, if any, is transferred directly to retained earnings.

4.5 Lease and hire-purchase

(a) Finance leases and hire-purchase

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

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

(b) Operating leases

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.5 Lease and hire-purchase *(continued)*

(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.

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

4.6 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 accumulated depreciation and any accumulated impairment losses.

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

4.7 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. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.7 Investments *(continued)*

(b) Associates *(continued)*

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.

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

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest 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 an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.8 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.8 Intangible assets *(continued)*

(a) Goodwill *(continued)*

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.

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.

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 the end of each financial year. 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.8 Intangible assets *(continued)*

(b) Other intangible assets *(continued)*

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.

After initial recognition, the development expenditure is carried at cost less accumulated amortisation and any accumulated impairment losses. The development expenditure is amortised over the period of time not exceeding five (5) 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 4.9 to the financial statements. The amortisation expense and any impairment loss is recognised in profit or loss.

The development expenditure is 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.

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 rights are carried at cost less accumulated amortisation and any accumulated impairment losses. The rights are amortised on a straight line basis over five (5) to fifteen (15) 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 4.9 to the financial statements. The amortisation expense and any impairment loss is recognised in profit or loss.

The 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.

4.9 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 investment properties 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

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.

4.10 Inventories

Inventories are stated 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.

4.11 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

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.

4.11.1 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

4.11.1 Financial assets *(continued)*

(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.

4.11.2 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

4.11.2 Financial liabilities *(continued)*

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

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.

4.11.3 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.

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.12 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 fair value subsequent to the impairment loss is recognised in other comprehensive income.

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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.13 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 costs is suspended during extended periods in which active development is interrupted.

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

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

4.14 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.

4.15 Income taxes

Income taxes include all domestic and foreign taxes on taxable profits. Income taxes also include real property gains taxes payable on disposal of properties, if any.

Taxes in the profit or loss comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(b) Deferred tax

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

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 *(continued)*

4.15 Income taxes *(continued)*

(b) Deferred tax *(continued)*

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 in 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.

4.16 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits 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.

4.17 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.17 Contingent liabilities and contingent assets *(continued)*

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 a contingent asset but discloses its existence where the 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.

4.18 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 contributions 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.

4.19 Foreign currencies

4.19.1 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. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.19 Foreign currencies *(continued)*

4.19.2 Foreign currency translation and balances

Transactions in foreign currencies are converted into the functional currency of each company in the Group 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 their functional currencies 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.

4.19.3 Foreign operations

Financial statements of foreign operations are translated at end of the reporting period 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.

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.

When a foreign operation is partially disposed of or sold, the relevant exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

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.

4.20 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) Sale of goods

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

(b) Services rendered

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.20 Revenue recognition *(continued)*

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

(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.

4.21 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 Managing Director) 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 *(continued)*

4.22 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 FRSs AND AMENDMENTS TO FRSs

5.1 New FRSs adopted during the current financial year

Title	Effective Date
FRS 1 *First-time Adoption of Financial Reporting Standards*	1 July 2010
FRS 3 *Business Combination*	1 July 2010
FRS 127 *Consolidated and Separate Financial Statements*	1 July 2010
Amendments to FRS 2 *Share based payments*	1 July 2010
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 138 *Intangible Assets*	1 July 2010
Amendments to IC *Interpretation 9 Reassessment of Embedded Derivatives*	1 July 2010
IC Interpretation 12 *Service Concession Arrangements*	1 July 2010
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17 *Distributions of Non- cash Assets to Owners*	1 July 2010
Amendments to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*	1 January 2011
Amendments to FRS 1 *Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*	1 January 2011
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*	1 January 2011
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2011
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2011
Improvements to FRSs (2010)	1 January 2011

There is no impact upon adoption of the above new FRSs and Amendments to FRSs during the current financial year.

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new MFRS framework that is applicable to entities other than private entities.

The Group is expected to apply MFRS framework for the financial year ending 31 May 2013.

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs *(continued)*

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 *(continued)*

This would result in the Group preparing an opening MFRS statement of financial position as at 1 June 2011, which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual financial performance for the financial year ended 31 May 2012 in accordance with MFRS, which would form the MFRS comparatives for the financial year ending 31 May 2013.

The MFRSs and IC Interpretations expected to be adopted are as follows:

Title	Effective Date
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2 *Share-based Payment*	1 January 2012
MFRS 3 *Business Combinations*	1 January 2012
MFRS 4 *Insurance Contracts*	1 January 2012
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7 *Financial Instruments: Disclosures*	1 January 2012
MFRS 8 *Operating Segments*	1 January 2012
MFRS 9 *Financial Instruments*	1 January 2015
MFRS 10 *Consolidated Financial Statements*	1 January 2013
MFRS 11 *Joint Arrangements*	1 January 2013
MFRs 12 *Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13 *Fair Value Measurement*	1 January 2013
MFRS 101 *Presentation of Financial Statements*	1 January 2012
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 102 *Inventories*	1 January 2012
MFRS 107 *Statement of Cash Flows*	1 January 2012
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110 *Events After the Reporting Period*	1 January 2012
MFRS 111 *Construction Contacts*	1 January 2012
MFRS 112 *Income Taxes*	1 January 2012
MFRS 116 *Property, Plant and Equipment*	1 January 2012
MFRS 117 *Leases*	1 January 2012
MFRS 118 *Revenue*	1 January 2012
MFRS 119 *Employee Benefits*	1 January 2012
MFRS 119 *Employee Benefits (revised)*	1 January 2013
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123 *Borrowing Costs*	1 January 2012
MFRS 124 *Related Party Disclosures*	1 January 2012
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127 *Consolidated and Separate Financial Statements*	1 January 2012
MFRS 127 *Separate Financial Statements*	1 January 2013
MFRS 128 *Investments in Associates*	1 January 2012
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131 *Interests in Joint Ventures*	1 January 2012
MFRS 132 *Financial Instruments: Presentation*	1 January 2012
MFRS 133 *Earnings Per Share*	1 January 2012

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs *(continued)*

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 *(continued)*

The MFRSs and IC Interpretations expected to be adopted are as follows: *(continued)*

Title	**Effective Date**
MFRS 134 *Interim Financial Reporting*	1 January 2012
MFRS 136 *Impairment of* Assets	1 January 2012
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138 *Intangible Assets*	1 January 2012
MFRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140 *Investment Property*	1 January 2012
MFRS 141 *Agriculture*	1 January 2012
Improvements to MFRSs (2008)	1 January 2012
Improvements to MFRSs (2009)	1 January 2012
Improvements to MFRSs (2010)	1 January 2012
Amendments to MFRS 1 *Government Loans*	1 January 2013
Amendments to MFRS 7 Disclosures - *Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRSs *Annual Improvements 2009 - 2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
MFRS 3 *Business Combinations* (as issued by the International Accounting Standards Board ('IASB') in March 2004)	1 January 2013
MFRS 127 *Consolidated and Separate Financial Statements* (as issued by the IASB in December 2003)	1 January 2013
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5 *Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2012
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12 *Service Concession Arrangements*	1 January 2012
IC Interpretation 13 *Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14 MFRS 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
IC Interpretation 107 *Introduction of the Euro*	1 January 2012
IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112 *Consolidation - Special Purpose Entities*	1 January 2012
IC Interpretation 113 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115 *Operating Leases - Incentives*	1 January 2012

5. ADOPTION OF NEW FRSs AND AMENDMENTS TO FRSs *(continued)*

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 *(continued)*

The MFRSs and IC Interpretations expected to be adopted are as follows: *(continued)*

Title	**Effective Date**
IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129 *Service Concession Arrangements: Disclosures*	1 January 2012
IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132 *Intangible Assets - Web Site Costs*	1 January 2012

The Group is in the process of assessing the impact of implementing the MFRS framework since the effects would only be observable for the financial year ending 31 May 2013.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors are of the opinion that there are no material changes in estimates during the financial year.

6.2 Critical judgements made in applying accounting policies

The following are 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.

6.2.1 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.

6.2.2 Contingent liabilities

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

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

6.3 Key sources of estimation uncertainty

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

6.3.1 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 4.4 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.

6.3.2 Impairment of investments in subsidiaries and associates and amounts owing by subsidiaries and associates

The Company reviews the investments in subsidiaries and associates for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts owing by subsidiaries and associates when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and associates and amounts owing by subsidiaries and associates are assessed by reference to the value in use of the respective subsidiaries and associates.

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

6.3.3 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.

6.3.4 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. Further details are disclosed in Note 13 to the financial statements.

6.3.5 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 *(continued)*

6.3 Key sources of estimation uncertainty *(continued)*

6.3.5 Deferred tax assets *(continued)*

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgement and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

At the end of the reporting period, the Group has recognised RM32,259,000 (2011: RM30,430,000) of unused tax losses and unabsorbed capital allowances as management considered that it is probable that taxable profits will be available against which the losses and allowances can be utilised. Variance from future taxable profits estimated will result in changes in the deferred tax assets recognised.

6.3.6 Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on an 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.

6.3.7 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.

6.3.8 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.

6.3.9 Income taxes

The Group and the Company have exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group and the Company's provision for income taxes.

The Group and the Company recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the financial tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the financial year in which such determination is made.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2012	Balance as at 1.6.2011 RM'000	Additions RM'000	Impairment RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Translation adjustments RM'000	Written-off RM'000	Reclassifications RM'000	Balance as at 31.5.2012 RM'000
Carrying amount									
Freehold land	1,057	-	-	-	-	-	-	(41)	1,016
Buildings	47,849	3,070	-	-	(1,799)	233	-	827	50,180
Leasehold land	71,474	2,910	-	-	(798)	(1)	-	2,305	75,890
Plant and machinery	68,749	3,788	-	(285)	(9,199)	(82)	(226)	20	62,765
Motor vehicles	20,258	4,173	-	(864)	(5,045)	43	(3)	2,000	20,562
Furniture, fittings and office equipment	10,734	2,461	(8)	(14)	(2,177)	(11)	41	(3,333)	7,693
Renovation	3,906	2,158	-	-	(569)	7	-	235	5,737
Assets under construction	3,129	9,388	-	-	-	(364)	(819)	(3,346)	7,988
Software	-	1,450	-	-	(1,392)	-	-	1,333	1,391
	227,156	29,398	(8)	(1,163)	(20,979)	(175)	(1,007)	-	233,222

	At 31.5.2012			
	Cost RM'000	Valuation RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	-	1,016	-	1,016
Buildings	-	56,592	(6,412)	50,180
Leasehold land	-	79,494	(3,604)	75,890
Plant and machinery	205,392	-	(142,627)	62,765
Motor vehicles	48,268	-	(27,706)	20,562
Furniture, fittings and office equipment	27,219	-	(19,526)	7,693
Renovation	8,329	-	(2,592)	5,737
Assets under construction	7,989	-	(1)	7,988
Software	3,450	-	(2,059)	1,391
	300,647	137,102	(204,527)	233,222

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

Group 2011	Balance as at 1.6.2010 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 a subsidiary (Note 9) RM'000	Translation adjustments RM'000	Written-off RM'000	Reclassi-fications RM'000	Balance as at 31.5.2011 RM'000
Carrying amount												
Freehold land	1,057	-	-	-	-	-	-	-	-	-	-	1,057
Buildings	66,362	1,605	(336)	-	(1,183)	(1,579)	-	-	856	-	(17,876)	47,849
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
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 *(continued)*

Company 2012	**Balance as at 1.6.2011 RM'000**	**Additions RM'000**	**Written-off RM'000**	**Depreciation charge for the financial year RM'000**	**Balance as at 31.5.2012 RM'000**
Carrying amount					
Leasehold land	30,781	-	-	(330)	30,451
Buildings	6,570	-	-	(132)	6,438
Motor vehicles	1,271	525	(2)	(391)	1,403
Furniture, fittings and office equipment	275	129	-	(56)	348
Renovation	925	446	-	(275)	1,096
	39,822	1,100	(2)	(1,184)	39,736

	At 31.5.2012			
	Cost RM'000	**Valuation RM'000**	**Accumulated depreciation and impairment RM'000**	**Carrying amount RM'000**
Leasehold land	-	30,781	(330)	30,451
Buildings	-	6,570	(132)	6,438
Plant and machinery	2,403	-	(2,403)	-
Motor vehicles	2,610	-	(1,207)	1,403
Furniture, fittings and office equipment	1,161	-	(813)	348
Renovation	2,769	-	(1,673)	1,096
	8,943	37,351	(6,558)	39,736

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 RM'000**
Carrying amount						
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

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

	At 31.5.2011			
	Cost RM'000	Valuation RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Company				
2011				
Leasehold land	-	30,781	-	30,781
Buildings	-	6,570	-	6,570
Plant and machinery	2,403	-	(2,403)	-
Motor vehicles	2,085	-	(814)	1,271
Furniture, fittings and office equipment	1,032	-	(757)	275
Renovation	2,323	-	(1,398)	925
	7,843	37,351	(5,372)	39,822

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

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Purchase of property, plant and equipment		29,398	23,750	1,100	26,945
Purchase of property, plant and equipment resulting from the corporate restructuring	9	-	-	-	(25,000)
Financed by hire-purchase and lease arrangements		(3,361)	(1,016)	-	(600)
Reclassification from deposits		(1,450)	-	-	-
Cash payments on purchase of property, plant and equipment		24,587	22,734	1,100	1,345

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Motor vehicles	6,512	7,172	1,041	798
Office equipment, fixtures and fittings	47	1,242	-	-
	6,559	8,414	1,041	798

(c) As at 31 May 2012, land and buildings of the Group and of the Company with total carrying amount of RM44,566,000 (2011: RM16,350,000) and RM30,451,000 (2010: RM30,781,000) respectively have been charged to banks for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

(d) Land and buildings of the Group and of the Company were revalued in the previous 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.

(e) As at 31 May 2012, certain plant and machinery of the Group have been charged to banks for banking facilities granted to certain subsidiaries as disclosed in Note 22 to the financial statements.

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

(f) The carrying amount 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) In the previous financial year, the Group recognised an impairment loss of RM2,000,000 on property, plant and equipment, which were obsolete and no longer in use.

8. INVESTMENT PROPERTIES

	Group	
	2012 RM'000	2011 RM'000
Freehold land and building, at cost		
Balance as at 1 June	353	362
Disposed during the financial year	(189)	-
Depreciation charged during the financial year	(13)	(9)
Balance as at 31 May	151	353
Fair value	385	885

Rental income generated from rental of investment properties of the Group during the financial year amounted to RM39,700 (2011: RM55,200).

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM15,003 (2011: RM15,960).

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012 RM'000	2011 RM'000
Shares quoted in Malaysia, at cost	60,751	60,751
Unquoted shares, at cost	268,406	268,406
	329,157	329,157
Less: Impairment loss of investments in unquoted shares	(56,983)	(54,923)
	272,174	274,234
Market value of quoted shares	37,586	37,825

The details of the subsidiaries are disclosed in Note 41 to the financial statements.

Quoted investments in a subsidiary with a carrying amount of RM31,078,000 (2011: RM35,325,000) and quoted investments held by a subsidiary with a carrying amount of RM54,365,000 (2011: RM55,922,000) have been charged to a licensed bank for credit facilities granted to the Company (Note 22).

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

9.1 Acquisition of additional interests in subsidiaries

In the previous 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) the 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 to 47.1% as at the end of the previous 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 to 64.0% as at the end of the previous financial year.

9.2 Acquisition of a subsidiary

In the previous 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 resulted in the effective shareholding of Ancom in AKSB to 26.5% and became a subsidiary of the Group as at the end of the previous financial year.

From the date of acquisition, AKSB has contributed profit after tax of RM521,000 to the Group's net results in the previous financial year. 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.

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

9.2 Acquisition of a subsidiary *(continued)*

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 cash equivalents	39
	20,488
Trade and other payables	(18,106)
Borrowings	(2,798)
Hire-purchase and finance lease creditors	(585)
	(21,489)
Fair value of total net liabilities and group's share of net liabilities	(1,001)
Goodwill on acquisition	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. INVESTMENTS IN SUBSIDIARIES *(continued)*

9.3 Disposals of equity interests in subsidiaries

In the previous 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 a cash consideration of RM8,000,000.

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 off	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 off	(6,520)
Net cash inflow to the Group	1,480

(b) The Company disposed of its 52.81% equity interest in STL of which the cost of investment in RM21,859,000 to ALB.

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

9.4 Winding-up of subsidiaries

(a) Malaysia Roofing Industries Sdn. Bhd.

On 29 February 2012, the Group commenced a members' voluntary winding up of its subsidiary, Malaysian Roofing Industries Sdn. Bhd., a company incorporated in Malaysia. As at the date of this report, the transaction has not been completed.

(b) PT Indomalay Ekatana Roofing Industries

In the previous financial year, the Group completed a members' voluntary winding up of its subsidiaries, PT Indomalay Ekatana Roofing Industries ("IRI"), a company incorporated in Indonesia. A gain on winding-up of RM197,000 was recognised in the statements of comprehensive income in the previous year.

10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares, at cost	8,363	8,363	1,216	1,216
Group's share of post acquisition results	(3,991)	(3,677)	-	-
	4,372	4,686	1,216	1,216
Less: Impairment loss	(1,857)	(362)	(1,104)	(709)
	2,515	4,324	112	507

The details of the associates are disclosed in Note 41 to the financial statements.

The summarised financial information of the associates are as follows:

	Group	
	2012 RM'000	2011 RM'000
Assets and liabilities		
Current assets	11,804	20,983
Non-current assets	5,131	9,923
Total assets	16,935	30,906
Current liabilities	18,644	29,186
Non-current liabilities	188	86
Total liabilities	18,832	29,272
Results		
Revenue	20,673	21,442
Loss for the financial year	(665)	(1,490)

11. OTHER INVESTMENTS

	Group	
	2012 RM'000	2011 RM'000
Non-current		
Available-for-sale financial assets		
Unquoted shares in Malaysia	1,679	3,580
Financial assets at fair value through profit or loss		
Quoted shares in Malaysia	368	612
Unquoted shares in Malaysia	1,980	1,958
Total non-current other investments	4,027	6,150

11. OTHER INVESTMENTS *(continued)*

	Group 2012 RM'000	Group 2011 RM'000
Current		
Available-for-sale financial assets		
Quoted shares in Malaysia	1,972	2,264
Financial assets at fair value through profit or loss		
Unit trusts	184	83
Quoted shares in Malaysia	-	21
Total current other investments	2,156	2,368

	Company 2012 RM'000	Company 2011 RM'000
Non-current		
Financial assets at fair value through profit or loss		
Quoted shares in Malaysia	236	512
Unquoted shares in Malaysia	1,913	1,900
Total non-current other investments	2,149	2,412
Current		
Financial assets at fair value through profit or loss		
Unit trusts	-	27
Total current other investments	-	27

(a) Information on the fair value hierarchy is disclosed in Note 34(b)(iv) to the financial statements.

12. INTANGIBLE ASSETS

	Group 2012 RM'000	Group 2011 RM'000
Development expenditure		
Balance as at 1 June	442	537
Addition during the financial year	230	-
Amortisation during the financial year	(78)	(95)
Balance as at 31 May	594	442
Rights		
Balance as at 1 June	23,776	13,562
Additions during the financial year	6,520	14,980
Amortisation during the financial year	(5,787)	(3,876)
Impairment loss	(3,210)	(890)
Balance as at 31 May	21,299	23,776
Total	21,893	24,218

12. INTANGIBLE ASSETS *(continued)*

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-in-use 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 projected profit margin applied taking into account industry trends and outlook.

Management is not aware of any reasonably 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 RM3,210,000 on intangible assets based on their recoverable amounts.

13. GOODWILL ON CONSOLIDATION

	Group	
	2012 RM'000	2011 RM'000
Balance as at 1 June	74,380	74,992
Acquisition of subsidiaries	-	4,321
Foreign exchange differences	3,010	(4,933)
Impairment loss	(1,398)	-
Balance as at 31 May	75,992	74,380

(a) Allocation of goodwill

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

	Polymer and industrial chemical RM'000	Media RM'000	Total RM'000
31 May 2012	57,383	18,609	75,992
31 May 2011	55,771	18,609	74,380

13. GOODWILL ON CONSOLIDATION *(continued)*

(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, which 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 reasonably possible changes in the above key assumptions, which would cause the carrying amounts of the CGU to materially exceed their recoverable amounts.

An impairment loss on goodwill amounting to RM1,398,000 relating to a subsidiary under the polymer and industrial chemical CGU has been recognised during the financial year due to declining business operations.

14. DEFERRED TAX (ASSETS)/LIABILITIES

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

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Balance as at 1 June		(15,575)	(9,588)	4,628	2,979
Recognised in profit or loss	32	(3,339)	(5,649)	(1,947)	74
Foreign exchange differences		458	(76)	-	-
Disposals of subsidiaries	9	-	299	-	-
Recognised in other comprehensive income		-	(561)	-	1,575
		(2,881)	(5,987)	(1,947)	1,649
Balance as at 31 May		(18,456)	(15,575)	2,681	4,628
Presented as:					
Deferred tax assets, net		(32,259)	(30,430)	-	-
Deferred tax liabilities, net		13,803	14,855	2,681	4,628

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

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
2012			
Balance as at 1 June	18,943	(135)	18,808
Recognised in profit or loss	(2,068)	(126)	(2,194)
Foreign exchange differences	11	305	316
Balance as at 31 May	16,886	44	16,930
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

Deferred tax assets of the Group

	Payables RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
2012				
Balance as at 1 June	(5,389)	(28,205)	(789)	(34,383)
Recognised in profit or loss	842	(2,121)	134	(1,145)
Foreign exchange differences	-	139	3	142
Balance as at 31 May	(4,547)	(30,187)	(652)	(35,386)
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)

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

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

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Total RM'000
2012		
Balance as at 1 June	4,628	4,628
Recognised in profit or loss	(1,947)	(1,947)
Balance as at 31 May	2,681	2,681
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

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

	Group	
	2012 RM'000	2011 RM'000
Unutilised tax losses	107,345	103,189
Unabsorbed capital allowances	12,073	14,385
Taxable temporary differences	(3,860)	(4,808)
	115,558	112,766

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	
	2012 RM'000	2011 RM'000
At cost		
Raw materials	16,157	14,832
Packing materials	370	941
Work-in-progress	949	1,461
Finished goods	47,913	31,869
	65,389	49,103
At net realisable value		
Raw materials	15,894	19,226
Finished goods	104,264	78,659
Work-in-progress	3,388	3,536
	123,546	101,421
	188,935	150,524

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,419,032,000 (2011: RM1,150,304,000).

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables	311,042	281,519	-	-
Less: Impairment loss	(7,563)	(8,090)	-	-
	303,479	273,429	-	-
Other receivables	28,588	25,446	748	3,397
Less: Impairment loss	(4,862)	(1,463)	(291)	(1,400)
	23,726	23,983	457	1,997
Deposits	3,421	5,553	81	204
Loans and receivables	330,626	302,965	538	2,201
Prepayments	11,863	14,488	18	113
Deferred expenditure	9,337	1,876	-	-
	351,826	319,329	556	2,314

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from one (1) month to three (3) months (2011: one (1) to three (3) months). They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

16. TRADE AND OTHER RECEIVABLES *(continued)*

(b) The currency exposure profiles of receivables are disclosed in Note 35 to the financial statements.

(c) The impairment loss on the other receivables of the Group and of the Company was net of bad debts written off of RM1,400,000 (2011: Nil).

(d) Deferred expenditure of the Group represents expenses incurred in connection with the services provided by the Group as disclosed in Note 27 to the financial statements.

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

	Group	
	2012 RM'000	**2011 RM'000**
Neither past due nor impaired	228,355	203,289
Past due, not impaired		
1 to 30 days	32,296	33,835
31 to 60 days	22,573	12,311
61 to 90 days	4,275	3,783
91 to 120 days	3,333	1,428
More than 120 days	8,932	16,413
	71,409	67,770
Past due and impaired	11,278	10,460
	311,042	281,519

<u>Receivables that are neither past due nor impaired</u>

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.

<u>Receivables that are past due but not impaired</u>

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

<u>Receivable that are past due and impaired</u>

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

Individually impaired

	Group	
	2012 RM'000	**2011 RM'000**
Trade receivables	11,278	10,460
Less: Impairment loss	(7,653)	(8,090)
	3,625	2,370

16. TRADE AND OTHER RECEIVABLES *(continued)*

The reconciliation of movement in the impairment loss of trade receivables are as follows: *(continued)*

	Group	
	2012	**2011**
	RM'000	**RM'000**
At 1 June	8,090	6,842
Effects on adoption of FRS 139	-	148
Charge for the financial year	666	1,347
Arising from acquisition of a subsidiary	-	696
Reversal of impairment loss	(368)	(178)
Written off	(930)	(708)
Exchange differences	105	(57)
At 31 May	7,653	8,090

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

(f) Information on financial risks of trade and other receivables are disclosed in Note 35 to the financial statements.

17. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2012	**2011**
	RM'000	**RM'000**
Interest bearing	2,604	22,911
Non-interest bearing	61,172	29,088
	63,776	51,999
Less: Impairment loss	(4,451)	-
	59,325	51,999

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 are 6.75% (2011: 6.75%) per annum.

18. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Amounts owing by associates	8,690	8,287	337	196
Less: Impairment loss	(440)	(440)	-	-
	8,250	7,847	337	196

The amounts owing by associates represent balances arising from trade transactions, which are unsecured and 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term deposits with licensed banks	15,816	29,714	-	-
Cash and bank balances	69,996	60,553	554	250
As reported in statements of financial position	85,812	90,267	554	250
Less:				
Short term deposits pledged with licensed banks	(3,909)	(9,010)	-	-
Bank overdrafts (Note 22)	(15,820)	(13,475)	(7,858)	(9,248)
As reported in statements of cash flows	66,083	67,782	(7,304)	(8,998)

(a) Short term deposits of the Group amounting to RM3,909,000 (2011: RM9,010,000) 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 35 to the financial statements.

20. SHARE CAPITAL

	Group and Company			
	2012		2011	
	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

20. SHARE CAPITAL *(continued)*

(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.

(b) Treasury shares

As at 31 May 2012, a total of 3,282,027 (2011: 2,711,027) Treasury Shares at a total cost of RM2,281,000 (2011: RM2,073,000) were held by the Company in accordance with Section 67A (3)(b) of the Companies Act, 1965 in Malaysia.

During the financial year, the total shares repurchased by the Company and consideration paid are as follows:

Month	Number of shares repurchased	Purchase Price Lowest RM	Purchase Price Highest RM	Purchase Price Average RM	Total consideration RM
November 2011	5,000	0.3700	0.3700	0.3700	1,893
December 2011	20,000	0.3750	0.3700	0.3725	7,620
March 2012	92,300	0.3800	0.3600	0.3723	34,581
April 2012	77,000	0.3650	0.3600	0.3632	28,330
May 2012	376,700	0.3600	0.3500	0.3578	135,537
	571,000				207,961

The shares purchased are being held as treasury shares in accordance with the requirement of Section 67A (As amended) of the Companies Act, 1965 in Malaysia. There is no cancellation or resell of treasury shares during the financial year.

21. RESERVES

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-distributable:				
Share premium	4,332	4,332	4,332	4,332
Revaluation reserve	25,352	25,707	13,574	13,574
Capital reserve	203	203	-	-
Exchange translation reserve	(7,445)	(9,838)	-	-
Capital redemption reserve	4,987	4,987	4,917	4,917
Distributable:				
Retained earnings	54,565	63,579	2,136	7,507
	81,994	88,970	24,959	30,330

(a) 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.

21. RESERVES *(continued)*

(b) Exchange translation reserve

The exchange translation 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.

(c) 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.

(d) Retained earnings

Effective 1 January 2008, the Company was 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	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-current liabilities					
Unsecured					
Hire-purchase and lease creditors	24	27	-	-	-
Secured					
Hire-purchase and lease creditors	24	3,166	3,384	713	923
Revolving credits		-	4,966	-	4,000
Term loans		17,009	13,807	7,500	3,000
		20,175	22,157	8,213	7,923
		20,202	22,157	8,213	7,923

22. BORROWINGS *(continued)*

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current liabilities					
Unsecured					
Bankers' acceptances		1,622	1,552	-	-
Bank overdrafts		13,588	10,554	7,858	9,248
Revolving credits		24,250	16,000	24,250	16,000
Hire-purchase and lease creditors	24	32	125	-	-
Term loans		106,720	105,508	-	3,000
		146,212	133,739	32,108	28,248
Secured					
Bankers' acceptances		-	2,497	-	-
Bank overdrafts		2,232	2,921	-	-
Revolving credits		4,752	4,510	-	-
Trust receipts		45,208	40,544	-	-
Hire-purchase and lease creditors	24	2,980	2,602	748	766
Term loans	23	38,602	45,698	16,750	22,250
		93,774	98,772	17,498	23,016
		239,986	232,511	49,606	51,264
Total borrowings					
Bankers' acceptances		1,622	4,049	-	-
Bank overdrafts	19	15,820	13,475	7,858	9,248
Revolving credits		29,002	25,476	24,250	20,000
Trust receipts		45,208	40,544	-	-
Hire-purchase and lease creditors	24	6,205	6,111	1,461	1,689
Term loans		162,331	165,013	24,250	28,250
		260,188	254,668	57,819	59,187

(a) The secured borrowings of the Group are secured by the following:

(i) a fixed charge over the land and buildings of the Company and certain subsidiaries as disclosed in Note 7 to the financial statements;

(ii) a fixed charge over certain plant and machinery of certain subsidiaries as disclosed in Note 7 to the financial statements;

(iii) a charge over investments in a subsidiary of the Company as disclosed in Note 9 to the financial statements; and

(iv) 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 35 to the financial statements.

23. TERM LOANS

Other than as disclosed in Note 22 to the financial statements, the secured 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; and

(v) assignment of insurance policies covering stock in trade in favour of bank.

In the previous financial year, the short-term secured term loan of RM10,216,000 of a subsidiary of the Group was secured by assignment of dividends receivable from the subsidiary.

Information on financial risks of borrowings is disclosed in Note 35 to the financial statements.

24. HIRE-PURCHASE AND LEASE CREDITORS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Minimum hire-purchase and lease payments:				
- not later than one year	3,315	3,070	816	753
- later than one year and not later than five years	3,246	3,499	758	1,099
- later than five years	127	116	8	-
Total minimum hire-purchase and lease payments	6,688	6,685	1,582	1,852
Less: Future interest charges	(483)	(574)	(121)	(163)
Present value of hire-purchase and lease payments	6,205	6,111	1,461	1,689
Repayable as follows:				
Current liabilities:				
- not later than one year	3,012	2,727	748	766
Non-current liabilities:				
- later than one year and not later than five years	3,071	3,271	705	923
- later than five years	122	113	8	-
	3,193	3,384	713	923
	6,205	6,111	1,461	1,689

Information on financial risks of borrowings is disclosed in Note 35 to the financial statements.

25. GOVERNMENT GRANT

	Group	
	2012 RM'000	2011 RM'000
Balance as at 1 June	1,600	1,800
Less: Recognised in profit or loss	(1,000)	(200)
Balance as at 31 May	600	1,600

The government grant has been given by the Ministry of Science, Technology and Innovation in relation to the 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	
	2012 RM'000	2011 RM'000
Balance as at 1 June	3,476	3,452
Charged to profit or loss	(28)	412
Utilised during the financial year	(593)	(389)
Foreign exchange differences	(9)	1
Balance as at 31 May	2,846	3,476

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.

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables	242,528	188,478	-	-
Other payables	28,425	27,616	21	1,020
Accruals	28,223	20,973	668	110
	299,176	237,067	689	1,130
Deferred revenue	12,120	2,340	-	-
	311,296	239,407	689	1,130

27. TRADE AND OTHER PAYABLES *(continued)*

(a) The normal credit terms available to the Group in respect of trade payables ranged from 30 to 90 days (2011: 30 to 90 days) from date of invoice.

(b) Information on financial risks of trade and other payables are disclosed in Note 35 to the financial statements.

(c) Deferred revenue represents portion of the consideration received or receivable in respect of services provided by the Group, but not yet rendered.

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. DERIVATIVES LIABILITIES

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. The changes in the fair value of those forward currency contracts are recognised as other income or expense in the statements of comprehensive income.

Forward currency contracts are used to hedge the Group's trade receivables and future sales denominated in United States Dollar and Singapore Dollar for which firm commitments existed at the end of the reporting period, extending to October 2012.

As at the end of the reporting period, the Group has entered into forward currency contracts with the following notional amounts:

	Contract/ notional amount RM'000	2012 Liabilities RM'000
Current		
Forward currency contracts		
United States Dollar	12,221	(412)
Singapore Dollar	2,697	(57)
Total held for trading financial liabilities		(469)

30. REVENUE

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Sale of goods	1,609,422	1,374,502	-	-
Services rendered	140,416	74,679	-	-
Freight and rental income	360	58,284	404	583
Interest income	-	-	180	667
Dividend income (gross)				
- Quoted investment in Malaysia	6	18	6	18
- Quoted subsidiaries	-	-	2,620	1,147
- Unquoted subsidiaries	-	-	15,500	15,580
	1,750,204	1,507,483	18,710	17,995

31. PROFIT/(LOSS) BEFORE TAX

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit/(Loss) before tax is arrived at after charging:					
Amortisation of:					
- intangible assets	12	5,865	3,971	-	-
Auditors' remuneration:					
- statutory:					
- auditors of the Company:					
- current year		281	259	110	104
- under provision in prior years		46	57	24	27
- other auditors:					
- current year		509	552	-	-
- under provision in prior years		15	4	-	-
- non-statutory:					
- auditors of the Company		25	6	17	6
- under provision in prior years		11	-	11	-
Bad debts written off					
- third parties		1,442	406	1,441	-
- subsidiaries		-	-	5	-
Depreciation of property, plant and equipment	7	20,979	19,017	1,184	770
Depreciation of investment properties	8	13	9	-	-
Directors' remuneration:					
Fees					
- payable by the Company		456	470	456	470
- payable by subsidiaries		372	226	-	-
Salaries and other emoluments					
- paid by the Company		547	547	547	547
- paid by subsidiaries		8,264	7,751	-	-
Fair value adjustment on other investments		(47)	1,148	76	1,148
Fair value loss on derivatives		469	-	-	-

31. PROFIT/(LOSS) BEFORE TAX *(continued)*

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit/(Loss) before tax is arrived at after charging: *(continued)*					
Impairment loss on amounts owing by subsidiaries		-	-	4,451	-
Impairment loss on goodwill on consolidation		1,398	-	-	-
Impairment loss on intangible assets	12	3,210	890	-	-
Impairment loss on investments in associates		1,495	352	395	352
Impairment loss on investments in subsidiaries		-	-	2,060	-
Impairment loss on property, plant and equipment	7	8	2,000	-	-
Impairment loss on other investment		200	-	200	-
Impairment loss on trade and other receivables		5,528	2,372	291	-
Interest expense on:					
- bank overdrafts		800	585	571	397
- term loans, revolving credits and bankers' acceptance		12,496	11,581	3,744	3,381
- others		572	765	19	35
Inventories written down		2,984	1,838	-	-
Loss on foreign exchange:					
- realised		-	3,939	-	-
- unrealised		-	1,991	-	-
Loss on disposal of subsidiaries	9	-	4,886	-	-
Loss on disposal of property, plant and equipment		417	-	-	-
Loss on disposal of other investments		1,734	170	-	170
Operating lease rental		2,863	2,539	-	-
Property, plant and equipment written off	7	1,007	48	2	-
(Write back)/Provision for retirement benefits	26	(28)	412	-	-
Rental of:					
- land and premises		2,700	3,273	33	200
- storage		11,432	-	-	-
- others		551	2,108	31	14
And crediting:					
Amortisation of government grant	25	1,000	200	-	-
Bad debts recovered		-	17	-	-
Gain on disposal of property, plant and equipment		-	1,184	-	1,201
Gain on disposals of subsidiaries	9	-	-	-	446
Gain on disposals of investment properties		20	-	-	-
Gain on foreign exchange					
- realised		1,633	-	-	-
- unrealised		852	-	-	-
Interest income from:					
- advances to a subsidiary		-	-	176	667
- others		821	760	4	-
Rental income from:					
- a subsidiary		-	-	26	27
- others		465	607	377	556
Reversal of impairment loss on trade and other receivables		368	343	-	-
Waiver of debts		264	-	-	-

The monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company are estimated at RM122,000 (2011: RM100,000).

32. TAXATION

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense based on profit for the financial year:				
Malaysian income tax	10,539	9,199	-	(372)
Foreign income tax	2,578	2,539	-	-
	13,117	11,738	-	(372)
Under/(Over) provision in prior years:				
Malaysian income tax	28	91	373	327
Foreign income tax	(3)	(29)	-	-
	13,142	11,800	373	(45)
Deferred tax (Note 14)	(1,854)	(4,989)	(20)	(139)
(Over)/Under provision in prior years (Note 14)	(1,485)	(660)	(1,927)	213
	(3,339)	(5,649)	(1,947)	74
Taxation	9,803	6,151	(1,574)	29

The income tax is calculated at the statutory tax rate of 25.00% (2011: 25.00%) of the estimated taxable profit for the fiscal year.

Taxation for other taxation authorities are calculated at the rates prevailing in these respective jurisdictions.

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit/(Loss) before tax	10,207	253	(6,945)	1,313
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	2,552	63	(1,736)	328
Tax effects in respect of:				
Non-allowable expenses	10,779	12,257	5,874	4,040
Non-taxable income	(2,639)	(2,524)	(4,158)	(4,879)
Tax incentives and allowances	(62)	(4,774)	-	-
Deferred tax assets not recognised	2,718	2,707	-	-
Effect of change in tax rate	-	22	-	-
Utilisation of unrecognised tax losses and capital allowances	(2,020)	(1,048)	-	-
Different tax rates in foreign jurisdictions	(65)	161	-	-
Relating to reversal to temporary differences	-	(262)	-	-
Share of post tax result of associates	-	147	-	-
	11,263	6,749	(20)	(511)
Under/(Over) provision in prior years:				
- income tax	25	62	373	327
- deferred tax	(1,485)	(660)	(1,927)	213
	(1,460)	(598)	(1,554)	540
Taxation	9,803	6,151	(1,574)	29

33. LOSS PER ORDINARY SHARE

(a) Basic

The basic loss per ordinary share for the financial year have been calculated based on the consolidated loss for the year attributable to equity holders of the parent of RM9,014,000 (2011: RM12,952,000) and the weighted average number of 216,245,382 (2011: 216,245,382) ordinary shares in issue (after adjusting for Treasury Shares) during the financial year.

	Group	
	2012 RM'000	2011 RM'000
Loss attributable to equity holders of the parent	(9,014)	(12,952)
Weighted average number of ordinary shares in issue (in '000)	216,245	216,245

	Group	
	2012 sen	2011 sen
Basic loss per ordinary share for the financial year	(4.17)	(5.99)

(b) Diluted

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

34. 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 maximise shareholder value. The overall strategy of the Group remains unchanged from that in financial year ended 31 May 2011.

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 2012 and 31 May 2011.

34. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments

(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				
2012				
Group				
Trade and other receivables	330,626	-	-	330,626
Amounts owing by associates	8,250	-	-	8,250
Other investments	-	2,532	3,651	6,183
Cash and cash equivalents	85,812	-	-	85,812
	424,688	2,532	3,651	430,871
Company				
Trade and other receivables	538	-	-	538
Amounts owing by subsidiaries	59,325	-	-	59,325
Amounts owing by associates	337	-	-	337
Other investments	-	2,149	-	2,149
Cash and cash equivalents	554	-	-	554
	60,754	2,149	-	62,903
2011				
Group				
Trade and other receivables	302,965	-	-	302,965
Amounts owing by associates	7,847	-	-	7,847
Other investments	-	2,674	5,844	8,518
Cash and cash equivalents	90,267	-	-	90,267
	401,079	2,674	5,844	409,597
Company				
Trade and other receivables	2,201	-	-	2,201
Amounts owing by subsidiaries	51,999	-	-	51,999
Amounts owing by associates	196	-	-	196
Other investments	-	2,439	-	2,439
Cash and cash equivalents	250	-	-	250
	54,646	2,439	-	57,085

34. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments *(continued)*

(i) Categories of financial instruments *(continued)*

	Fair value through profit or loss RM'000	Other Financial Liabilities RM'000	Total RM'000
Financial liabilities			
2012			
Group			
Trade and other payables, net of deferred revenue	-	299,176	299,176
Amounts owing to associates	-	13	13
Borrowings	-	260,188	260,188
	-	559,377	559,377
Company			
Trade and other payables, net of deferred revenue	-	689	689
Amounts owing to subsidiaries	-	72,535	72,535
Borrowings	-	57,819	57,819
	-	131,043	131,043
2011			
Group			
Trade and other payables, net of deferred revenue	-	237,067	237,067
Amounts owing to associates	-	18	18
Borrowings	-	254,668	254,668
	-	491,753	491,753
Company			
Trade and other payables, net of deferred revenue	-	1,130	1,130
Amounts owing to subsidiaries	-	60,011	60,011
Amounts owing to associates	-	6	6
Borrowings	-	59,187	59,187
	-	120,334	120,334

34. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments *(continued)*

(ii) The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows:

	Group		Company	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
2012				
Recognised				
Financial liabilities				
Hire-purchase and lease creditors	6,205	6,370	1,461	1,396
2011				
Recognised				
Financial liabilities				
Hire-purchase and lease creditors	6,111	6,125	1,689	1,692

(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 financial 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.

34. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments *(continued)*

(iii) Methods and assumptions used to estimate fair value *(continued)*

The fair values of financial assets and financial liabilities are determined as follows: *(continued)*

(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 end of the reporting period applied to a contract of similar amount and maturity profile.

(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).

The Group and the Company held the following financial instruments carried at fair value on the statements of financial position:

Assets measured at fair value

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 May 2012				
Group				
Financial assets at fair value through profit or loss				
- Unit trust	184	-	-	184
- Quoted shares	368	-	-	368
- Unquoted shares	-	-	1,980	1,980
	552	-	1,980	2,532
Available-for-sale financial assets				
- Quoted shares	1,972	-	-	1,972
- Unquoted shares	-	-	1,679	1,679
	1,972	-	1,679	3,651
Total	2,524	-	3,659	6,183

34. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments *(continued)*

(iv) Fair value hierarchy *(continued)*

Assets measured at fair value *(continued)*

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 May 2011				
Group				
Financial assets at fair value through profit or loss				
- Unit trust	83	-	-	83
- Quoted shares	633	-	-	633
- Unquoted shares	-	-	1,958	1,958
	716	-	1,958	2,674
Available-for-sale financial assets				
- Quoted shares	2,264	-	-	2,264
- Unquoted shares	-	-	3,580	3,580
	2,264	-	3,580	5,844
Total	2,980	-	5,538	8,518
At 31 May 2012				
Company				
Financial assets fair value through profit or loss				
- Quoted shares	236	-	-	236
- Unquoted shares	-	-	1,913	1,913
Total	236	-	1,913	2,149
At 31 May 2011				
Company				
Financial assets fair value through profit or loss				
- Unit trust	27	-	-	27
- Quoted shares	512	-	-	512
- Unquoted shares	-	-	1,900	1,900
	539	-	1,900	2,439

During the reporting period ended 31 May 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

35. 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.

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

31 May 2012 **Functional currency of group companies**	**Ringgit Malaysia RM'000**	**Indonesia Rupiah RM'000**	**United States Dollar RM'000**	**Vietnam Dong RM'000**	**Total RM'000**
Trade and other receivables					
United States Dollar	34,682	28,498	-	-	63,180
Singapore Dollar	983	-	2,444	-	3,427
Hong Kong Dollar	36	-	-	-	36
Japanese Yen	22	-	-	-	22
	35,723	28,498	2,444	-	66,665
Cash and cash equivalents					
United States Dollar	11,182	18,831	-	8	30,021
Singapore Dollar	567	-	278	-	845
	11,749	18,831	278	8	30,866

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

(i) Foreign currency risk *(continued)*

31 May 2012 Functional currency of group companies	Ringgit Malaysia RM'000	Indonesia Rupiah RM'000	United States Dollar RM'000	Vietnam Dong RM'000	Total RM'000
Bank borrowings					
United States Dollar	7,245	2,299	-	10,125	19,669
Trade and other payables					
United States Dollar	9,446	83,474	-	256	93,176
Singapore Dollar	-	-	2,985	-	2,985
EURO	33	-	-	-	33
Ringgit Malaysia	-	-	270	-	270
	9,479	83,474	3,255	256	96,464
31 May 2011 **Functional currency of group companies**					
Trade and other 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
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

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

(i) Foreign currency risk *(continued)*

31 May 2011 Functional currency of group companies	Ringgit Malaysia RM'000	Indonesia Rupiah RM'000	United States Dollar RM'000	Vietnam Dong RM'000	Total RM'000
Bank borrowings					
United States Dollar	-	-	-	6,501	6,501
Singapore Dollar	-	-	350	-	350
	-	-	350	6,501	6,851
Trade and other 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

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 2012 RM'000	Group 2011 RM'000
Profit after tax			
USD/RM	- strengthen by 3%	656	544
	- weaken by 3%	(656)	(544)
USD/VND	- strengthen by 3%	(233)	(390)
	- weaken by 3%	233	390
USD/IDR	- strengthen by 3%	(865)	-
	- weaken by 3%	865	-

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

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

(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 2012									
Fixed rates									
Short term deposits with licensed banks	19	1.31% - 5.67%	15,816	-	-	-	-	-	15,816
Hire-purchase and lease creditors	24	1.94% - 8.72%	3,012	1,827	1,032	203	9	122	6,205
Floating rates									
Bank overdrafts	22	1.06% - 7.27%	15,820	-	-	-	-	-	15,820
Bankers' acceptances	22	1.29%	1,622	-	-	-	-	-	1,622
Revolving credits	22	5.33% - 8.12%	29,002	-	-	-	-	-	29,002
Trust receipts	22	3.47% - 19.87%*	45,208	-	-	-	-	-	45,208
Term loans	22	3.55% - 11.73%	145,322	10,670	3,187	1,508	1,509	135	162,331

* Term loan of RM2,756,000 denominated in VND has an effect annual interest rate of 17.6% to 19.9% per annum.

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

(ii) Interest rate risk *(continued)*

	Note	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
As at 31 May 2011									
Fixed rates									
Short term deposits with licensed banks	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
Trust receipts	22	2.03% - 23.1%*	40,544	-	-	-	-	-	40,544
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.

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

(ii) Interest rate risk *(continued)*

	Note	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Company									
As at 31 May 2012									
Fixed rates									
Hire-purchase and lease creditors	24	4.73% - 7.04%	748	247	215	146	97	8	1,461
Floating rates									
Bank overdrafts	22	7.35% - 8.10%	7,858	-	-	-	-	-	7,858
Revolving credits	22	5.14% - 5.25%	24,250	-	-	-	-	-	24,250
Term loans	22	8.00% - 8.50%	16,750	6,000	1,500	-	-	-	24,250
As at 31 May 2011									
Fixed rates									
Hire-purchase and lease creditors	24	4.73% - 7.04%	766	545	378	-	-	-	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

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

(ii) Interest rate risk *(continued)*

Sensitivity analysis for interest rate risk

As at 31 May 2012, 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 financial year, arising mainly as a result of higher or lower interest expense on variable borrowings, would have been:

Effects on profit after tax	2012 Group RM'000	2012 Company RM'000
10 basis point higher	(183)	(43)
10 basis point lower	183	43

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
2012				
Group				
Financial liabilities				
Trade and other payables, net of deferred revenue	299,176	-	-	299,176
Amounts owing to associates	13	-	-	13
Borrowings	239,985	20,685	-	260,670
Total undiscounted financial liabilities	539,174	20,685	-	559,859
Company				
Financial liabilities				
Trade and other payables, net of deferred revenue	689	-	-	689
Amounts owing to associates	72,535	-	-	72,535
Borrowings	49,606	8,787	-	58,393
Total undiscounted financial liabilities	122,830	8,787	-	131,617

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

(iii) Liquidity risk *(continued)*

	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				
Trade and other payables, net of deferred revenue	237,067	-	-	237,067
Amounts owing to associates	18	-	-	18
Borrowings	232,511	22,207	524	255,242
Total undiscounted financial liabilities	469,596	22,207	524	492,327
Company				
Financial liabilities				
Trade and other payables, net of deferred revenue	1,130	-	-	1,130
Amounts owing to subsidiaries	60,011	-	-	60,011
Amounts owing to associates	6	-	-	6
Borrowings	51,264	8,086	-	59,350
Total undiscounted financial liabilities	112,411	8,086	-	120,497

(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.

Exposure to credit risk

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.

Credit risk concentration profile

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.

The Company 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 other than the amounts owing by subsidiaries of RM59,325,000 (2011: RM51,999,000).

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

(iv) Credit risk *(continued)*

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. Short term deposits with licensed banks that are neither past due nor impaired are placed with reputable financial institutions.

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.

(v) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to price risks arising from quoted investments held by the Group. They are held for strategic rather than trading purposes. The Group does not actively trade these investments. These instruments are financial assets designated at fair value through profit or loss and available-for-sale financial assets.

Sensitivity analysis for equity price risk

The Group has considered the sensitivity of these financial instruments to market risk and is of the view that its impact is insignificant.

36. 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.

36. RELATED PARTY DISCLOSURES *(continued)*

(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 2012 RM'000	Group 2011 RM'000
Sales to associates:		
- Nufarm Technologies (Malaysia) Sdn. Bhd.	70	82
- Magiqads Sdn. Bhd.	89	408
Purchases from associates:		
- Magiqads Sdn. Bhd.	1,987	1,032
Marketing rights paid to a company in which certain Directors of the Company have substantial indirect shareholdings	-	2,633
Services rendered by a company in which certain Directors of the Company have substantial indirect shareholding	2,300	-
Professional legal fees paid to a firm of which a Director of the Company is a Managing Partner	1,143	1,125
Insurance premium paid to a company in which a Director of the Company has a substantial indirect shareholding	56	42

	Company 2012 RM'000	Company 2011 RM'000
Professional legal fees paid to a firm of which a Director of the Company is a Managing Partner	1,098	1,080

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

(c) Compensation of key management personnel

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

36. RELATED PARTY DISCLOSURES *(continued)*

(c) Compensation of key management personnel *(continued)*

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short term employee benefits	30,939	23,666	954	938
Contributions to defined contribution plan	1,917	1,321	58	52
Benefits-in-kind	261	312	26	70
	33,117	25,299	1,038	1,060

37. COMMITMENTS

(a) Capital commitments

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

	Group	
	2012 RM'000	2011 RM'000
In respect of purchase of property, plant and equipment:		
Authorised and contracted for	2,171	6,532
Authorised but not contracted for	615	367
	2,786	6,899

(b) Operating lease commitments

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

	Group	
	2012 RM'000	2011 RM'000
Future minimum lease payments:		
- not later than one year	13,911	16,536
- later than one year and not later than five years	25,954	64,713
- later than five years	17,302	23,759
	57,167	105,008

38. CONTINGENT LIABILITIES

	Group	
	2012 RM'000	2011 RM'000
Unsecured		
Guarantees given to third parties by a subsidiary in respect of trade performance	8,750	15,450

Company

Unsecured

As at 31 May 2012, the Company has given corporate guarantees amounting to RM54,821,000 (2011: RM55,036,000) to financial institutions for credit facilities granted to and utilised by certain subsidiaries.

The Directors are of the view that the fair value of such corporate guarantees is negligible as the chances of the financial institutions to call upon the corporate guarantees are remote.

39. EMPLOYEE BENEFITS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Salaries and wages	79,940	75,407	3,118	2,614
Defined contribution plan	7,262	5,735	317	286
Provision for/(Write back of) retirement benefits	(28)	412	-	-
Termination benefits	-	148	-	-
Other benefits	2,517	2,362	11	9
	89,691	84,064	3,446	2,909

Included in the employee benefits of the Group and of the Company are Executive Director's remuneration amounting to RM8,264,000 (2011: RM7,751,000) and RM547,000 (2011: RM547,000) respectively.

40. OPERATING SEGMENT

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.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment, and also excluding the effect of retirement benefit obligations.

40. OPERATING SEGMENT *(continued)*

(a) Operating segment

2012	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	2,883	1,479,092	51,643	10,720	70,517	135,349	-	-	1,750,204
Inter-segment	21,570	2,265	7,542	360	-	5	-	(31,742)	-
Total revenue	24,453	1,481,357	59,185	11,080	70,517	135,354	-	(31,742)	1,750,204
Segment (loss)/profit before tax	(32,261)	36,118	7,825	(809)	(15,034)	13,567	-	801	10,207
Interest income	6	367	43	33	173	81	118	-	821
Depreciation and amortisation	(1,197)	(3,289)	(6,718)	(86)	(10,060)	(5,063)	(444)	-	(26,857)
Share of results of associates	(5)	(380)	-	-	72	-	-	-	(313)
Impairment losses on non-financial assets	(2,655)	(1,405)	-	-	(4,372)	-	(1,100)	3,221	(6,311)
Other material non-cash items:									
Inventories written down	-	(84)	-	-	(22)	(2,878)	-	-	(2,984)
Impairment loss on trade and other receivables	(292)	(118)	-	-	(5,118)	-	-	-	(5,528)
Property, plant and equipment written off	(3)	(46)	29	(1)	(986)	-	-	-	(1,007)
Segment assets	124,330	546,056	36,620	4,702	110,885	114,927	74,652	-	1,012,172
Investments in associates	3,294	419	-	-	473	-	-	(1,671)	2,515
Goodwill on consolidation	-	57,271	-	-	18,609	112	-	-	75,992
Additions to non-current assets other than financial instruments and deferred tax assets	1,131	8,207	6,218	34	9,799	10,748	11	-	36,148
Segment liabilities	66,445	373,571	21,495	5,308	41,789	34,574	47,630	-	590,812

40. OPERATING SEGMENT *(continued)*

(a) Operating segment *(continued)*

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	50,342	15,541	67,181	133,887	34,936	-	1,507,483
Inter-segment	18,040	4,708	7,886	466	2,000	157	-	(33,257)	-
Total revenue	18,095	1,210,249	58,228	16,007	69,181	134,044	34,936	(33,257)	1,507,483
Segment (loss)/profit before tax	(39,308)	41,150	8,918	(130)	(16,028)	11,714	(4,309)	(1,754)	253
Interest income	-	583	-	-	-	177	-	-	760
Depreciation and amortisation	(777)	(3,423)	(5,887)	(93)	(6,043)	(7,747)	-	973	(22,997)
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 material non-cash items	(1,500)	(1,054)	343	(3)	(9,664)	(3,723)	-	-	(15,601)
Segment assets	51,982	516,621	105,521	7,408	119,087	165,970	-	(22,856)	943,733
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 other than financial instruments and deferred tax assets	2,765	6,618	9,438	27	3,767	1,135	-	-	23,750
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.

40. OPERATING SEGMENT *(continued)*

(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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	765,510	669,456	667,857	682,643
Singapore	387,509	347,918	174,972	182,598
Other Southeast Asian countries	339,578	296,145	169,169	76,378
Other Asian countries	105,450	86,180	174	2,114
Australia and New Zealand	47,778	43,903	-	-
North and South America	77,982	44,922	-	-
Africa	25,868	18,756	-	-
Europe	529	203	-	-
	1,750,204	1,507,483	1,012,172	943,733

41. SUBSIDIARIES AND ASSOCIATES

(a) Details of subsidiaries are as follows:

Name of Company	Country of incorporation	Group's effective equity interest 2012	Group's effective equity interest 2011	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%	100.0%	Dormant
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	47.97%	47.97%	Dormant

41. SUBSIDIARIES AND ASSOCIATES *(continued)*

(a) Details of subsidiaries are as follows: *(continued)*

Name of Company	Country of incorporation	Group's effective equity interest 2012	2011	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%	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%	100.0%	Trading of petro-chemical and other chemical products
Redberry Media Sdn. Bhd.	Malaysia	49.0%	49.0%	Provision of referring media job services
Meru Utama Sdn. Bhd.	Malaysia	64.0%	64.0%	General traders and rental of media space at airport, baggage trolleys and signages

41. SUBSIDIARIES AND ASSOCIATES *(continued)*

(a) Details of subsidiaries are as follows: *(continued)*

Name of Company	Country of incorporation	Group's effective equity interest 2012	Group's effective equity interest 2011	Principal activities
Indirect:				
Redberry Contact Center 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
Unreserved Sdn Bhd (f.k.a 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%	100.0%	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

41. SUBSIDIARIES AND ASSOCIATES *(continued)*

(a) Details of subsidiaries are as follows: *(continued)*

Name of Company	Country of incorporation	Group's effective equity interest 2012	Group's effective equity interest 2011	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
* 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

41. SUBSIDIARIES AND ASSOCIATES *(continued)*

(a) Details of subsidiaries are as follows: *(continued)*

Name of Company	Country of incorporation	Group's effective equity interest 2012	2011	Principal activities
Indirect:				
* PT PKG Lautan Indonesia	Indonesia	24.6%	24.6%	Importation and distribution of industrial chemicals
* Ancom Kimia Sdn. Bhd.	Malaysia	26.5%	26.5%	Distributor of petrochemicals and industrial chemicals
*# Ancom Logistics Berhad	Malaysia	47.1%	47.1%	Investment holding
* Synergy Trans-Link Sdn. Bhd.	Malaysia	47.1%	47.1%	Investment holding
* Ancom-ChemQuest Terminals Sdn. Bhd.	Malaysia	24.0%	24.0%	Build, own, operate, lease and manage chemical tank farm and warehouse
* Pengangkutan Cogent Sdn. Bhd.	Malaysia	47.1%	47.1%	Providing transportation and related services
* Sinsenmoh Transportation Pte. Ltd.	Singapore	47.1%	47.1%	Freight forwarding, packaging and crafting services
* Ancom Systems Technology Sdn. Bhd.	Malaysia	47.1%	47.1%	Dormant
Hikmat Ikhlas Sdn. Bhd.	Malaysia	16.5%	16.5%	Dormant
* Ancom Components Sdn. Bhd.	Malaysia	31.9%	31.9%	Manufacturing and marketing of low voltage switchgear

41. SUBSIDIARIES AND ASSOCIATES *(continued)*

(b) Details of associates are as follows:

Name of Company	Country of incorporation	Group's effective equity interest 2012	Group's effective equity interest 2011	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%	23.1%	Under voluntary liquidation

* 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.

42. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

	2012 Group RM'000	2012 Company RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	49,341	2,136
Unrealised	20,295	-
	69,636	2,136
Total share of accumulated losses from associates:		
Realised	(3,991)	-
	65,645	2,136
Less: Consolidation adjustments	(11,080)	-
	54,565	2,136

	2011 Group RM'000	2011 Company RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	72,485	7,507
Unrealised	13,572	-
	86,057	7,507
Total share of accumulated losses from associates:		
Realised	(3,677)	-
	82,380	7,507
Less: Consolidation adjustments	(18,801)	-
	63,579	7,507

Additional Information

SHARE BUY BACK

The Company repurchased 571,000 shares during the financial year. Details of the transactions are disclosed in the Director's Report in the financial statements.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

UTILISATION OF PROCEEDS

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

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year.

SANCTIONS AND/OR PENALTIES

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

NON-AUDIT FEE

The Company did not engage the external auditors of the Company for non-audit assignments during the financial year.

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 RM153,807.

VARIATION IN RESULTS

There was no material variance between the results for the financial year ended 31 May 2012 and the unaudited results previously announced. The Company did not announce any profit estimates, forecasts and projections for the financial year.

PROFIT GUARANTEE

There was no profit guarantee provided to the Company in respect of the financial year ended 31 May 2012.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS

There was no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies which involves the Directors and major shareholders, either still subsisting at the end of the financial year ended 31 May 2012 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The Company did not seek shareholders' mandate for RRPT in the last annual general meeting. There were no RRPT conducted during the financial year ended 31 May 2012.

List of Properties

As at 31 May 2012

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2012 (RM'000)	Date of Acquisition / Revaluation
Ancom Berhad					
1 P.T. 4227 Mukim of Kapar Daerah Klang Selangor	Unexpired leasehold interest of 74 years (Expiring on 9 June 2086)	2.52 hectares	Office and factory buildings Age of buildings: approximately 21 years	8,483	30 March 2011
2 H.S.(D) 7524 Lot 2A, Jalan 13/2 Petaling Jaya Selangor	Unexpired leasehold interest of 93 years (Expiring in 2105)	1.31 hectares	Office and factory buildings Age of buildings: approximately 27 to 37 years	28,406	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 96 years (Expiring in 2108)	2.22 hectares	Office and factory buildings Age of buildings: approximately 42 years	16,172	11 May 2011
2 HS(D) 240444, PT No. 827, Bandar Shah Alam, Daerah Petaling, Selangor	Unexpired leasehold interest of 94 years (Expiring in 2106)	153 sq. m.	Three-storey shop office Age of buildings: approximately 2 years	1,609	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 84 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 16 years	104	May 1997

List of Properties
as at 31 May 2012

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2012 (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 16 years	104	May 1997
Syarikat Wandeerfull Sdn Bhd					
1 Shoplot No. 1.30 First Floor Wisma Cosway Kuala Lumpur	Freehold	40 sq.m.	Shoplot Age of building: approximately 36 years	119	31 May 2004
2 Geran 11679 Lot 40268 Mukim of Batu, Daerah Wilayah Persekutuan	Freehold	597 sq.m.	Vacant land	20	31 May 2004
Ancom-ChemQuest Terminals Sdn Bhd					
1 Jeti Petrokimia, Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 12 years (Expiring on 31 August 2024)	9.8 acres	Tank farm, office and warehouse Age of building: approximately 15 years	30,387	N/A
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: 3 years	3,784	2010
SinSenMoh Transportation Pte Ltd					
1 32 Tanjong Penjuru Singapore 609028	Unexpired lease period of 35 years (Expiring on 30 June 2047)	12,311.3 sq.m.	Office and warehouse Age of building: approximately 25 years	21,624 (Value for building only)	May 2011

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2012 (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 96 years (Expiring on 29 June 2108)	2.93 hectares	Office and factory buildings Age of buildings: approximately 41 years	34,462	5 May 2011
2 H.S.(D) 256546, Lot 16, Persiaran Selangor, Section 15, Shah Alam, Selangor	Unexpired leasehold interest of 96 years (Expiring on 29 June 2108)	1.21 hectares	Warehouse, factory and buildings Age of buildings: approximately 32 years		
Nylex Specialty Chemicals Sdn Bhd					
1 H.S.(M) 5507 PT 593, Persiaran Raja Lumu, Pandamaran Industrial Estate, Port Klang Selangor	Unexpired leasehold interest of 62 years (Expiring on 1 September 2074)	0.87 hectare	Warehouse, factory and office buildings Age of buildings: approximately 37 years	3,681	25 April 2011
2 H.S.(M) 6588 PT 624, Persiaran Raja Lumu, Pandamaran Industrial Estate, Port Klang Selangor	Unexpired leasehold interest of 64 years (Expiring on 19 February 2076)	0.83 hectare	Warehouse, factory and office buildings Age of buildings: Approximately 35 years	3,752	25 April 2011
Fermpro Sdn Bhd					
1 H.S.(M) 748 Lot 1113 Mukim of Chuping Perlis	Unexpired leasehold interest of 34 years (Expiring on 22 November 2046)	1.62 hectares	Office and factory buildings Age of buildings: approximately 24 years	2,008	11 April 2011
2 H.S.(M) 1804, Plot 3 & 4, P.T. 924A Mukim of Chuping Perlis	Unexpired leasehold interest of 47 years (Expiring on 7 February 2059)	2.43 hectares	Spent molasses treatment pond	628	11 April 2011
3 H.S.(M) 1803, P.T. 2978 Mukim of Chuping Perlis	Unexpired leasehold interest of 47 years (Expiring on 7 February 2059)	0.81 hectare	Office and factory buildings Age of buildings: approximately 10 years	600	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 74 years (Expiring on 9 June 2086)	2.85 hectares	Office and factory building Age of building: approximately 21 years	9,488	7 April 2011

Analysis of Shareholdings

As at 8 October 2012

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	:	8,884
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	1,486	45,822	0.02
100 to 1,000	670	382,831	0.18
1,001 to 10,000	5,199	20,497,843	9.55
10,001 to 100,000	1,376	38,732,940	18.05
100,001 to less than 5% of issued Shares	151	116,028,401	54.08
5% and above of issued Shares	2	38,873,878	18.12
	8,884	214,561,715	100.00
Treasury shares	-	4,394,627	-
	8,884	218,956,342	100.00

Substantial Holders

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Siew Ka Wei	16,281,865	7.59	19,398,848[(a)]	9.04
Pacific & Orient Berhad	19,017,278	8.79	10,589,424[(b)]	4.94
Chan Thye Seng	-	-	38,920,022[(c)]	18.14
Siew Nim Chee & Sons Sdn Bhd	13,346,087	6.22	-	-
ECM Libra Investment Bank Berhad	11,194,500	5.22	-	-
ECM Libra Financial Group Berhad	-	-	11,194,500[(d)]	5.22
Equity Vision Sdn Bhd	-	-	11,194,500[(e)]	5.22
Tan Sri Dato' Azman Hashim	-	-	11,194,500[(f)]	5.22

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	16,281,865	7.59	19,398,848[(a)]	9.04
Tan Sri Dato' Dr Lin See Yan	165,375	0.08	-	-
Chan Thye Seng	-	-	38,920,002[(b)]	18.14

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	6.466
2.	ECM Libra Investment Bank Berhad IVT-001 for ECM Libra Investment Bank Berhad	11,140,900	5.192
3.	HDM Nominees (Tempatan) Sdn Bhd - HDM Capital Sdn Bhd for Siew Ka Wei	10,165,903	4.737
4.	ECML Nominees (Asing) Sdn Bhd - Plato Capital Investment Fund	9,569,700	4.460
5.	Pacific & Orient Berhad	8,152,700	3.799
6.	Lim Chui Kui @ Lim Chooi Kui	7,076,243	3.297
7.	TA Nominees (Tempatan) Sdn Bhd - Siew Nim Chee & Sons Sendirian Berhad	5,577,270	2.599
8.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB for Pacific & Orient Insurance Co. Berhad	5,392,878	2.513
9.	Pacific & Orient Insurance Co Berhad	5,196,546	2.421
10.	Pacific & Orient Berhad	5,143,162	2.397
11.	ECML Nominees (Tempatan) Sdn Bhd - Siew Ka Wei	4,827,166	2.249
12.	Malaysia Nominees (Tempatan) Sendirian Berhad - Silver Dollars Sdn Bhd	4,727,683	2.203
13.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Nim Chee & Sons Sdn Bhd	4,461,317	2.079
14.	CitiGroup Nominees (Asing) Sdn Bhd - Exempt An for Citibank NA, Singapore (Julius Baer)	4,074,800	1.899
15.	EB Nominees (Tempatan) Sendirian Berhad - E & O Developers Sdn Bhd	3,643,762	1.698
16.	HDM Nominees (Tempatan) Sdn Bhd - HDM Capital Sdn Bhd for Siew Nim Chee & Sons Sendirian Berhad	3,307,500	1.541
17.	Asian Strategic Investments Group Limited	2,581,020	1.202
18.	Thong Yaw Hong	2,480,625	1.156
19.	EB Nominees (Tempatan) Sendirian Berhad - Eastern & Oriental Berhad	1,821,881	0.849
20.	CimSec Nominees (Asing) Sdn Bhd - Exempt An for CIMB Securities (Singapore) Pte Ltd	1,802,406	0.840
21.	HDM Nominees (Tempatan) Sdn Bhd - Tan Tung Lai	1,310,300	0.610
22.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Ka Wei	1,288,796	0.600
23.	Green Country Valley Sdn Bhd	1,240,100	0.577
24.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB for Chan Hua Eng	1,100,000	0.532
25.	Lee Pooi Seng	1,000,000	0.466
26.	Astro (M) Sdn Bhd	951,980	0.443
27.	Ng Wing Kong	823,799	0.383
28.	Tengku Uzir bin Tengku Ubaidillah	812,100	0.376
29.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB Bank Wong Leong Pin	700,000	0.326
30.	Tan Aik Kuai	684,652	0.319
	Total	124,929,305	58.429

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 43rd 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, 21 November 2012 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 2012 ; **(Please refer Explanatory Note 1)**

2. To approve the payment of the Directors' fees for the financial year ended 31 May 2012 ; **[Resolution 1]**

3. To re-elect the following Directors who retire pursuant to the Company's Articles of Association :
   3.1 Dato' Johari Razak (Article 81) **[Resolution 2]**
   3.2 Datuk Ir (Dr) Mohamed Al Amin Abdul Majid (Article 81) **[Resolution 3]**
   3.3 Lim Hock Chye (Article 87) **[Resolution 4]**

4. To re-appoint Tan Sri Dato' Dr. Lin See Yan, a Director who retires pursuant to Section 129 (2) of the Companies Act, 1965 to hold office until the next annual general meeting of the Company ; **[Resolution 5]**

5. To re-appoint BDO as Auditors of the Company and to authorise the Board of Directors to fix their remuneration; **[Resolution 6]**

AS SPECIAL BUSINESS

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

6. Retention Of Independent Director **[Resolution 7]**

   "THAT Tan Sri Dato' Dr Lin See Yan, who has fulfilled the definitions of Independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, be retained as Independent Non-Executive Director of the Company and that the restrictions as recommended by the Malaysian Code of Corporate Governance 2012 shall not be applicable to him."

7. Proposed Issuance Of New Ordinary Shares Of RM1 Each Pursuant To Section 132D Of The Companies Act, 1965 **[Resolution 8]**

   "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."

8. Proposed Renewal Of Shareholders' Mandate To Purchase Ancom Berhad's Own Shares ("Proposed SBB Mandate") **[Resolution 9]**

"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 2012 of RM4,332,000 and RM2,136,000 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
Secretaries

Petaling Jaya
30 October 2012

NOTES

1. A member entitled to attend and vote at the Meeting may appoint up to two (2) proxies to attend and vote for him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Act shall not apply to the Company.

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

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

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

5. In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 November 2012 ("General Meeting Records of Depositories") shall be eligible to attend, speak and vote or appoint proxy to attend and vote on his behalf.

6. The instrument appointing a proxy must be deposited at the registered office of the Company at 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 7 proposed under item 6 of the agenda, if passed, will enable Tan Sri Dato' Dr Lin See Yan, who has served as Independent Non-Executive Director of the Company for more than 9 years as at the date of this Notice, to continue to serve in this capacity as he has complied with the definitions of Independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

   The profile of Tan Sri Dato' Dr Lin See Yan is in page 14 of the Company's 2012 Annual Report.

3. **Item 7 of the Agenda**
   Resolution 8 proposed under item 7 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.

4. **Item 8 of the Agenda**
   Resolution 9 proposed under item 8 of the Agenda, if passed, will give the Directors authority to purchase and/or hold up to 10% of the total issued and paid-up share capital of the Company for the time being as Treasury Shares (as defined under the Act). 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 9 are set out in the Company's Statement dated 30 October 2012, a copy of which is sent to you together with the Company's 2012 Annual Report.

ANCOM BERHAD
(Company No: 8440-M)
(Incorporated in Malaysia)

FORM OF PROXY

CDS A/C No.	No. of shares held

I/We ____
(Full Name In Block Letters)

of____
(Full Address)

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

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

or failing him / her, the Chairman of the Meeting as my / our proxy to attend and to vote for me / us on my / our behalf at the 43rd 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, 21 November 2012 at 2.30 p.m or any adjournment thereof and to vote as indicated below :

Item	Agenda			
1.	To receive Audited Financial Statements and Reports			
		Resolution	**For**	**Against**
2.	To approve Directors' fees	1		
3.	To re-elect the following Directors who retire pursuant to the Company's Articles of Association :			
	Dato' Johari Razak (Article 81)	2		
	Datuk Ir (Dr) Mohamed Al Amin Abdul Majid (Article 81)	3		
	Lim Hock Chye (Article 87)	4		
4.	To re-appoint Tan Sri Dato' Dr. Lin See Yan who retires pursuant to Section 129(2) of the Company's Articles of Association	5		
5.	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration	6		
6.	To retain Tan Sri Dato' Dr Lin See Yan as Independent Non-Executive Director of the Company	7		
7.	To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965	8		
8.	To approve the renewal of share buy-back mandate	9		

(Please indicate with an "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 _______ 2012

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

Telephone no.
during office hours :____________________________

Notes :
1. A member entitled to attend and vote at the Meeting may appoint up to two (2) proxies to attend and vote for him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
3. If the appointor is a corporation, this form must be executed under its common seal or under the hand of its attorney.
4. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 November 2012 ("General Meeting Records of Depositories") shall be eligible to attend, speak and vote or appoint proxy to attend and vote on his behalf.
6. The instrument appointing a proxy must be deposited at the registered office of the Company at 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.

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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