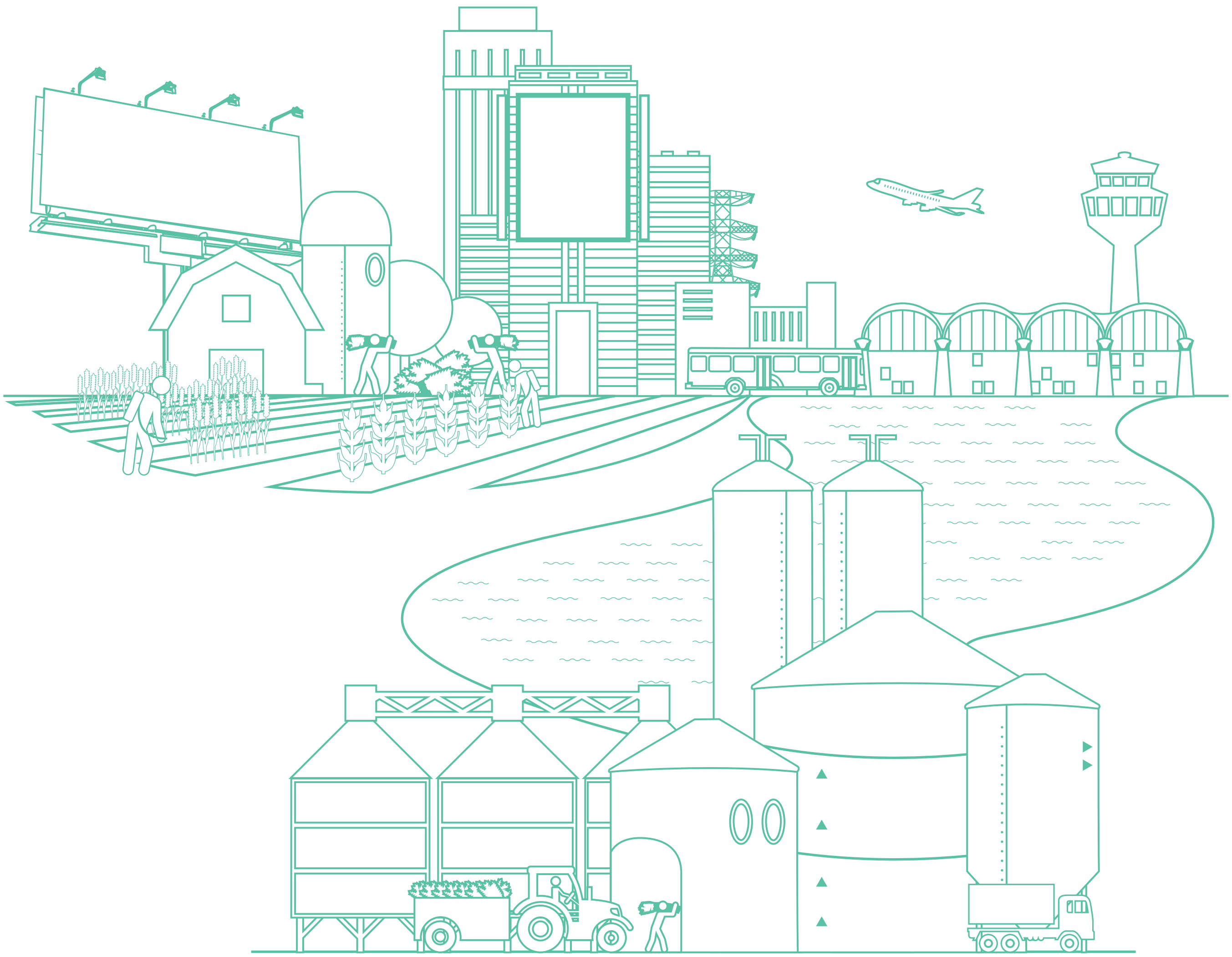
ANCOM BERHAD

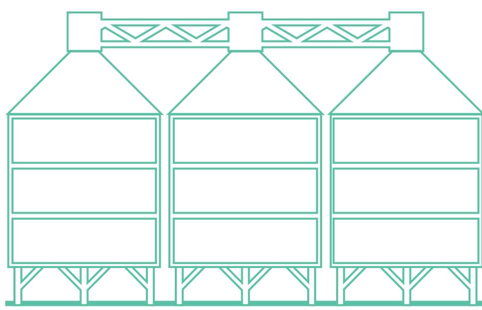
(Company No. 8440-M)
Incorporated in Malaysia



TOGETHER

WE CAN MAKE A DIFFERENCE

Annual Report 2015



COVER RATIONALE

Our operations integrate the entire value chain to ensure optimal efficiency and greater shareholder returns. We know that by paying attention to the details, a greater good will result because for us at Ancom Berhad, we know that together, we can make an impactful difference.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' (Dr) Siew Ka Wei
(Group Managing Director)

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

Tan Sri 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

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : (603) 2783 9191
Fax : (603) 2783 9111

BUSINESS ADDRESS

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

SHARE REGISTRARS

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

AUDITORS

BDO
Chartered Accountants

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
- Industrial Products Sector

PRINCIPAL BANKERS

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

SOLICITORS

Shearn Delamore & Co

DOMICILE

Malaysia

FIVE-YEAR HIGHLIGHTS

	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
Sales	1,552,476	1,864,145	2,032,564	1,705,204	1,507,483
Profit before tax	29,727	43,777	4,248	10,207	253
Profit/(Loss) after tax	5,261	24,635	(12,533)	404	(5,898)
Effective percentage rate of tax - %	82	44	>100	96	>100
Net Earnings/(Loss) for Ancom shareholders	2,166	9,566	(19,906)	(9,014)	(12,952)
Assets Employed					
Property, plant and equipment	228,382	191,487	228,418	231,537	225,433
Investments	12,100	4,323	4,389	6,693	10,827
Other non-current assets	109,559	106,493	124,473	131,829	130,751
Current assets	574,516	585,829	613,882	642,113	576,722
Total assets	924,557	888,132	971,162	1,012,172	943,733
Financed by					
Share capital	218,956	218,956	218,956	218,956	218,956
Reserves	66,814	61,931	54,153	81,994	88,970
Less : Treasury Shares, at cost	(2,127)	(2,108)	(2,056)	(2,281)	(2,073)
Ancom shareholders' interests	283,643	278,779	271,053	298,669	305,853
Non-controlling interests	138,318	142,352	131,078	122,691	121,854
Total shareholders' funds and non-controlling interests	421,961	421,131	402,131	421,360	427,707
Non-current liabilities	36,320	22,679	30,903	37,451	42,088
Current liabilities	466,276	444,322	538,128	553,361	473,938
Total funds employed	924,557	888,132	971,162	1,012,172	943,733
Shareholders' Interests					
Earnings/(Loss) per share – sen	1.00	4.42	(9.22)	(4.17)	(5.99)
Gross dividend per share – sen	-	1.00	-	-	-
Net assets per share attributable to Ancom shareholders – RM	1.30	1.27	1.24	1.36	1.40
Others					
Depreciation & amortisation	19,008	22,416	26,168	26,857	22,797
Interest expense	11,032	12,605	14,405	13,868	12,931

LIST OF PRINCIPAL OFFICES

ANCOM BERHAD - CORPORATE OFFICE

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

ANCOM-CHEMQUEST TERMINALS SDN BHD

Jeti Petrokimia, Pelabuhan Barat
42920 Pulau Indah, Port Klang
Selangor Darul Ehsan
Malaysia
Tel : (603) 3101 1372
Fax : (603) 3101 1279

ANCOM 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

No. 2A, Jalan 13/2, Sek 13
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) 6319 4680
Fax : (65) 6319 4699

DURIAN FM SDN BHD

No. 35-2, Jalan 20/14
Section 20, Taman Paramount
46300 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7865 0057

DYNAMIC CHEMICAL PTE LTD

3 International Business Park
#03-04 Nordic European Centre
Singapore 609927
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

MAGIQADS SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 3338
Fax : (603) 7495 3339

MERU UTAMA SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 3333

NYLEX (MALAYSIA) BERHAD / NYLEX POLYMER MARKETING SDN BHD

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 Darul Takzim
Malaysia
Tel : (607) 558 3131
Fax : (607) 558 1313

LIST OF PRINCIPAL OFFICES

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

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 1117

POINT OF EDUCATION SDN BHD

Suite 2.1 Main Tower
Sunsuria Avenue
Persiaran Mahogani, PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 6151 6332
Fax : (603) 6151 9932

PT NYLEX INDONESIA

Desa Sumengko Km31 Kecamatan
Wringinanom, Kabupaten Gresik
East Java, 61176 Indonesia
Tel : (6221) 898 2626
Fax : (6221) 898 2623

REDBERRY SDN BHD

No. 2A, Jalan 13/2, Sek 13
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 MALL SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1155
Fax : (603) 7495 1134

TWINSTAR SYNERGY SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

WHEEL SPORT MANAGEMENT SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1190
Fax : (603) 7495 1191

CORPORATE STRUCTURE

As at 31 May 2015

ANCOM BERHAD

- 100% Rhodemark Development Sdn Bhd
- 100% Ancom Crop Care Sdn Bhd
  - 100% Ancom Bioscience Sdn Bhd
  - 100% Timber Preservatives Sdn Bhd
- 100% Ascension Lab Sdn Bhd
- 100% Redberry Sdn Bhd
  - 100% Redberry Mall Sdn Bhd
  - 49% Redberry Media Sdn Bhd
  - 100% Point Cast (M) Sdn Bhd
  - 77% Wheel Sport Management Sdn Bhd
  - 100% Puncak Berlian Sdn Bhd
    - 100% Redberry Contact Center Sdn Bhd
    - 100% Redberry Outdoors Sdn Bhd
    - 83.9% Focus Media Network Sdn Bhd
    - 74.9% Meru Utama Sdn Bhd
  - 40% MagiqAds Sdn Bhd
  - 100% Twinstar Synergy Sdn Bhd
  - 50% Point of Education Sdn Bhd
  - 50% Durian FM Sdn Bhd
- 64.3% IEnterprise Online Sdn Bhd

* Only major companies are shown in the Corporate Structure.

CORPORATE STRUCTURE
As at 31 May 2015

- 11.87% ANCOM LOGISTICS BERHAD
- 100% Ancom Overseas Ventures Sdn Bhd
  - 0.03% ANCOM LOGISTICS BERHAD
- 100% Synergy Tanker Sdn Bhd
  - 13.71% ANCOM LOGISTICS BERHAD
- 19.80% ANCOM LOGISTICS BERHAD
  - 100% Synergy Trans-Link Sdn Bhd
    - 51% Ancom-ChemQuest Terminals Sdn Bhd
    - 100% Pengangkutan Cogent Sdn Bhd
- 21.33% NYLEX (MALAYSIA) BERHAD
- 24.28% NYLEX (MALAYSIA) BERHAD
  - 100% Nylex Polymer Marketing Sdn Bhd
  - 100% PT Nylex Indonesia
  - 100% Perusahaan Kimia Gemilang Sdn Bhd
    - 90% Dynamic Chemical Pte Ltd
    - 100% Perusahaan Kimia Gemilang (Vietnam) Company Ltd
    - 51% PT PKG Lautan Indonesia
    - 60% Ancom Kimia Sdn Bhd
  - 100% Fermpro Sdn Bhd
  - 100% Kumpulan Kesuma Sdn Bhd
  - 100% Wedon Sdn Bhd
  - 100% CKG Chemicals Pte Ltd
  - 100% Nylex Specialty Chemicals Sdn Bhd
  - 51% Speciality Phosphates (Malaysia) Sdn Bhd

BOARD OF DIRECTORS

Dato' Johari Razak

Non-Independent Non-Executive Chairman

Dato' Johari, age 60, was appointed to the Board on 27 November 1992. He was appointed as the Group Managing Director on 2 July 1994 and became 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 and was called to the Bar of England and Wales at Lincoln's Inn in 1976. The following year, he was admitted as an Advocate and Solicitor of the High Court of Malaya. He practised law with Shearn Delamore & Co from 1979 and was a Partner of the firm in the Corporate and Commercial Department from 1981 to 1994. He re-joined the firm as a Partner on 1 August 2007 and heads the Competition Law Practice Group of the firm.

Dato' Johari is currently the Chairman of Daiman Development Berhad. He also sits on the boards of Hong Leong Industries Berhad, Sumatec Resources Berhad, Deutsche Bank (Malaysia) Berhad and Daiman Golf Berhad.

Dato' (Dr) Siew Ka Wei

Group Managing Director

Dato' Siew, age 59, joined the Board on 23 October 1985 and was appointed the Deputy Group Managing Director on 17 October 1995. He was appointed as the Group Managing Director on 30 July 2003.

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, Dato' Siew has had extensive working experience in the field of petrochemicals locally and internationally for more than 30 years.

Dato' Siew was the Chairman of the Malaysian Chapter of the Young Presidents Organisation ("YPO"), an international grouping of more than 23,000 chief executive officers and leaders of major companies and organisations from all over the world. He was a Director of the International Board of Directors of YPO from 2000 to 2003 during which time he was the Chairman of YPO's Global Leadership Congress in Beijing, China. In April 2013, Dato' Siew was conferred an honorary degree as a Doctor of Business Administration *honoris causa* by HELP University.

Currently, Dato' Siew is the Group Managing Director of Nylex (Malaysia) Berhad and the Executive Vice Chairman of Ancom Logistics Berhad, both subsidiaries of the Company. He is also the President of the Imperial College Alumni Association of Malaysia and a Governor of the Board of Governors for Marlborough College, Malaysia.

Dato' Siew is a substantial shareholder of the Company.

BOARD OF DIRECTORS

Tan Sri Dato' Dr Lin See-Yan

Independent Non-Executive Director

Tan Sri Lin, age 76, was appointed to the Board on 30 October 2000. He is currently the Chairman of the Remuneration and Nomination Committee.

Tan Sri Lin is an independent strategic and financial consultant. He is a British Chartered Scientist and a UK Chartered Statistician. Tan Sri Lin received three degrees from Harvard University, including a PhD in Economics. He is an Eisenhower Fellow and a Fellow of the IMF Institute (Washington DC); Royal Statistical Society (London); Asian Institute of Chartered Bankers; Malaysian Insurance Institute (Hon); Malaysian Institute of Management and Malaysian Economic Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies, and a Research Professor at Sunway University and Professor of Economics (Adjunct) at Universiti Utara Malaysia.

Tan Sri Lin has a long and distinguished history of service with the Government and the private sector. He was Chairman/President and Chief Executive Officer of the Pacific Bank Group and for 14 years previous to that, Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. Tan Sri Lin continues to serve the public interest; some current appointments include: member of the Prime Minister's Economic Council Working Group, the Competition Appeal Tribunal and key Steering Committees at the Ministry of Higher Education; board member of Sunway University and Monash University Malaysia; Chairman Emeritus of the Harvard Graduate School Alumni Council at Harvard University in Cambridge (USA); and President of the Harvard Club of Malaysia.

He is also a trustee of the Tun Ismail Ali Foundation ("PNB"), Malaysian Economic Association Foundation, Prime Minister's Exchange Fellowship Malaysia, Jeffrey Cheah Foundation and Harvard Club of Malaysia Foundation, as well as Mentor Counselor of the LIN Foundation.

Tan Sri Lin is currently a Director of Genting Berhad, Wah Seong Corporation Berhad, Sunway Berhad and Chairman of IGB REIT Management Sdn Bhd (Manager for the IGB Real Estate & Investment Trust).

Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid

Non-Independent Non-Executive Director

Tan Sri Al Amin, age 60, was appointed to the Board on 16 June 1997.

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

Tan Sri Al Amin served the Perak State Development Corporation ("PSDC") as a project engineer in 1979 and was later appointed as Executive Director of PSDC's subsidiary, Maju Bangun Sdn Bhd, before he started his own businesses in a variety of areas such as construction, investment, distributorships, general trading and project management.

He is currently the Executive Chairman of Nylex (Malaysia) Berhad and Redberry Sdn Bhd, both of which are subsidiaries of the Company, and of Country View Berhad. He is also the Chairman of MCIS Insurance Berhad and a Director of Tasek Corporation Berhad.

Tan Sri Al Amin has been the Chairman of SME Corporate Malaysia (formerly known as Small and Medium Industries Development Corporation), an important Government agency in the development and enhancement of small and medium enterprises in Malaysia under the Ministry of International Trade and Industry, since October 2006. He has been appointed by the Prime Minister as a Council Member of the National Information Technology Council of Malaysia, an organisation that strategically manages ICT in the interests of the nation, since October 2010.

BOARD OF DIRECTORS

Chan Thye Seng

Non-Independent Non-Executive Director

Mr. Chan, age 58, joined the Board on 19 October 1999.

Mr. Chan has 13 years of experience as a practising lawyer, after having been called to the Bar at the Middle Temple in 1980 and the Malaysian Bar in 1992. He graduated from University College Cardiff, United Kingdom, where he obtained his Bachelor of Laws (Hons) degree.

He 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 a substantial shareholder of the company and its subsidiary, Pacific & Orient Insurance Co Berhad.

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

Edmond Cheah Swee Leng

Independent Non-Executive Director

Mr. Cheah, age 61, was appointed to the Board on 30 August 2005 and is currently the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

A chartered accountant by profession, Mr. Cheah's professional experience has been in the fields of audit, merchant banking, corporate and financial advising, portfolio and investment management, unit trust management and financial planning. He is a member of the Malaysian Institute of Accountants and Association of Chartered Accountants, England & Wales, as well as a Certified Financial Planner.

Mr. Cheah began his career with a professional accounting firm in London where he was an audit manager. He was later the manager in charge of portfolio investment in a merchant bank in Malaysia and subsequently in charge of the corporate planning and investment division in a public listed company in Malaysia.

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

Mr. Cheah currently sits on the boards of Nylex (Malaysia) Berhad and Ancom Logistics Berhad, both of which are subsidiaries of the Company. He is also the Chairman of Adventa Berhad as well as an Investment Committee Member and a Director of Manulife Asset Management Services Berhad.

BOARD OF DIRECTORS

Lim Hock Chye

Independent Non-Executive Director

Mr. Lim, age 60, was appointed to the Board on 1 December 2011 and he serves as a member of the Audit Committee and the Remuneration and Nomination Committee.

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

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

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

Currently Mr. Lim is a director of Nylex (Malaysia) Berhad and Ancom Logistics Berhad, both subsidiaries of the Company.

Notes :
1. All the Directors are Malaysian.
2. There are no family relationships between the Directors and substantial shareholders of the Company.
3. Other than certain related party transactions as disclosed in this Annual Report, the Directors do not have any business interests which conflict with their positions in the Company.
4. None of the Directors has been convicted of any offence other than traffic offences (if any) within the past ten (10) years.
5. Please refer to *Statement on Corporate Governance* in this Annual Report for the Directors' meeting attendance records.
6. Please refer to *Directors' Report* in this Annual Report for the Directors' securities holdings in the Company and its related corporations.

CHAIRMAN'S STATEMENT

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 2015 ("FY2015")."

Datuk Johari Razak
Non-Independent
Non-Executive Chairman

CHAIRMAN'S STATEMENT

PERFORMANCE

The Group underwent a challenging time during the period under review. Being a major chemical player regionally, the fall in crude oil prices largely affected the overall results of the Group. Revenue decreased to RM1.55 billion in FY2015 compared to RM1.86 billion in the previous financial year ended 31 May 2014 ("FY2014"). Correspondingly, profit before taxation ("PBT") decreased to RM29.7 million in FY2015 compared to RM43.8 million in FY2014.

The Group posted a net profit attributable to shareholders of RM2.2 million in FY2015 compared to RM9.6 million in FY2014. This contributed to consolidated net earnings per share of 1.00 sen in FY2015 compared to 4.42 sen in FY2014. Consolidated net assets per share rose to RM1.30 as at 31 May 2015 compared to RM1.27 as at 31 May 2014.

REVIEW OF OPERATIONS

The Agricultural and Industrial Chemicals Division posted revenue of RM1.27 billion in FY2015 compared to RM1.58 billion in FY2014 while segmental profit fell to RM27.6 million in FY2015 compared to RM43.1 million in FY2014. Lower prices of petrochemical products resulted in a decline in revenue although there was an increase in the actual sales volume. The agricultural chemical business faced falling demands in FY2015 worldwide which resulted in severe price competition and erosion of profit margins.

The Polymer Division posted higher revenue of RM128.4 million compared to RM118.7 million achieved in FY2014. The improved sales performance was mainly attributable to higher revenue from our sub-soil drainage products for the export market and also higher contribution from our manufacturing plant in Surabaya, Indonesia. Accordingly, the Division recorded a higher segmental profit of RM14.1 million compared to RM10.7 million recorded in FY2014.

Revenue posted by the Logistics Division declined to RM22.8 million in FY2015 compared to RM40.4 million in FY2014. The tank farm business remained stable in FY2015, but the transportation business faced stiff competition and high operational costs. Consequently, the Division posted a lower segmental profit of RM3.8 million in FY2015 compared to RM24.0 million in FY2014. Included in FY2014 was the one-off gain of RM20.1 million from the sale of Sinsenmoh Transportation Pte Ltd, a wholly-owned subsidiary of Ancom Logistics Berhad.

The Media Division posted a higher revenue of RM114.8 million in FY2015 compared to RM107.4 million in FY2014. Segmental profit improved to RM7.5 million in FY2015 from RM1.3 million in FY2014, with higher revenue, a disposal gain from investments coupled with lower impairments incurred. The Division continued to expand its media offerings in the out-of-home advertising space and is now a major player in the advertising industry.

The Investment Holding Division and others incurred an aggregated segmental loss of RM25.0 million in FY2015 compared to RM27.1 million in FY2014. The lower segmental loss was primarily due to lower corporate expenses in the investment holding company.

FUTURE PROSPECTS

The continued weakness in the ringgit and in commodity prices is negatively affecting the domestic economy. The Board expects this situation to largely remain for the financial year ending 31 May 2016. To maintain our competitiveness in the current market situation, the Management is reviewing the business for better operational efficiencies and to optimise resources.

Barring any unforeseen circumstances, the Board is of the view that the financial performance and prospects of the Group will be satisfactory in the next financial year.

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

16 October 2015
Petaling Jaya,
Selangor Darul Ehsan

PERUTUSAN PENGERUSI

Para Pemegang Saham,

"Bagi pihak Lembaga Pengarah, dengan sukacitanya saya ingin membentangkan kepada anda Laporan Tahunan dan Penyata Kewangan Teraudit Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Mei 2015 ("TK2015")."

Datuk Johari Razak
Pengerusi Bukan-Eksekutif

PERUTUSAN PENGERUSI

PRESTASI

Kumpulan telah melalui saat-saat yang mencabar sepanjang tempoh tinjauan. Sebagai pengusaha bahan kimia utama serantau, kejatuhan harga minyak mentah telah memberi kesan besar terhadap hasil keseluruhan Kumpulan. Hasil menurun kepada RM1.55 bilion pada TK2015 berbanding RM1.86 bilion pada tahun kewangan sebelumnya yang berakhir pada 31 Mei 2014 ("TK2014"). Sehubungan dengan itu juga, keuntungan sebelum cukai ("PBT") menurun kepada RM29.7 juta pada TK2015 berbanding RM43.8 juta pada TK2014.

Kumpulan juga mencatatkan keuntungan bersih berpunca dari pemegang saham bernilai RM2.2 juta pada TK2015 berbanding RM9.6 juta pada TK2014. Hal ini menyumbangkan kepada perolehan bersih disatukan setiap saham bernilai 1.00 sen pada TK2015 berbanding 4.42 sen pada TK2014. Aset bersih disatukan setiap saham meningkat kepada RM1.30 pada 31 Mei 2015 berbanding RM1.27 pada 31 Mei 2014.

TINJAUAN OPERASI

Jabatan Kimia Pertanian dan Industri telah mencatatkan hasil sebanyak RM1.27 bilion pada TK2015 berbanding RM1.58 bilion pada TK2014 sementara keuntungan segmen jatuh kepada RM27.6 juta pada TK2015 berbanding RM43.1 juta pada TK2014. Harga produk petrokimia yang semakin rendah menyebabkan hasil semakin menjunam walaupun terdapat peningkatan dalam jumlah jualan sebenar. Perniagaan kimia pertanian berhadapan dengan permintaan yang rendah pada TK2015 di seluruh dunia dan hal ini mengakibatkan persaingan harga yang teruk dan penjejasan margin keuntungan.

Jabatan Polimer mencatatkan hasil yang lebih tinggi pada RM128.4 juta berbanding RM118.7 yang dicapai pada TK2014. Prestasi jualan yang bertambah baik ini kebanyakannya berpunca dari hasil yang lebih tinggi dari produk sub-aliran tanah untuk pasaran eksport dan juga sumbangan yang lebih tinggi dari kilang pengeluaran kami di Surabaya, Indonesia. Oleh itu, Jabatan ini telah merekodkan keuntungan segmen yang lebih tinggi pada RM14.1 juta berbanding RM10.7 juta yang direkodkan pada TK2014.

Hasil yang dicatatkan oleh Jabatan Logistik berkurangan kepada RM22.8 juta pada TK2015 berbanding RM40.4 juta pada TK2014. Perniagaan ladang tangki kekal stabil pada TK2015 tetapi perniagaan pengangkutan berhadapan dengan persaingan sengit dan kos operasi yang tinggi. Ini menyebabkan Jabatan mencatatkan keuntungan segmen yang rendah pada RM3.8 juta pada TK2015 berbanding RM24.0 juta pada TK2014. Juga termasuk dalam TK2014 adalah pendapatan sekali bernilai RM20.1 juta daripada penjualan Sinsenmoh Transportation Pte Ltd, sebuah subsidiari milik penuh Ancom Logistics Berhad.

Jabatan Media mencatatkan hasil yang lebih tinggi iaitu RM114.8 juta pada TK2015 berbanding RM107.4 juta pada TK2014. Keuntungan segmen bertambah baik dengan nilai RM7.5 juta pada TK2015 berbanding RM1.3 juta pada TK2014, dengan hasil yang yang lebih tinggi, pendapatan tampungan dari pelaburan digabungkan dengan kejejasan yang lebih rendah. Jabatan ini terus mengembangkan tawaran media dalam ruang pengiklanan luar dan kini telah menjadi pengusaha terkemuka dalam industri pengiklanan.

Jabatan Pemegang Pelaburan dan lain-lain menanggung kerugian segmen teragregat sebanyak RM25.0 juta pada TK2015 berbanding RM27.1 juta pada TK2014. Kerugian segmen yang lebih rendah adalah disebabkan perbelanjaan korporat yang lebih rendah dalam syarikat-syarikat pemegang pelaburan.

PROSPEK MASA HADAPAN

Kelemahan ringgit dan harga komoditi yang berterusan sedang memberikan kesan negatif kepada ekonomi domestik. Pihak Lembaga menjangkakan situasi ini akan kekal bagi sebahagian besar tahun kewangan berakhir 31 Mei 2016. Untuk mengekalkan daya saing dalam situasi pasaran semasa, pihak Pengurusan sedang meninjau kembali perniagaan bagi kecekapan operasi dan pengoptimaan sumber.

Tanpa mengira sebarang keadaan yang berada di luar jangkaan, pihak Lembaga beranggapan bahawa prestasi kewangan dan prospek bagi Kumpulan akan kekal memuaskan sepanjang tahun kewangan seterusnya.

PENGHARGAAN

Pihak Lembaga ingin memberikan sekalung penghargaan kepada para pemegang saham atas sokongan dan kesetiaan yang tidak berbelah bahagi. Pihak Lembaga juga turut ingin berterimakasih kepada para pelanggan, pembekal, jurubank, rakan perniagaan dan pihak berkuasa atas bantuan dan kerjasama yang berterusan.

Akhir sekali, pihak Lembaga mengucapkan ribuan terima kasih yang tidak terhingga kepada pihak Pengurusan dan kakitangan Kumpulan kerana mengekalkan dedikasi dan komitmen mereka.

DATO' JOHARI RAZAK
Pengerusi Bukan-Eksekutif

16 Oktober 2015
Petaling Jaya,
Selangor Darul Ehsan

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

During the current financial year ended 31 May 2015 ("FY2015"), the Group posted a lower revenue of RM1.55 billion compared to RM1.86 billion in the previous financial year ended 31 May 2014 ("FY2014"). Profit before taxation ("PBT") decreased to RM29.7 million in FY2015 compared to RM43.8 million in FY2014.

Agricultural and Industrial Chemicals Division

The Division posted revenue of RM1.27 billion in FY2015 compared to RM1.58 billion in FY2014, excluding inter-segmental revenue. Revenue in FY2015 has been affected by the weak petrochemical prices, which have fallen sharply in tandem with the fall in crude oil prices. As a result, the Division posted a lower segmental profit of RM27.6 million in FY2015 compared to RM43.1 million in FY2014.

Within the industrial chemical business, we have distribution and manufacturing operations. In our industrial chemical operations, revenue contribution from the distribution business declined in line with the lower petrochemical prices, although actual transacted sales volume was higher. One of the key markets in our manufacturing operations is the supply of products to the palm oil industry in Malaysia. The low crude palm oil prices coupled with the severe floods in the east coast affected palm oil production locally. As a result, revenue contributions from the manufacturing operations declined compared to last year.

In FY2015, a new wholly-owned subsidiary of Nylex entered into a shipbuilding contract for the construction and purchase of a 6,800 dwt chemical tanker for about RM60.0 million. The delivery of the vessel is expected to take place in the first half of 2017. The acquisition will enable the Nylex Group to own and operate the vessel instead of chartering the vessel from third parties.

The agricultural chemical business also experienced a decline in revenue during FY2015 as worldwide demand fell. Sales to our key export market, Latin America, was negatively affected. With falling demand, there was increased price competition amongst the industry players and profit margins were eroded.

Polymer Division

The Polymer Division's revenue grew to RM128.4 million in FY2015 compared to RM118.7 million in FY2014. The Division recorded a higher segmental profit of RM14.1 million in FY2015 compared to RM10.7 million recorded in FY2014.

The Films and Coated Fabrics ("FCF") business unit reported weaker performance in FY2015. We met stiffer competition in the domestic PVC sheeting business as products from China and other ASEAN countries continued to flood the market. This resulted in lower production volume for our calenders and higher losses in factory recoveries. We were able to maintain our market share for PVC leathercloth for the furniture and automotive markets after making inroads into the domestic passenger car industry and the public transportation sector in Singapore and Hong Kong.

The Division reported an improvement in sales performance for its geo-synthetic drainage products which are used extensively in land reclamation and soil improvement. The Rotomould business also contributed positively to the Division mainly from the sales of Intermediate Bulk Containers ("IBC"). In Indonesia, revenue growth from PT Nylex Indonesia ("PTNI") mostly came from the secondary automotive sector while revenue from our furniture vinyl products remained steady. In FY2015, PTNI implemented a new expansion project to increase capacity in Surabaya. It is scheduled to be completed and commissioned in the first half of the next financial year. When it is operational, it will supplement the capacity of our existing production line which is reaching maximum capacit

MANAGEMENT DISCUSSION AND ANALYSIS

Logistics Division

In FY2015, the revenue posted by the Logistics Division (excluding inter-segmental sales) declined to RM22.8 million compared to RM40.4 million in FY2014. Segmental profit decreased to RM3.8 million in FY2015 from RM24.0 million in FY2014.

The disposal of Sinsenmoh Transportation Pte Ltd ("SSM") in the previous financial year was completed in the middle of FY2014. Therefore, included in FY2014 was the revenue contribution from SSM up to the date of disposal. Segmental profit in FY2014 included the one-off gain of RM20.1 million arising from the sale of SSM.

The current business of the Division is the operation of a tank farm in West Port in Klang and the provision of cross-border bulk chemicals land transportation services within Malaysia and to Singapore. The tank farm operation is stable with optimum utilisation of its capacity. However, the transportation operation is highly competitive and operational overheads remain high. The Management is reviewing the transportation operations to improve efficiencies and competitiveness.

Information Technology ("IT") Division

The IT Division posted a revenue of RM14.8 million (excluding inter-segmental sales) in FY2015 compared to RM15.6 million in FY2014. Despite lower revenue, the Division posted a segmental profit of RM0.5 million in FY2015 compared to a segmental loss of RM2.4 million in FY2014. The improved performance was primarily due to better project management and cost control measures being put in place by the Management.

Media Division

Operating revenue of the Media Division rose to RM114.8 million in FY2015 compared to RM107.4 million in FY2014. The Media Division continued to perform satisfactorily. The core products of our media business include advertising in airports and cinemas, on outdoor billboards, buses, digital screens in office buildings, and a contact centre.

Revenue from airport advertising improved marginally in FY2015 with the opening of KLIA2 and Gateway@KLIA2. Digital advertising platforms in cinemas and office buildings remained popular and garnered higher market share in FY2015 through the concerted efforts of the Management. The contact centre business continued to improve and we have now expanded our capacity to cater to the growing demand for our services. However, the advertising business for outdoor billboards and buses experienced a challenging operating environment in FY2015 with the softening of advertisement spending in this segment.

The Division posted a segmental profit of RM7.5 million in FY2015 compared to RM1.3 million in FY2014. While the Division posted a net gain of RM6.0 million in FY2015 from the disposal of its investment in Propertyguru Pte Ltd, the improved performance was largely attributable to the overall growth of the media business. In FY2015, the Division renewed its airport advertising concession which now includes the KLIA and KLIA2 terminals. We have also expanded into the shopping mall advertising segment after securing the rights in Gateway@KLIA2 and IOI City Mall. With the expanded advertising platforms, the Media Division has grown into a major out-of-home player in the market.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Holding Division and Others

The Investment Holding Division and others incurred an aggregated segmental loss of RM25.0 million in FY2015 compared to RM27.1 million in FY2014. The lower segmental loss was primarily due to lower corporate expenses in the investment holding companies.

Prospects and Outlook

Overall, the Group is facing a challenging operating environment. On the domestic front, the slowdown in the Malaysian economy with a weaker ringgit, lower commodity prices and a challenging external environment are affecting sentiments negatively. Export markets are also being affected by the plunge in crude oil prices and a slowing economy in China.

To remain competitive in such an environment, the Group is seeking ways to improve operational efficiencies, streamlining and consolidating operations to optimise resources.

The Board is of the view that, barring unforeseen circumstances, the financial performance and prospects of the Group will be satisfactory in the next financial year.

STATEMENT ON CORPORATE GOVERNANCE

Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

INTRODUCTION

The Board is fully committed to adopting and continuously practising good corporate governance that is central to the effective operation of the Company and its subsidiary companies ("Group") to ensure the highest standard of accountability and transparency, as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group.

The Board is pleased to present this statement outlining the applications by the Group of the principles and recommendations as set out in The Malaysian Code of Corporate Governance 2012 ("Code") with reference to the Corporate Governance Guide ("Guide") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") for the financial year ended 31 May 2015.

PRINCIPLE 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The Company is led by an experienced Board, which comprises one (1) Non-Independent Non-Executive Chairman, one (1) Group Managing Director ("GMD"), two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors.

The Board assumes full responsibilities for the overall management of the Group by providing a clear and achievable business direction and objectives. In addition to its stewardship responsibilities, the Board also ensures that Management has in place appropriate processes for risk assessment, management and internal controls and that the Group's businesses are carried out in compliance with good governance practices.

The Management, under the direction and responsibility of the GMD, is responsible for implementing and executing the Board's corporate decisions and strategies, in addition to the day-to-day operations of the Group.

Clear Roles and Responsibilities of the Board

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

- Formulating and charting the strategic direction and setting out the Group's short and long-term plans and objectives;
- Reviewing, approving and monitoring the Group's annual budgets, financial performance, key operational initiatives, and major investment and funding decisions of the Group;
- Overseeing and reviewing the Group's business operations within a systematic and controlled environment;
- Assessing the performance of and developing a succession plan for the GMD and other Senior Management;
- Overseeing the development and implementation of a shareholders' communication policy for the Company;
- Reviewing the risk management framework and the adequacy and integrity of the Group's internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group; and
- Promoting ethical and best corporate governance cultures within the Group.

The Board plays an active role in formulating the Group's strategic direction with the GMD and the Management team. The Board does not involve itself in the day-to-day business operations of the Group. These are delegated to the GMD and the Management team.

The key matters reserved for the Board's approval include the Annual Business Plan, significant corporate proposals including mergers and acquisitions, Group business restructuring and new issue of securities, acquisitions and disposal of significant assets and expenditure above a certain amount. The GMD has an overall responsibility for the day-to-day management of the Group's business and operations and for implementing the Board's policies and decisions. He is supported by the Management team.

STATEMENT ON CORPORATE GOVERNANCE

The roles of the Non-Executive Chairman and the GMD are distinct and separate with a 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 Board has established an Audit Committee and a Remuneration and Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company and with authority to act on behalf of the Board in accordance with their respective Terms of Reference.

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

Formalised Ethical Standard through Code of Ethics

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

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

The Code of Ethics requires all Directors to observe high ethical business standards and to apply these values to all aspects of the Group's business and professional practices and act in good faith in the best interests of the Company and its shareholders.

Strategically Promoting Sustainability

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

The Group continues to carry out activities which demonstrate its commitment towards creating a better environmental, social and governance and sustainability agenda during the financial year ended 31 May 2015 as reported in the *Corporate Social Responsibility Statement* in this Annual Report.

Access to Information and Advice

All Directors have unrestricted access to information of the Group and on an ongoing basis, the Directors interact with the Management team to seek further information, updates or explanation on any aspect of the Group's operations or businesses. All Directors have unrestricted access to the service and advice of the Company Secretary who will advise and update the Directors on new statutory enactments as well as applicable rules, regulations and compliance matters. The Directors may obtain independent professional advice in furtherance of their duties whenever necessary at the Company's expense.

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

In most instances, Senior Management is invited to be in attendance at Board and Board Committee meetings to provide insight and to furnish clarification on issues that may be raised by the Board. Whenever appropriate, professional advisers appointed by the Company on its corporate proposals are invited to attend the Board meetings and to provide the Board with explanation and clarifications to facilitate informed decision making.

STATEMENT ON CORPORATE GOVERNANCE

Qualified and Competent Company Secretaries

The Board is supported by two (2) qualified and competent Company Secretaries. The Company Secretaries play an advisory role to the Board on matters pertaining to compliance of procedures, rules and regulatory requirements. They regularly update and appraise the Board on new regulations issued by the regulatory authorities. The Company Secretaries attend and ensure all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company.

The Company Secretaries work closely with the Chairman and the GMD to ensure that there are timely and appropriate information flows within the Board and to the Board Committees and to the Management.

Board Charter

In discharging its duties, the Board is guided by the Board Charter. A copy of the Company's Board Charter is available at the Company's website at www.ancom.com.my.

The Board Charter serves to ensure that all Board members acting on the Group's behalf are aware of their role and responsibilities to ensure accountability. The Board Charter focuses on the following areas:

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

The Board Charter shall be reviewed and updated from time to time to reflect changes to the Board's practices and amendments to the relevant rules, requirements and regulations.

PRINCIPLE 2 : STRENGTHEN COMPOSITIONS

Remuneration and Nomination Committee

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

The Terms of Reference of the R&N Committee are available on the Company's website at www.ancom.com.my.

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

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

The R&N Committee is responsible for reviewing and assessing the performance and effectiveness of the Board and the Board Committee as a whole, and of its Directors individually and collectively. Should there be any Board vacancy or should there be any need for new blood and talent in the Board, the R&N Committee is responsible for identifying and recommending suitable candidates for Board membership. In such evaluation, the R&N Committee will consider the candidates' qualifications, skills, knowledge, expertise and experience, professionalism, integrity and in the case of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities and functions as expected of them. The Board is also responsible for reviewing the gender diversity of the Board composition.

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

The R&N Committee also determines and recommends to the Board on the adoption of the framework of the Directors' remuneration in all its forms. It is the ultimate responsibility of the Board to decide the remuneration of the Directors. The Directors' fees will be endorsed by the Board for approval by the shareholders at the annual general meeting.

STATEMENT ON CORPORATE GOVERNANCE

Annual Assessment

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

During the financial year ended 31 May 2015, the R&N Committee met once with all members registering full attendance. The R&N Committee, after reviewing the current composition of the Board and the Board Committees, was satisfied that the composition of the Board and Board Committees was appropriate in terms of the required mix of skill and experience and core competencies as required under the Board Charter and the Terms of Reference of the Board Committees. Accordingly, the R&N Committee recommended that the current composition of the Board and Board Committees be retained and no new appointment was recommended.

The R&N Committee has taken note of the recommendation in the Code pertaining to the establishment of a policy on boardroom diversity including gender diversity.

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

Remuneration of Directors

The R&N Committee also assumes the task of recommending to the Board the remuneration package for the Executive Directors in all its forms, drawing from outside advice as necessary at the Company's expense, and taking into consideration the Executive Directors' responsibilities, contributions and performance, 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' fees, after taking into account a comparison with payments by similar companies, to the Board for its endorsement.

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

The R&N Committee also reviewed the remuneration of the GMD and made recommendations on the same for the Board`s approval. The GMD did not participate in the Board deliberation on his remuneration at the Board meeting. The remuneration of the GMD comprises monthly salary, bonuses, benefits-in-kind ("BIK") and other benefits that the Board approves from time to time. The GMD is not entitled to the Director's fee and attendance allowance for the Board and Board Committee meetings he attends.

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

Directors' fees

For the last financial year, the Chairman of the Board and the Non-Executive Directors of the Board received RM70,000 and RM50,000 respectively as Directors' fees 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' fees of RM470,000 was approved by the shareholders at the 45th annual general meeting of the Company.

In addition, the Non-Executive Directors also received attendance allowances 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.

STATEMENT ON CORPORATE GOVERNANCE

During the last financial year under review, the R&N Committee engaged a firm of consultants to provide a review of the directors' fees for Non-Executive Directors of 30 Malaysian Public Listed Companies listed on the Main Market of Bursa Securities, based on their most recent annual reports as at 1 January 2014. The R&N Committee did not engage any study to review the Directors' remuneration during the financial year. However, based on the members of the R&N Committee's personal experience, the R&N Committee was of the opinion that there was no major development in the marketplace that had affected the level of Directors' remuneration significantly during the financial year. As such, the R&N Committee was of the view that the amount of Directors' fees and allowances paid in the previous year was also reflective of the current market rates and 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' fees for the Board and Board Committees for the current financial year subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Subject to the approval of the Company's shareholders of the Directors' fees at the forthcoming 46th annual general meeting of the Company, the details of the remuneration received and receivable by the Directors from the Company and its subsidiaries during the financial year, by category and in bands of RM50,000, are as shown below :

Remuneration by category		Executive Director	Non-Executive Director	Total
Fees	RM'000	-	790	790
Salaries	RM'000	1,266	2,407	3,673
Other emoluments	RM'000	-	85	85
Benefits-in-kind	RM'000	53	63	116
Total	RM'000	1,319	3,345	4,664

Remuneration in bands of RM50,000	Executive Director	Non-Executive Director	Total
RM50,001 to RM100,000	-	1	1
RM100,001 to RM150,000	-	2	2
RM250,001 to RM300,000	-	2	2
RM1,300,001 to RM1,350,000**	1	-	1
RM2,450,001 to RM2,500,000**	-	1*	1
Total	1	6	7

* Remuneration paid by subsidiaries of the Group to the Non-Executive Director in his capacity as Executive Chairman of the subsidiaries.

** Inclusive of benefits-in-kind.

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

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 3 : REINFORCE INDEPENDENCE

Assessment of Independence

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

- The Independent Director is neither an employee nor is related to any major shareholders/Management of the Group and does not participate in the day-to-day operation of the Group and has fulfilled the definition of "Independent Directors" in the Main Market Listing Requirements ("Listing Requirements")
- He/she is free from any business or other relationship with the Group which would materially interfere with the exercise of his/her independent judgement at matters at hand; and
- He/she is a person of calibre, credibility and has the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, business performance, resources and standards of conduct. He/she is able to provide independent views in the Board's discussions.

Tenure of Independence

The Board noted Recommendation 3.2 of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

From the date the Independent Directors are appointed, they are required to provide an undertaking to Bursa Securities confirming and declaring that they are Independent Directors as defined under Paragraph 1.01 of the Listing Requirements.

The Board is of the view that the length of service of the Independent Directors should not affect a Directors' independence. The important criteria that must be possessed by the Independent Directors are their independence from Management and that they be free from any business and other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. In addition, the Board has adopted the criteria set out under the definition of "Independent Directors" in the Listing Requirements to assess independence of directors. Accordingly, the Board believes that Recommendation 3.2 of the Code (assessment of Independent Director should also include tenure) and Recommendation 3.3 of the Code (the Board is allowed to seek shareholders' approval for Independent Directors after nine (9) years' tenure to remain as Independent Director) are irrelevant.

Pursuant thereto, the Board is satisfied that Tan Sri Lin See Yan and Edmond Cheah Swee Leng have fulfilled the criteria of being Independent Directors and will continue to retain them as Independent Directors of the Company, notwithstanding that they have served as Independent Directors of the Board for more than nine (9) years as at 31 May 2015.

Separation of the Positions of the Chairman and the GMD

The position of the Chairman and the GMD are held by two (2) different persons with different roles and responsibilities. The distinct and separate roles of the Chairman and the GMD, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

As mentioned above, the composition of the Board complies with the Listing Requirements which require at least one-third (1/3) of its members to be Independent Directors. However, the composition does not comply with Recommendation 3.5 of the Code which requires that where the Chairman of the Board is not an Independent Director, the Board must consist of a majority of Independent Directors. The Chairman of the Board, Dato' Johari Razak, is a Non-Executive Non-Independent Director while the Board now consists of four (4) Non-Independent Directors and three (3) Independent Directors.

Despite the non-compliance, the Board is satisfied that Dato' Johari Razak, a practising solicitor and partner of a major and reputable law firm in the country, with his legal knowledge and experience both in business and legal circles as well as his experience in being Board Director of other listed companies in Malaysia, has demonstrated his ability to provide strong leadership to the Board by marshalling the Board's priorities more objectively in the absence of him having any business relationship with the Group.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 4 : FOSTER COMMITMENT

Time Commitment

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

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

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

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

There were four (4) Board meetings, five (5) Audit Committee meetings and one (1) R&N Committee meetings held during the financial year. The attendance records of the Directors are as follows:

Name of Director	Attendance
Board Meeting:	
Dato' Johari Razak	4/4
Dato' (Dr) Siew Ka Wei	4/4
Tan Sri Dato' Dr Lin See Yan	4/4
Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid	3/4
Chan Thye Seng	4/4
Edmond Cheah Swee Leng	3/4
Lim Hock Chye	4/4
Audit Committee Meeting:	
Edmond Cheah Swee Leng	5/5
Dato' Johari Razak	5/5
Lim Hock Chye	5/5
R&N Committee Meeting:	
Tan Sri Dato' Dr Lin See Yan	1/1
Edmond Cheah Swee Leng	1/1
Lim Hock Chye	1/1

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

STATEMENT ON CORPORATE GOVERNANCE

Continuing Education Programme and Training

All Directors have completed the Directors' Mandatory Accreditation Programme prescribed by Bursa Securities.

The Board has assumed the onus of determining and overseeing the training needs of the Directors and will encourage Directors to attend courses, seminars and trainings to enhance their skills and knowledge and to keep abreast of the relevant changes in laws, regulations and the business environment to effectively discharge their responsibilities. In addition to the updates on relevant guidelines and statutory and regulatory requirements provided by the Company Secretaries from time to time, the Directors have attended the following seminars/courses/training, according to their individual needs as a Director or as members of a Board Committee on which they serve, during the financial year.

Dato' Johari Razak

- Risk Management & Internal Control: Workshop for Audit Committee Members organised by CG Board and Bursa Malaysia Berhad in June 2014.

Tan Sri Dato' Dr Lin See Yan

- 2nd Asian Business Conference 2014: "2015 Approaching: Priming for ASEAN Integration" organised by the Asian Institute of Management in June 2014;

- Conference on "Towards The New Capitalism" organised by the Singapore Institute of Directors in September 2014;

- Keynote Speaker at the International Conference on Contemporary Economic Issues 2014 organised by Universiti Sains Malaysia in December 2014;

- Asian Shadow Financial Regulatory Committee Meeting ("ASFRC") organised by the Jeffrey Cheah Institute in January 2015;

- Dialogue session organised by FIDE FORUM on "Financial Services in Turbulent Times" in February 2015;

- Luncheon discussion on "Interest Rate Scenarios and Investment Implications" and "REIT Investing In A Rising Interest Rate Environment" organised by the Tecity Group in April 2015; and

- Delivered a talk on "Global Economic Developments and Strategic Challenges for Malaysia" at the annual general meeting of the Malaysian Gas Association in May 2015.

Edmond Cheah Swee Leng

- Risk Management & Internal Control: Workshop for Audit Committee Members organised by CG Board and Bursa Malaysia Berhad in June 2014.

Lim Hock Chye

- Risk Management & Internal Control: Workshop for Audit Committee Members organised by CG Board and Bursa Malaysia Berhad in June 2014.

Dato' (Dr) Siew Ka Wei, Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid and Chan Thye Seng did not attend any Directors training during the financial year. The Board will identify suitable seminars/courses/training for them to attend in the next financial year.

Re-election of Directors

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

STATEMENT ON CORPORATE GOVERNANCE

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 GMD does not have a service contract for which the notice period for termination is more than one year. The GMD is also subject to retirement at least once every three (3) years and he shall be eligible for re-election at the annual general meeting.

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

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

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

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Board strives to present true and fair, comprehensive, balanced and meaningful evaluation and assessment of the 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 the Group.

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

The Group's Quarterly Interim Financial Reports are reviewed by the Audit Committee together with the Management while the Annual Audited Financial Statements are reviewed by the Audit Committee together with the Management and the External Auditors. Thereafter, the Audit Committee will recommend to the Board to approve the same prior to releasing them to Bursa Securities within the stipulated time frame.

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

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

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

The Audit Committee is empowered by the Board to assess the independence of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal. The assessment focuses on whether there exists any relationship between the External Auditors and the Directors or Senior Management and major shareholders of the Group as well as any conflict of interest situation arising therefrom, including the extent of non-audit services performed by the External Auditors during the financial year that will give rise to questions about the External Auditors' independence and objectivity in carrying out the responsibilities entrusted to them.

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 6 : RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risk

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

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

Internal Audit Function

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investments and the Group's assets, the Board has outsourced the internal audit function to an independent professional consulting firm during the financial year. The Internal Auditors conduct regular audits to review the adequacy and effectiveness of the Group's Risk Management and Internal Control system in identifying and managing principal risks, ensuring compliance with the law and regulations and preserving the quality of assets and the integrity of the management information system. Audit findings and recommendations are reported to the Audit Committee for attention and action.

PRINCIPLE 7 : ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

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

In line with the Listing Requirements and best practices recommended by the Code, the Company must disclose to the public all material information necessary for informed investment decisions and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information. The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's website at www.ancom.com.my, and to ensure that such information is handled properly to avoid leakage and improper use of such information.

Information is considered material if it is reasonably expected to have a material effect on the price, value and market activity of the Company's securities or the decision of a holder of security or an investor in determining his/her choice of actions.

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

Leverage on Information Technology

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

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

STATEMENT ON CORPORATE GOVERNANCE

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders' Participation at General Meetings

The Company's general meetings provide a means of communication with shareholders. At the general meetings, the Board encourages and welcomes shareholders to ask questions regarding the affairs of the Group, its financial performance and on the resolutions being proposed at the meetings. The GMD will give a briefing on the performance during the financial year and his view and insights on the future prospects of the Group`s businesses. The Chairman, when presenting the agenda items for voting, will give a brief background on the items to be voted on and shareholders are invited to give their views and comments before voting takes place.

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

In line with the Listing Requirements, to encourage more shareholder's participation at the Company's general meetings, the Company allows any member who is entitled to attend and vote at the general meeting to appoint a proxy to attend and vote for him/her and the proxy so appointed may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The Company's Articles of Association explicitly allow the right of a proxy to speak at general meetings. Notices of meeting convening the general meetings and related Circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices are advertised in a national English newspaper within the prescribed deadlines.

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

Poll Voting

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

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and has made it a corporate policy to continually improve on its corporate governance practices and structure to achieve an optimal governance framework.

AUDIT COMMITTEE REPORT

Pursuant to Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Board is pleased to present its Audit Committee Report for the financial year ended 31 May 2015.

TERMS OF REFERENCE

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

MEMBERS AND MEETINGS

The membership of the Audit Committee is as follows:

- Edmond Cheah Swee Leng - Chairman
  (Independent Non-Executive Director)

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

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

A total of five (5) meetings were held during the financial year. The attendance record of the members can be found in *Statement of Corporate Governance* in this Annual Report.

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

SUMMARY OF ACTIVITIES

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

Financial Results

- Reviewed the Quarterly Interim Financial Reports and the Annual Audited Financial Statements with Management and External Auditors, with the aim of ensuring that the Reports/Statements, inter alia, complied with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and other statutory and regulatory requirements, prior to presentation to the Board for consideration and approval.

Internal Audits/External Audits

- Discussed with the Internal Auditors, the Annual Internal Audit Plan and the Quarterly Internal Audit Reports, particularly with regard to the major internal control weaknesses noted during the audit and the Management's responses thereto, and assessed the financial impact of those weaknesses on the Company and the Group, and subsequently monitored the progress of remedial actions taken to address internal control weaknesses;

- Discussed with the External Auditors, their Annual Statutory Audit Plan for the financial year prior to commencement of audit and the results of their audits, including the adequacy of the Group's internal control, the accounting and internal control issues arising from the audits and the Management's responses thereto;

- Reviewed with the External Auditors, new developments and updates on MFRSs issued by the Malaysian Accounting Standards Board and assessed their impact on the Group's financial reports;

- Assessed the suitability and independence of the External Auditors in accordance with the provisions of the By-Laws of Professional Independence of the Malaysian Institute of Accountants; and

- Reviewed the performance of the Internal Auditors and External Auditors and made recommendation to the Board for their remuneration and re-appointment.

AUDIT COMMITTEE REPORT

Risk Management

- Reviewed the Risk Management Framework and the Risk Registry of the Group and the ongoing identification, evaluation and management of the significant risks affecting the Group.

Related Party Transactions

- Reviewed the procedures and approved the related party transactions that had arisen within the Company and the Group.

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.

Others

- Reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control prior to submission to the Board for approval and inclusion in the Annual Report.

During the Board Meetings, the Chairman of the Audit Committee briefed the Board on matters and issues discussed as well as presented the Committee's recommendations pertaining to the Company's Quarterly Interim Financial Reports/Audited Financial Statements and Internal Audit Reports for the Board's consideration and approval.

INTERNAL AUDIT FUNCTION

The Audit Committee recognised the importance of the internal audit function and the need for it to be independent in order to carry out its function effectively. During the financial year, the Group's internal audit function was outsourced to an independent firm of consultants.

During the financial year, the Internal Auditors carried out their responsibilities according to the Internal Audit Plan approved by the Audit Committee. These activities, amongst others, were:

(a) reviewing the adequacy and effectiveness of the Group's internal control system in identifying and managing principle risks, ensuring compliance with the law and regulations, preserving the quality of assets and the integrity of the management information system and consequently determining the future requirements for the internal control system and co-developing a prioritised action plan;

(b) performing a risk assessment of the Group's business operations and identifying the business processes within the Group that internal audit should focus on; and

(c) allocating audit resources to areas within the Group that provided the Audit Committee and the Management with an efficient and effective level of audit coverage.

At the Audit Committee meetings, the Internal Auditors presented their Quarterly Internal Audit Reports to the Audit Committee for review and discussion. The Quarterly Internal Audit Reports highlighted the Internal Auditors' review and findings on the Group's compliance with the established internal policies and procedures, their assessment of the magnitude of the financial effects arising from the weaknesses noted, as well as the Internal Auditors' recommendations on the corrective actions to overcome the weaknesses. The Internal Auditors, where necessary, reported their follow-up findings in subsequent Audit Committee meetings.

CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties in accordance with the Terms of Reference during the financial year, and that the Group's risk management and internal control system has been adequate and effective.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

INTRODUCTION

The Board is pleased to provide the Group's Statement on Risk Management and Internal Control for the financial year ended 31 May 2015 made pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). This Statement has been prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" issued by the Task Force with the support and endorsement by Bursa Securities.

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

BOARD RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the establishment and maintenance of a sound Risk Management and Internal Control system in the Group. The Board is also responsible for reviewing the adequacy, effectiveness and integrity of the Group's Risk Management and Internal Control system through ongoing and independent reviews carried out by the Internal Audit function of the Group to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interests;
- Identify and manage risks affecting the Group;
- Ensure compliance with regulatory requirements; and
- Ensure operational results are closely monitored and substantial variances are promptly investigated.

It is important to note that the Group's Risk Management and Internal Control system is designed to manage and mitigate, rather than to eliminate, the risk that may impede the achievement of the Group's business objectives due to its inherent limitations and the consideration of cost factors. As such, the Group's Risk Management and Internal Control system can only provide reasonable and not absolute assurance against material mis-statement of management or financial information, financial losses or fraud. The task of establishing and maintaining the Risk Management and Internal Control system of the Group rests with the Group Managing Director and the Management team.

RISK MANAGEMENT PROCESS AND INTERNAL CONTROL SYSTEM

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

- ***Organisation Structure and Responsibility Levels***

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

  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 risk management and internal control system are achieved.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- ***Risk Management Process***

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

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

  The Audit Committee was entrusted by the Board to ensure that an effective and adequate Risk Management and Internal Control system is in place at all times. To assist the Audit Committee in discharging its duties and responsibilities, the Audit Committee outsources the Group's Internal Audit function to a professional firm.

  The Audit Committee has been empowered to ensure that the Internal Audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has all the authorities and resources to carry out its responsibilities. It approves the Internal Audit Plan and reviews and assesses the performance of the Internal Audit function.

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

- ***Reporting and Review***

  The Group Managing Director holds meetings whenever applicable with the Divisional Managing Directors and Senior Management to discuss and resolve operational, corporate, financial and key management issues. A performance review comparing the actual results with the previous year's results and the explanation on significant variances are presented to the Board during the Board meetings.

  The Group's Quarterly Interim Financial Report and Annual Audited Financial Statements are only released to Bursa Securities after being reviewed by the Audit Committee and approved by the Board.

- ***Group Policies and Procedures***

  The Group's Policies and Procedures are a formal guide for the Management and employees of the Group to carry out their day-to-day duties. The Group's Policies and Procedures cover the following core areas: Authority limits and authorisation mandates, protection and maintenance of assets, human resources management, sales, 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 has received assurance from the Group Managing Director and Chief Financial Officer that the Group's Risk Management and Internal Control system is operating adequately and effectively up to the date of issuance of the Financial Statements.

The Board is of the view that the Group's Risk Management and Internal Control system during the financial year under review, and up to the date of issuance of the Financial Statements, was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would jeopardise the value of the Group's assets and shareholders' investment.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

In this respect, the Group has adopted the following broad principles 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 cultures of the countries in which it operates;
- the Group will build relationships with its shareholders, suppliers, customers, employees, partners and authorities that are based on trust, mutual respect and outcomes; and
- the Group shall manage its activities according to the principles of sustainable development for the needs of future generations.

The Company and its subsidiaries ("Group") carried out activities during the financial year ended 31 May 2015 which focused on four areas as disclosed below:

ENVIRONMENT

As a responsible corporation, the Group has initiated various sustainable environmental conservation efforts. Chemical waste is sent to Kualiti Alam for proper disposal and monthly reports on scheduled waste are submitted to the Department of Environment ("DOE") and the relevant local authorities. Used materials such as papers, paper cartons and cardboard boxes are re-used, where possible, or sent to recycling centres. Used photocopy ink cartridges are sent to ink suppliers for re-use to help save the environment.

Wherever practical, the Group uses only eco-friendly chemicals in its products.

WORKPLACE

The Group values its employees and emphasises the development of human resources. Various activities focusing on safety and health were organised by the Group to promote a healthy and positive work environment for its employees:

- Proactive measures were taken to reduce employees' exposure to noise, such as providing earplugs and soundproofing the affected areas where possible. Annual Employee Audiometric Hearing tests were conducted to ensure employees' hearing remained in good condition. Annual medical check-ups were also conducted for factory workers in hazardous areas;
- Scheduled safety drills such as fire and evacuation, chemical leakage, storage tank leakage and falling ill onsite drills were conducted to ensure that employees are well trained to handle emergency situations;
- Regular training on workplace safety, product handling, inspection of fire-fighting equipment; fire safety talks by the Public Fire Safety & Prevention Education Centre, personal protection equipment talks and fire and chemical handling drills were carried out for the employees on a regular basis;
- Regular first aid training was conducted for 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 team's readiness in the event of a fire or accident at the Terminal.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

COMMUNITY

Consistent with one of the important focal areas of Corporate Social Responsibility which is to be responsible to the communities in which the Group operates, the Group provided industrial training/internship opportunities to eight (8) students from five (5) local institutions of higher learning. A subsidiary also hosted students from a local institution of higher learning to observe the proceedings at its general meeting.

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 homes and orphanages; donated blood at hospitals, contributed food and building materials to local villagers in Indonesia; and made donations to schools, charity organisations and other community projects in Malaysia and Indonesia. One of the subsidiaries sponsored the private screening of the film "Transformers" and treated 200 children at the Universiti Malaya Medical Centre Children's Ward to pre-packed meals, goody bags and the appearance of Bumblebee and a clown.

MARKETPLACE

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

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

Safety briefings 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

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

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

The Directors hereby state that they are responsible for ensuring 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 2015 and the profit and loss of the Company and the Group for the financial year ended 31 May 2015. The Directors are also responsible for ensuring that the Audited Financial Statements comply with the Companies Act, 1965 and the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other statutory and regulatory requirements.

In preparing the Audited Financial Statements, the Directors have:

- adopted accounting policies which are appropriate and which are consistently applied;
- made judgements and estimates which are reasonable and prudent;
- prepared the Audited Financial Statements on the assumption that the Company and the Group will operate as a going concern; and
- ensured that all applicable approved accounting standards have been followed subject to any material departure being disclosed and explained in the Audited Financial Statements.

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2015.

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 44 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	5,261	16,646
Attributable to:		
Owners of the parent	2,166	16,646
Non-controlling interests	3,095	-
	5,261	16,646

DIVIDEND

On 23 January 2015, the Company paid a first and final single tier tax exempt dividend of 1.00 sen per ordinary share of RM2,162,000 in respect of the financial year ended 31 May 2014.

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 did not issue 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.

DIRECTORS' REPORT

REPURCHASE OF SHARES

At the 45th Annual General Meeting held on 20 November 2014, the shareholders of the Company, by an ordinary resolution, renewed the authority given to the Directors to repurchase the Company's issued and paid-up 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 exceed 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 2014; 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 out of internally generated funds and the consideration paid was as follows:

Month	Number of Shares Repurchased	Purchase Price Lowest RM	Purchase Price Highest RM	Purchase Price Average RM	Total Consideration RM
October 2014	8,200	0.520	0.541	0.530	4,431
February 2015	31,600	0.435	0.446	0.443	14,071
May 2015	1,000	0.455	0.502	0.479	501
	40,800				19,003

As at 31 May 2015, a total of 2,836,627 (2014: 2,795,827) Treasury Shares at a total cost of RM2,127,000 (2014: RM2,108,000) are held by the Company. The shares repurchased are being held as Treasury Shares in accordance with Section 67A(3)(b) of the Companies Act, 1965 in Malaysia.

The number of ordinary shares as at 31 May 2015 net of Treasury Shares is 216,119,715 (2014: 216,160,515) ordinary shares of RM1.00 each.

DIRECTORS

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

Dato' Johari Razak *(Non-Executive Chairman)*
Dato' (Dr) Siew Ka Wei *(Group Managing Director)*
Tan Sri Dato' Dr Lin See Yan
Tan Sri Ir. (Dr) Mohamed Al Amin Abdul Majid
Chan Thye Seng
Edmond Cheah Swee Leng
Lim Hock Chye

DIRECTORS' REPORT

In accordance with Article 81 of the Company's Articles of Association, Dato' Johari Razak and Tan Sri 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.

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 2015 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 1.6.2014	**Bought**	**Sold**	**Balance at 31.5.2015**
Shares in the Company				
Direct interests				
Dato' Johari Razak	465,427	-	-	465,427
Dato' (Dr) Siew Ka Wei	20,976,965	1,612,300	-	22,589,265
Tan Sri Dato' Dr Lin See Yan	165,375	-	-	165,375
Indirect interests				
Dato' (Dr) Siew Ka Wei	20,611,748	-	-	20,611,748
Chan Thye Seng	42,797,402	-	-	42,797,402
Shares in subsidiaries				
Nylex (Malaysia) Berhad ('Nylex')				
Direct interests				
Dato' Johari Razak	131,360	-	-	131,360
Dato' (Dr) Siew Ka Wei	1,522,049	-	-	1,522,049
Tan Sri Dato' Dr Lin See Yan	17,337	-	-	17,337
Indirect interests:				
Dato' (Dr) Siew Ka Wei	93,671,435	-	-	93,671,435
Chan Thye Seng	87,967,041	-	-	87,967,041

DIRECTORS' REPORT

	Number of ordinary shares of RM0.05 (2014: RM0.10) each*			
	Balance at 1.6.2014	Bought	Sold	Balance at 31.5.2015
Shares in subsidiaries				
Ancom Logistics Berhad ('ALB')				
Direct interests				
Dato' Johari Razak	23,271	-	-	23,271
Dato' (Dr) Siew Ka Wei	725,867	-	-	725,867
Tan Sri Dato' Dr Lin See Yan	8,268	-	-	8,268
Indirect interests				
Dato' (Dr) Siew Ka Wei	223,712,596	-	(7,839,400)	215,873,196
Chan Thye Seng	222,802,157	-	(7,839,400)	214,962,757

* The reduction in the par value of the ordinary share is due to the capital reduction exercise as disclosed in Note 9.5 to the financial statements.

By virtue of their interests in the ordinary shares of the Company, Dato' (Dr) 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 and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received and receivable by the Directors as disclosed in Note 33 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 39 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

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

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

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

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

(d) In the opinion of the Directors:

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The significant events subsequent to the end of the reporting period are disclosed in Note 46 to the financial statements.

AUDITORS

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

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

Dato' Johari Razak
Director

Dato' (Dr) Siew Ka Wei
Director

Kuala Lumpur
23 September 2015

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 47 to 173 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2015 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 47 to the financial statements on page 174 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Johari Razak
Director

Dato' (Dr) Siew Ka Wei
Director

Kuala Lumpur
23 September 2015

STATUTORY DECLARATION

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

I, Lim Chang Meng, being the officer primarily responsible for the financial management of Ancom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 47 to 174 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
23 September 2015

Lim Chang Meng

Before me:
S. Ideraju
Commissioner for Oaths (No. W697)
Kuala Lumpur

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 statements of financial position as at 31 May 2015 of the Group and of the Company, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 47 to 173.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 May 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

INDEPENDENT AUDITORS' REPORT

To the members of Ancom Berhad (Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS *(continued)*

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 44 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 47 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

Francis Cyril A/L S R Singam
3056/04/17 (J)
Chartered Accountant

Kuala Lumpur
23 September 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**228,382**	191,487	**30,819**	40,147
Investment properties	8	**132**	139	**-**	-
Investments in subsidiaries	9	**-**	-	**262,404**	264,652
Investments in associates	10	**1,802**	2,509	**-**	-
Investments in joint ventures	11	**480**	980	**-**	-
Other investments	12	**9,686**	695	**9,503**	503
Intangible assets	13	**3,094**	3,634	**25**	6
Goodwill on consolidation	14	**79,908**	71,618	**-**	-
Deferred tax assets	15	**26,557**	29,649	**-**	-
Other receivables	17	**-**	1,592	**-**	-
		350,041	302,303	**302,751**	305,308
Current assets					
Inventories	16	**114,487**	125,563	**-**	-
Trade and other receivables	17	**328,794**	324,721	**1,005**	857
Amounts owing by subsidiaries	18	**-**	-	**84,285**	65,947
Amounts owing by associates	19	**2,971**	1,772	**237**	167
Amounts owing by joint ventures	20	**51**	345	**-**	-
Derivative assets	31	**-**	17	**-**	-
Current tax assets		**3,988**	2,074	**59**	377
Other investments	12	**1,511**	3,635	**-**	-
Cash and bank balances	21	**122,663**	127,702	**668**	648
		574,465	585,829	**86,254**	67,996
Non-current assets held for sale	22	**51**	-	**8,133**	-
TOTAL ASSETS		**924,557**	888,132	**397,138**	373,304

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

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	23	**218,956**	218,956	**218,956**	218,956
Less: Treasury shares, at cost	23	**(2,127)**	(2,108)	**(2,127)**	(2,108)
Reserves	24	**66,814**	61,931	**39,833**	25,349
		283,643	278,779	**256,662**	242,197
Non-controlling interests	9(c)	**138,318**	142,352	**-**	-
TOTAL EQUITY		**421,961**	421,131	**256,662**	242,197
LIABILITIES					
Non-current liabilities					
Borrowings	25	**19,371**	6,336	**107**	250
Deferred tax liabilities	15	**13,751**	13,461	**2,524**	2,643
Provision for retirement benefits	28	**3,198**	2,882	**-**	-
		36,320	22,679	**2,631**	2,893
Current liabilities					
Borrowings	25	**233,710**	210,986	**47,120**	40,910
Trade and other payables	29	**228,832**	232,177	**11,177**	1,721
Amounts owing to subsidiaries	30	**-**	-	**79,548**	85,578
Amounts owing to associates	19	**30**	523	**-**	5
Derivative liabilities	31	**23**	-	**-**	-
Current tax liabilities		**3,681**	636	**-**	-
		466,276	444,322	**137,845**	128,214
TOTAL LIABILITIES		**502,596**	467,001	**140,476**	131,107
TOTAL EQUITY AND LIABILITIES		**924,557**	888,132	**397,138**	373,304

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

STATEMENTS OF PROFIT OR LOSS
For the financial year ended 31 May 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	32	1,552,476	1,864,145	39,222	20,066
Cost of sales		(1,371,893)	(1,653,061)	-	-
Gross profit		180,583	211,084	39,222	20,066
Other operating income		22,808	28,968	100	40
Distribution costs		(69,240)	(71,694)	-	-
Administrative expenses		(87,640)	(98,182)	(14,183)	(9,087)
Other operating expenses		(4,764)	(13,024)	(1,910)	(3,217)
Finance costs		(11,032)	(12,605)	(6,444)	(4,066)
Share of results of associates, net of tax	10(b)	(8)	-	-	-
Share of results of joint ventures, net of tax	11(f)	(980)	(770)	-	-
Profit before tax	33	29,727	43,777	16,785	3,736
Tax expense	34	(24,466)	(19,142)	(139)	(60)
Profit for the financial year		5,261	24,635	16,646	3,676
Profit attributable to:					
Owners of the parent		2,166	9,566	16,646	3,676
Non-controlling interests	9(c)	3,095	15,069	-	-
		5,261	24,635	16,646	3,676

		Group	
		2015	2014
	Note	Sen	Sen
Basic and diluted:			
Earnings per ordinary share	35	1.00	4.42

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

STATEMENTS OF COMPREHENSIVE INCOME
For the financial year ended 31 May 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit for the financial year		**5,261**	24,635	**16,646**	3,676
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit of loss					
Foreign currency translations		**12,139**	1,673	**-**	-
Transfer of exchange translation reserve upon disposal of a subsidiary	9.3	**-**	(907)	**-**	-
Other comprehensive income, net of tax		**12,139**	766	**-**	-
Total comprehensive income		**17,400**	25,401	**16,646**	3,676
Total comprehensive income attributable to:					
Owners of the parent		**7,126**	9,723	**16,646**	3,676
Non-controlling interests		**10,274**	15,678	**-**	-
		17,400	25,401	**16,646**	3,676

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2015

Group	Note	Share capital RM'000	Share premium 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 2014		218,956	4,332	203	4,987	104	(2,108)	52,305	**278,779**	142,352	**421,131**
Profit for the financial year		-	-	-	-	-	-	2,166	**2,166**	3,095	**5,261**
Other comprehensive income, net of tax		-	-	-	-	4,960	-	-	**4,960**	7,179	**12,139**
Total comprehensive income		-	-	-	-	4,960	-	2,166	**7,126**	10,274	**17,400**
Transactions with owners											
Repurchase of treasury shares of the Company	23(b)	-	-	-	-	-	(19)	-	**(19)**	-	**(19)**
Repurchase of treasury shares of a subsidiary		-	-	-	-	-	-	-	**-**	(19)	**(19)**
Arising from accretion of equity interest in a subsidiary	9.1(a)	-	-	-	-	-	-	(583)	**(583)**	(67)	**(650)**
Disposal of equity interests in subsidiaries		-	-	-	-	-	-	502	**502**	(964)	**(462)**
Capital repayment of a subsidiary		-	-	-	-	-	-	-	**-**	(10,020)	**(10,020)**
Dividend paid	36	-	-	-	-	-	-	(2,162)	**(2,162)**	-	**(2,162)**
Dividends paid to non-controlling interests of subsidiaries	9(d)	-	-	-	-	-	-	-	**-**	(3,146)	**(3,146)**
Winding up of a subsidiary		-	-	-	-	-	-	-	**-**	(92)	**(92)**
Total transactions with owners		-	-	-	-	-	(19)	(2,243)	**(2,262)**	(14,308)	(16,570)
As at 31 May 2015		**218,956**	**4,332**	**203**	**4,987**	**5,064**	**(2,127)**	**52,228**	**283,643**	**138,318**	**421,961**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2015

Group	Note	Share capital RM'000	Share premium 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 2013		218,956	4,332	203	4,987	(53)	(2,056)	44,684	**271,053**	131,078	**402,131**
Profit for the financial year		-	-	-	-	-	-	9,566	**9,566**	15,069	**24,635**
Other comprehensive income, net of tax		-	-	-	-	157	-	-	**157**	609	**766**
Total comprehensive income		-	-	-	-	157	-	9,566	**9,723**	15,678	**25,401**
Transactions with owners											
Repurchase of treasury shares of the Company		-	-	-	-	-	(52)	-	**(52)**	-	**(52)**
Repurchase of treasury shares of a subsidiary		-	-	-	-	-	-	-	**-**	(134)	**(134)**
Arising from accretion of equity interest in a subsidiary	9.1(b)(i)	-	-	-	-	-	-	(1,945)	**(1,945)**	(1,710)	**(3,655)**
Dilution of equity interest in a subsidiary	9.1(b)(iii)	-	-	-	-	-	-	-	**-**	9,079	**9,079**
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	**-**	(11,639)	**(11,639)**
Total transactions with owners		-	-	-	-	-	(52)	(1,945)	**(1,997)**	(4,404)	**(6,401)**
As at 31 May 2014		218,956	4,332	203	4,987	104	(2,108)	52,305	**278,779**	142,352	**421,131**

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2015

Company	Note	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
As at 31 May 2014		218,956	4,332	4,917	(2,108)	16,100	242,197
Profit for the financial year		-	-	-	-	16,646	16,646
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	16,646	16,646
Transactions with owners							
Dividend paid	36	-	-	-	-	(2,162)	(2,162)
Repurchase of treasury shares of the Company	23(b)	-	-	-	(19)	-	(19)
Total transaction with owners		-	-	-	(19)	(2,162)	(2,181)
As at 31 May 2015		**218,956**	**4,332**	**4,917**	**(2,127)**	**30,584**	**256,662**
As at 31 May 2013		218,956	4,332	4,917	(2,056)	12,424	238,573
Profit for the financial year		-	-	-	-	3,676	3,676
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	3,676	3,676
Transaction with owners							
Repurchase of treasury shares of the Company		-	-	-	(52)	-	(52)
Total transaction with owners		-	-	-	(52)	-	(52)
As at 31 May 2014		218,956	4,332	4,917	(2,108)	16,100	242,197

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 May 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash Flows From Operating Activities					
Profit before tax		**29,727**	43,777	**16,785**	3,736
Adjustments for:					
Amortisation of intangible assets	13	**645**	3,643	**4**	1
Bad debts written off – third parties		**108**	1,432	**100**	-
Deposits written off		**-**	1	**-**	-
Depreciation of investment properties	8	**7**	6	**-**	-
Depreciation of property, plant and equipment	7	**18,356**	18,767	**1,012**	1,069
Dividend income (gross)	32	**(6)**	(19)	**(34,910)**	(18,902)
Fair value adjustment on other investments		**(67)**	(32)	**-**	42
Fair value adjustment on non-current other receivables		**(316)**	(107)	**-**	-
Fair value loss/(gain) on derivatives		**40**	(17)	**-**	-
Gain on disposal of investment in a subsidiary		**(1,394)**	(20,087)	**-**	-
Gain on re-measurement on acquisition of interest in a subsidiary		**(1)**	-	**-**	-
Loss/(Gain) on disposal of property, plant and equipment		**404**	(807)	**(100)**	(40)
Gain on disposal of other investments	12(a)	**(5,962)**	-	**-**	-
Impairment loss on:					
- amounts owing by subsidiaries	18	**-**	-	**795**	2,104
- amounts owing by associates	19	**540**	4,467	**-**	-
- amounts owing by joint ventures	20	**456**	-	**-**	-
- goodwill on consolidation	14	**29**	5,044	**-**	-
- intangible assets	13	**-**	3,850	**-**	-
- investments in associates	10	**-**	1,000	**-**	-
- trade and other receivables		**3,114**	3,410	**-**	-
Interest expense		**11,032**	12,605	**6,444**	4,066
Interest income		**(1,210)**	(622)	**(2,277)**	(108)
Inventories written down	16	**2,345**	2,408	**-**	-
Inventories written off		**-**	900	**-**	-

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

STATEMENTS OF CASH FLOWS
For the financial year ended 31 May 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash Flows From Operating Activities *(continued)*					
Intangible assets written off	13	-	53	-	-
Property, plant and equipment written off	7	87	1,599	-	1
Reversal of impairment losses on:					
- trade and other receivables		(352)	(1,141)	-	-
- other investments		(1,687)	-	-	-
Share of results in joint ventures	11(f)	980	770	-	-
Share of results in associates	10(b)	8	-	-	-
Net unrealised gain on foreign exchange		(3,494)	(191)	-	-
Waiver of payable balances		-	(200)	-	-
Reversal of unused provision for warranties	29(b)	(525)	(162)	-	-
Provision for retirement benefits	28	385	362	-	-
Operating profit/(loss) before working capital changes		53,249	80,709	(12,147)	(8,031)
Decrease in inventories		8,731	61,885	-	-
Decrease/(Increase) in trade and other receivables		12,632	10,715	(249)	3,217
(Decrease)/Increase in trade and other payables		(1,300)	(26,609)	9,455	(297)
Increase in amounts owing by associates		(1,739)	(2,508)	(70)	(167)
Increase in amounts owing by joint ventures		(162)	(345)	-	-
(Decrease)/Increase in amounts owing to associates		(493)	15	(5)	5
Cash generated from/(used in) operations		70,918	123,862	(3,016)	(5,273)
Dividend received		6	19	34,910	18,902
Retirement benefits paid	28	(81)	(296)	-	-
Tax (paid)/refunded		(19,833)	(19,618)	60	32
Net cash from operating activities		51,010	103,967	31,954	13,661

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

STATEMENTS OF CASH FLOWS
For the financial year ended 31 May 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash Flows From Investing Activities					
Acquisition of a subsidiary		**(1,582)**	-	**-**	-
Acquisition of additional interests in a subsidiary	9.1(a)	**(650)**	(3,655)	**-**	(2)
Acquisition of a joint venture	11(b)	**(480)**	-	**-**	-
Additional interests acquired by non-controlling interests of a subsidiary	9.1(b)(iii)	**-**	9,079	**-**	-
Capital reduction of a subsidiary		**-**	-	**2,248**	-
Proceeds from disposal of equity interests in subsidiaries		**906**	-	**-**	-
Interest received		**1,210**	622	**2,277**	108
Proceeds from disposal of property, plant and equipment		**3,665**	1,726	**1,716**	40
Purchase of intangible assets	13	**(116)**	(63)	**(23)**	(4)
Purchase of other investments		**(9,000)**	(2,700)	**(9,000)**	-
Purchase of property, plant and equipment	7(a)	**(50,314)**	(11,655)	**(1,433)**	(1,425)
Net payments (to)/from subsidiaries		**-**	-	**(25,162)**	7,836
Proceeds from disposal of a subsidiary	9.3	**-**	46,949	**-**	-
Repurchase of treasury shares of a subsidiary		**(19)**	(134)	**-**	-
Placement of short term deposits:					
- pledged with licensed banks		**(1,456)**	(1,389)	**-**	-
- with maturity period more than three (3) months		**(3)**	(106)	**-**	-
Winding up of a subsidiary		**(92)**	-	**-**	-
Withdrawal of other investments		**2,200**	-	**-**	-
Compensation received from termination of a marketing right		**-**	4,126	**-**	-
Net cash (used in)/from investing activities		**(55,731)**	42,800	**(29,377)**	6,553

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

STATEMENTS OF CASH FLOWS
For the financial year ended 31 May 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash Flows From Financing Activities					
Capital repayment of a subsidiary		**(10,020)**	-	**-**	-
Dividends paid to shareholders of the Company	36	**(2,162)**	-	**(2,162)**	-
Dividends paid to non-controlling interests of subsidiaries		**(3,146)**	(11,639)	**-**	-
Interest paid		**(11,032)**	(12,605)	**(6,444)**	(4,066)
Repurchase of treasury shares of the company	23(b)	**(19)**	(53)	**(19)**	(52)
Repayments of hire purchase and lease creditors		**(3,088)**	(4,282)	**(260)**	(206)
Net drawdown/(repayment) of borrowings		**30,145**	(63,631)	**7,500**	(17,250)
Net cash from/(used in) financing activities		**678**	(92,210)	**(1,385)**	(21,574)
Net (decrease)/increase in cash and cash equivalents		**(4,043)**	54,557	**1,192**	(1,360)
Cash and cash equivalents at beginning of financial year		**107,603**	51,564	**(7,553)**	(6,193)
Effects of exchange rate changes on cash and cash equivalents		**(2,171)**	1,482	**-**	-
		105,432	53,046	**(7,553)**	(6,193)
Cash and cash equivalents at end of financial year	21	**101,389**	107,603	**(6,361)**	(7,553)

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

NOTES TO THE FINANCIAL STATEMENTS

31 May 2015

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.

The registered office of the Company is located at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No.2A, Jalan 13/2, Seksyen 3, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements for the financial year ended 31 May 2015 comprise the Company and its subsidiaries and the interest of the Group in associates and joint ventures. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 23 September 2015.

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 44 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 47 to 173 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 47 to the financial statements set out on page 174 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

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

4.2 Basis of consolidation

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

(a) Power over the investee;

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

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

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

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

(b) Rights arising from other contractual agreements; and

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

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Basis of consolidation *(continued)*

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

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.

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

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

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

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

4.3 Business combinations

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.3 Business combinations *(continued)*

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

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

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

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. 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.

4.4 Property, plant and equipment and depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

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 of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2% - 12.5%
Leasehold land	1% - 5%
Plant and machinery	5% - 33.3%
Motor vehicles	5% - 25%
Furniture, fittings and office equipment	5% - 33.3%
Renovation	2% - 10%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements).

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 to 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.

(c) Leases 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 rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, including transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.6 Investment properties *(continued)*

Subsequent costs are included in the carrying amount of the investment properties 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 would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties 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 investment properties are acquired, if applicable.

After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investments properties are fifty (50) years.

At the end of each reporting period, the carrying amount of an item of the investment properties are 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).

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 investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their 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 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 are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.7 Investments *(continued)*

(a) Subsidiaries *(continued)*

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 arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.7 Investments *(continued)*

(b) Associates *(continued)*

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

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

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

(c) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, investments in joint ventures are stated at cost.

Any premium paid for investments in joint ventures above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investments in joint ventures has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interests in joint ventures as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures.*

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(i) The structure of the joint arrangement;
(ii) The legal form of joint arrangements structured through a separate vehicle;
(iii) The contractual terms of the joint arrangement agreement; and
(iv) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 interest of the Group 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.

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 could 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 share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group 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 share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

(b) Other intangible assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.8 Intangible assets *(continued)*

(b) Other intangible assets *(continued)*

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 could 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 reporting period. 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 could be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting 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 MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors.*

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

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

Development expenditure

Development expenditure is 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.8 Intangible assets *(continued)*

(b) Other intangible assets *(continued)*

Rights

Rights relating 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 ten (10) years and are assessed for any indication that the asset may be impaired. If any indication exists, the Group shall estimate the recoverable amount of the asset as stated in Note 4.9 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.

Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three (3) to five (5) years.

4.9 Impairment of non-financial assets

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

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

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group 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.

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 MFRS 8 *Operating Segments*.

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

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4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss on other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

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

4.10 Inventories

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

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

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

4.11 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

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 (4) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

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 right of the Group to receive payment is established.

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

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 (2) categories after initial recognition for the purpose of subsequent measurement:

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

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

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

(b) Other financial liabilities

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

4.11.2 Financial liabilities *(continued)*

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

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

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

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

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

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

4.11.3 Equity *(continued)*

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Companies Act, 1965 in Malaysia.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.12 Impairment of financial assets

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

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable 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.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.12 Impairment of financial assets *(continued)*

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

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

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in 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 to profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.13 Borrowing costs

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

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

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

4.14 Income taxes

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

Taxes in the statements of 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, if any.

(b) Deferred tax

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.14 Income taxes *(continued)*

(b) Deferred tax *(continued)*

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

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

4.15 Provisions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.15 Provisions *(continued)*

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.

Provision for warranties is recognised based on the estimated liabilities to repair or replace products when the underlying products or services are sold. The estimated liability is based on historical warranty data and a weighting of all possible outcome against their associated probabilities.

4.16 Contingent liabilities and contingent assets

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

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

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

4.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed 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 and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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

NOTES TO THE FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.17 Employee benefits *(continued)*

(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

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

4.18 Foreign currencies

4.18.1 Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency of the Company.

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

4.18.3 Foreign operations

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.18 Foreign currencies *(continued)*

4.18.3 Foreign operations *(continued)*

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

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.19 Revenue recognition

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

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

(a) Sale of goods

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

(b) Services rendered

Revenue in respect of the rendering of services is recognised when the stage of completion at the end of the reporting period and the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as percentage of total services to be performed.

(c) Rental income

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

(d) Interest income

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

(e) Dividend income

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.20 Non-current assets held for sale

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

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

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

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

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

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

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

4.21 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 chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.21 Operating segments *(continued)*

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

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

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

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

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

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

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

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

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

4.22 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.

4.23 Fair value measurements

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.23 Fair value measurements *(continued)*

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

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

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

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

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

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

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

5. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

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

Title	**Effective Date**
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014

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

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

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2014

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

Title	Effective Date
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements to MFRSs 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements to MFRSs 2011 - 2013 Cycle*	1 July 2014
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
MFRS 9 *Financial Instruments* (IFRS as issued by IASB in July 2014)	1 January 2018

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

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

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

6.2 Critical judgements made in applying accounting policies

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

(i) Contingent liabilities on corporate guarantees

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

(ii) Classification of non-current bank borrowings

The term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

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 that the useful lives of the assets are as 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 the assets, and therefore future depreciation charges could be revised. A ten percent (10%) difference in the average useful lives of these assets from management's estimates would result in approximately a RM1,836,000 variance in profit for the financial year.

6.3.2 Impairment of investments in subsidiaries, associates and joint ventures and amounts owing by subsidiaries, associates and joint ventures

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

<u>Investment in an associate, Tamco Chongqing Switchgear Company Limited</u>

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

NOTES TO THE FINANCIAL STATEMENTS
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6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

6.3 Key sources of estimation uncertainty *(continued)*

6.3.2 Impairment of investments in subsidiaries, associates and joint ventures and amounts owing by subsidiaries, associates and joint ventures *(continued)*

The Group determines whether its investments are impaired following certain indications of impairment such as, amongst others, ensuring that the investment is not carried at more than their recoverable amount, such as the higher of fair value less costs of disposal and their value in use.

During the current financial year, based on the estimated recoverable amount of the investment in an associate, which included a valuation of the remaining property by independent professional valuers, the accumulated impairment for the investment in the said associate as at 31 May 2015 was RM2,069,000 (2014: RM2,069,000).

Other investments in subsidiaries, associates and joint ventures and amounts owing by subsidiaries, associates and joint ventures

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

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

6.3.3 Impairment of intangible assets

If any indication exists, the Group estimates the recoverable amount of the asset in according with Note 4.9 to the financial statements. 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. Further details are disclosed in Note 13 to the financial statements.

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 cash generating unit ('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 14 to the financial statements.

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

6.3 Key sources of estimation uncertainty *(continued)*

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.

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 RM26,557,000 (2014: RM29,649,000) of deferred tax assets arising from 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. Variances from future taxable profits estimated will result in changes in the deferred tax assets recognised.

6.3.6 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. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

6.3.7 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. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

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

6.3 Key sources of estimation uncertainty *(continued)*

6.3.8 Write down for obsolete or slow moving inventories

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

6.3.9 Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

(i) Level 1: Quoted prices in active markets for identical items (unadjusted);
(ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
(iii) Level 3: Unobservable inputs (i.e. not derived from market data).

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

The Group measures these elements in the financial statements at fair value:

(i) Other investments, Note 12 to the financial statements;
(ii) Derivative assets and liabilities, Note 31 to the financial statements; and
(iii) Financial instruments, Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

7. PROPERTY, PLANT AND EQUIPMENT

Group 2015	Balance as at 1.6.2014 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Translation adjustments RM'000	Written off RM'000	Disposal of interest in a subsidiary RM'000	Reclassi-fications RM'000	Reclassified as asset held for sale RM'000	Balance as at 31.5.2015 RM'000
Carrying amount										
Freehold land	1,016	-	-	-	-	-	-	-	-	1,016
Buildings	45,928	540	-	(1,165)	(12)	-	-	-	-	45,291
Leasehold land	53,911	-	-	(1,709)	(21)	-	-	-	-	52,181
Plant and machinery	62,890	12,330	(337)	(10,760)	173	(87)	-	686	-	64,895
Motor vehicles	11,715	5,125	(2,291)	(3,415)	39	-	-	-	(51)	11,122
Furniture, fittings and office equipment	7,312	1,226	(586)	(1,024)	13	-	(29)	-	-	6,912
Renovation	6,915	569	(855)	(283)	(2)	-	(3)	-	-	6,341
Assets under construction	1,800	39,510	-	-	-	-	-	(686)	-	40,624
	191,487	59,300	(4,069)	(18,356)	190	(87)	(32)	-	(51)	228,382

	At 31.5.2015		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	1,016	-	1,016
Buildings	49,355	(4,064)	45,291
Leasehold land	56,678	(4,497)	52,181
Plant and machinery	226,340	(161,445)	64,895
Motor vehicles	43,038	(31,916)	11,122
Furniture, fittings and office equipment	25,822	(18,910)	6,912
Renovation	9,249	(2,908)	6,341
Assets under construction	40,624	-	40,624
	452,122	(223,740)	228,382

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

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

Group 2014	Balance as at 1.6.2013 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Translation adjustments RM'000	Written off RM'000	Disposal of a subsidiary RM'000	Reclassi-fications RM'000	Balance as at 31.5.2014 RM'000
Carrying amount									
Freehold land	1,016	-	-	-	-	-	-	-	1,016
Buildings	48,554	47	-	(1,182)	(311)	-	(1,180)	-	45,928
Leasehold land	74,678	187	-	(1,019)	266	-	(20,201)	-	53,911
Plant and machinery	71,138	5,037	(452)	(10,687)	(380)	(1,596)	(302)	132	62,890
Motor vehicles	18,616	2,726	(452)	(4,360)	201	-	(5,018)	2	11,715
Furniture, fittings and office equipment	7,115	1,608	(15)	(1,123)	2	(3)	(272)	-	7,312
Renovation	6,580	1,656	-	(396)	47	-	(972)	-	6,915
Assets under construction	721	1,213	-	-	-	-	-	(134)	1,800
	228,418	12,474	(919)	(18,767)	(175)	(1,599)	(27,945)	-	191,487

	At 31.5.2014 Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	1,016	-	1,016
Buildings	49,422	(3,494)	45,928
Leasehold land	56,699	(2,788)	53,911
Plant and machinery	218,809	(155,919)	62,890
Motor vehicles	41,211	(29,496)	11,715
Furniture, fittings and office equipment	25,985	(18,673)	7,312
Renovation	9,575	(2,660)	6,915
Assets under construction	1,800	-	1,800
	404,517	(213,030)	191,487

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

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

Company 2015	Balance as at 1.6.2014 RM'000	Additions RM'000	Disposals RM'000	Reclassified as asset held for sale RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2015 RM'000
Carrying amount						
Leasehold land	29,791	-	-	(6,845)	(330)	22,616
Buildings	7,301	-	-	(1,288)	(155)	5,858
Motor vehicles	614	883	(215)	-	(334)	948
Furniture, fittings and office equipment	811	37	(546)	-	(61)	241
Renovation	1,630	513	(855)	-	(132)	1,156
	40,147	1,433	(1,616)	(8,133)	(1,012)	30,819

	At 31.5.2015		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Leasehold land	23,580	(964)	22,616
Buildings	6,327	(469)	5,858
Plant and machinery	2,403	(2,403)	-
Motor vehicles	2,181	(1,233)	948
Furniture, fittings and office equipment	1,137	(896)	241
Renovation	3,352	(2,196)	1,156
	38,980	(8,161)	30,819

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

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

Company 2014	Balance as at 1.6.2013 RM'000	Additions RM'000	Written Off RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2014 RM'000
Carrying amount					
Leasehold land	30,121	-	-	(330)	29,791
Buildings	7,456	-	-	(155)	7,301
Motor vehicles	994	-	-	(380)	614
Furniture, fittings and office equipment	300	569	(1)	(57)	811
Renovation	921	856	-	(147)	1,630
	39,792	1,425	(1)	(1,069)	40,147

	At 31.5.2014		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Leasehold land	30,781	(990)	29,791
Buildings	7,727	(426)	7,301
Plant and machinery	2,403	(2,403)	-
Motor vehicles	2,524	(1,910)	614
Furniture, fittings and office equipment	1,647	(836)	811
Renovation	3,694	(2,064)	1,630
	48,776	(8,629)	40,147

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

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Purchase of property, plant and equipment	**59,300**	12,474	**1,433**	1,425
Financed by hire purchase and lease arrangements	**(8,986)**	(819)	**-**	-
Cash payments on purchase of property, plant and equipment	**50,314**	11,655	**1,433**	1,425

(b) The carrying amounts of property, plant and equipment of the Group and of the Company under hire purchase and finance lease at the end of the reporting period are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Motor vehicles	**1,951**	3,038	**148**	474
Plant and machinery	**14,026**	5,874	**-**	-
	15,977	8,912	**148**	474

(c) As at 31 May 2015, included in property, plant and equipment are certain land and buildings of the Group and the Company with a total carrying amount of RM42,967,000 (2014: RM44,624,000) and RM28,474,000 (2014: RM28,842,000) respectively charged to banks for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

(d) As at 31 May 2015, certain plant and machinery of the Group have been charged to licensed banks for banking facilities granted to certain subsidiaries as disclosed in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

8. INVESTMENT PROPERTIES

2015 Group Carrying amount	Balance as at 1.6.2014 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2015 RM'000
Freehold land at cost	20	-	20
Buildings at cost	119	(7)	112
	139	(7)	132

2014 Group Carrying amount	Balance as at 1.6.2013 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2014 RM'000
Freehold land at cost	20	-	20
Buildings at cost	125	(6)	119
	145	(6)	139

	Group	
	2015 RM'000	2014 RM'000
Fair value	385	385

(a) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM18,000 (2014: RM18,000).

(b) Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM9,437 (2014: RM9,332).

(c) The fair value of investment properties for disclosure purposes, which are at Level 3 fair value, was recommended by the Directors as at the end of reporting period based on indicative market value of similar properties in the vicinity on a price per square foot basis.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 May 2015 and 31 May 2014.

(d) The investment properties of the Group are mainly used to generate rental income. However, the fair value of the investment properties reflects the highest and best use of the said properties should the investment properties be disposed. Currently, management does not intend to dispose off the investment properties and the existing use of the investment properties remains for rental purposes.

9. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Quoted shares in Malaysia, at cost	**51,458**	53,706
Unquoted shares, at cost	**261,849**	267,929
	313,307	321,635
Less: Impairment loss of investments in unquoted shares	**(50,903)**	(56,983)
	262,404	264,652

(a) The details of the subsidiaries are disclosed in Note 44 to the financial statements.

(b) Quoted investments in a subsidiary with a carrying amount of RM20,817,000 (2014: RM20,817,000) and quoted investments held by a subsidiary with a carrying amount of RM49,630,000 (2014: RM49,630,000) have been charged to a licensed bank for credit facilities granted to the Company (Note 25).

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

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000	Others* RM'000	Total RM'000
2015				
NCI percentage of ownership interest and voting interest (%)	**54.5%**	**54.6%**		
Carrying amount of NCI	**104,462**	**21,193**	**12,663**	**138,318**
Profit allocated to NCI	**1,954**	**282**	**859**	**3,095**
2014				
NCI percentage of ownership interest and voting interest (%)	54.5%	52.9%		
Carrying amount of NCI	98,658	30,926	12,768	142,352
Profit allocated to NCI	3,657	7,384	4,028	15,069

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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

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

2015	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000
Assets and liabilities		
Non-current assets	211,532	35,835
Current assets	414,815	24,226
Non-current liabilities	(15,309)	(6,511)
Current liabilities	(299,002)	(8,122)
Net assets	312,036	45,428
Results		
Revenue	1,272,737	32,253
Profit/(Loss) for the financial year	5,209	(453)
Total comprehensive income/(loss)	17,356	(453)
Cash flows from/(used in) operating activities	53,161	(4,581)
Cash flows (used in)/from investing activities	(37,277)	1,782
Cash flows from/(used in) financing activities	2,442	(20,639)
Net increase/(decrease) in cash and cash equivalents	18,326	(23,438)
Dividend paid to NCI	3,146	-

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

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

2014	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000
Assets and liabilities		
Non-current assets	173,302	39,679
Current assets	439,853	41,301
Non-current liabilities	(4,584)	(7,099)
Current liabilities	(307,345)	(9,068)
Net assets	301,226	64,813
Results		
Revenue	1,566,028	49,729
Profit for the financial year	7,164	13,923
Total comprehensive income	7,523	13,825
Cash flows from operating activities	76,783	4,991
Cash flows from investing activities	8,840	42,919
Cash flows used in financing activities	(54,279)	(21,775)
Net increase in cash and cash equivalents	31,344	26,135
Dividend paid to NCI	1,613	10,026

9.1 Acquisition of additional interest in subsidiaries

(a) During the financial year:

(i) The Group via its subsidiary, Perusahaan Kimia Gemilang Sdn. Bhd. ('PKG'), acquired additional 110,000 ordinary shares of RM1.00 each in Ancom Kimia Sdn. Bhd. ('AKM'), representing an additional equity interest of 5% in the issued and paid-up capital of AKM for a cash consideration of RM650,000. Following this acquisition, PKG held 60% equity interest in AKM. The acquisition did not have any material financial effect to the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

9.1 Acquisition of additional interest in subsidiaries *(continued)*

(a) During the financial year: *(continued)*

(ii) Nylex (Malaysia) Berhad ('Nylex'), a subsidiary of the Company increased its shareholding in CKG Chemicals Pte Ltd ('CKG') via conversion of a shareholder's loan of RM9,036,000, into 2,700,000 ordinary shares in CKG. The additional investment in CKG did not result in any material financial effect to the Group.

(b) In the previous financial year:

(i) On 28 February 2014, Redberry Sdn. Bhd. ('RBSB'), a wholly-owned subsidiary of the Company, acquired an additional 120,000 ordinary shares of RM1.00 each in Meru Utama Sdn. Bhd. ('MUSB') for a cash consideration of RM3,655,000, thereby increasing the Group's equity interest in MUSB from 64% to 75% . The proportionate share of the book value of net assets of MUSB for the additional equity interest at the acquisition date was RM1,710,000. The difference between the cost of acquisition of the additional equity interest and the proportionate share of the book value of net assets at the transaction date of RM1,945,000 was adjusted to equity.

(ii) The Company acquired an additional 4,300 ordinary shares in Nylex for a cash consideration of RM2,064. There was no material change in the effective equity interest held by the Company in Nylex and the above acquisition did not have any material financial effect to the Group and the Company.

(iii) PKG, a wholly-owned subsidiary of Nylex, increased its shareholding in PT PKG Lautan Indonesia via:

(a) conversion of shareholders' loan of approximately RM2,581,000 into 816,510 ordinary shares; and

(b) subscription of 2,636,088 ordinary shares at a cost of approximately RM8,318,000.

The additional interests acquired by the NCI was approximately RM9,079,000.

The additional investments did not result in any change in the percentage of shareholding of the Group.

9.2 Acquisition of subsidiaries

(a) On 29 May 2015, the Group via its wholly-owned subsidiary, Syarikat Wandeerfull Sdn. Bhd. ('SWSB'), acquired an additional 887,950 ordinary shares of RM1.00 each in Wandeerfull Industries Sdn. Bhd. ('WISB') for a cash consideration of RM1,634,000, thereby increasing the Group's equity interest in WISB from 30% to 100% and became a wholly-owned subsidiary of the Group. The previously held equity interest was designated as investment in an associate prior to the date of acquisition. The acquisition did not have any material financial effect to the Group.

(b) During the financial year, the Group via its subsidiary, PKG, acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of ALB Marine Sdn. Bhd. ('AMS'). Subsequently, AMS increased its issued and paid-up share capital to RM100,000 ordinary shares of RM1.00 each. AMS is currently a dormant company with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each. The acquisition did not have any material financial effect to the Group.

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

9.2 Acquisition of subsidiaries *(continued)*

(c) In the previous financial year, Redberry Outdoors Sdn. Bhd. ('RBO'), a wholly-owned subsidiary of the Group completed an acquisition of the entire issued and paid up capital of Puncak Berlian Sdn. Bhd. ('PBSB') comprising two (2) ordinary shares of RM1.00 each for a cash consideration of RM2.00. The acquisition did not have any material financial effect to the Group.

9.3 Disposal of equity interests in subsidiaries

(a) During the financial year:

(i) Synergy Tanker Sdn. Bhd., a wholly-owned subsidiary of the Company, disposed 7,839,000 ordinary shares in Ancom Logistics Berhad ('ALB') for a total cash consideration of RM1,361,000. The disposal has resulted in a disposal of equity interest in ALB from 47.1% to 45.4%. The disposal did not have any material financial effect to the Group.

(ii) The Company disposed 6,834,000 shares in its subsidiary, MSTi Corporation Sdn. Bhd. ('MSTi'), for a cash consideration of RM2.00. The disposal has reduced the effective shareholding of Ancom in MSTi from 45% to 20%. As a result of the disposal, MSTi became an associate of the Group. The net effect of the disposal did not have any material financial effect to the Group.

(b) In the previous financial year:

(i) ALB, a subsidiary of the Company, disposed two (2) ordinary shares in Ancom Systems Technology (Malaysia) Sdn. Bhd. for a total cash consideration of RM2.00. The disposal did not have any material financial effect to the Group.

(ii) On 31 December 2013, ALB had disposed its entire equity interest in Ancom Ship Management Sdn. Bhd. ('ASM') comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00. The disposal did not have any material financial effect to the Group.

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9. INVESTMENTS IN SUBSIDIARIES *(continued)*

9.3 Disposal of equity interests in subsidiaries *(continued)*

(b) In the previous financial year: *(continued)*

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

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

	Note	At the date of disposal RM'000
Property, plant and equipment	7	27,945
Trade receivables		5,680
Other receivables		771
Cash and bank balances		680
Trade payables		(1,253)
Other payables		(2,424)
Taxation		(228)
Short-term bank borrowings		(2,669)
Deferred tax liabilities	15	(1,179)
Net assets disposed off		27,323
Transfer from foreign exchange reserve		(907)
		26,416
Total disposal proceeds		(46,503)
Gain on disposal to the Group		(20,087)
Cash inflow arising from disposal:		
Cash consideration		46,503
Cash and bank balances of subsidiary disposed		(680)
Bank overdraft of subsidiary disposed		1,126
Net cash inflow to the Group		46,949

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

9.4 Transfer of business operations

During the financial year, a subsidiary of Nylex, Nycon Manufacturing Sdn. Bhd. ('NYC') transferred its entire business operations to Nylex.

As a result of the transfer, NYC became a dormant company on 12 March 2015.

9.5 Capital reduction exercise by a subsidiary

During the financial year, ALB had undertaken a capital reduction of its existing issued and paid-up share capital via cancellation of RM0.05 in the par value of each ordinary share of RM0.10 each, resulting in a new par value of RM0.05 for each of the ordinary shares in ALB. Following the capital reduction, ALB made a cash distribution of RM18,932,000 to all shareholders of ALB on the basis of RM0.04 for each of the ordinary shares. The balance of RM0.01, together with credit arising from cancellation of share premium account is used to set-off against the accumulated losses of ALB, in accordance with Section 60 and 64 of the Companies Act, 1965 in Malaysia. Pursuant to the capital reduction and repayment, ALB's authorised share capital remained at RM500,000,000 comprising 10,000,000,000 ordinary shares of RM0.05 each and the issued and fully paid share capital reduced from RM47,328,600 to RM23,664,300 comprising 473,286,000 ordinary shares of RM0.05 each.

As a result of the capital reduction exercise, the cost of investment of the Company in ALB had decreased by RM2,248,000.

9.6 Common control transactions

(a) On 28 May 2015, RBSB acquired 100% equity interest in PBSB and Redberry Mall Sdn Bhd ('RMSB') from Redberry Outdoors Sdn Bhd ('RBO') with an issued and paid-up share capital of RM2.00 comprising 2 ordinary shares respectively of RM1.00 each, for a total cash consideration of RM4.00. Following the acquisition, PBSB and RMSB became wholly-owned subsidiaries of RBSB. The acquisition did not have any material financial effect to the Group.

(b) On 29 May 2015, RBSB disposed its entire equity interest in the following subsidiaries to PBSB:

   (i) Redberry Contact Center Sdn Bhd ('RCC') comprising 5,335,000 ordinary shares of RM1.00 each for cash consideration of RM8,155,000.

   (ii) Focus Media Network Sdn Bhd ('FMN') comprising 3,760,000 ordinary shares of RM1.00 each for cash consideration of RM1,629,000.

   (iii) Meru Utama Sdn Bhd ('MUSB') comprising 823,900 ordinary shares of RM1.00 each for cash consideration of RM6,829.

   (iv) Redberry Outdoors Sdn Bhd ('RBO') comprising 5,000,000 ordinary shares of RM1.00 each for cash consideration of RM512,000.

   The above transactions did not have any material financial effect to the Group.

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9. INVESTMENTS IN SUBSIDIARIES *(continued)*

9.7 Winding up of a subsidiary

On 29 February 2012, the Nylex Group commenced a members' voluntary winding up of its subsidiary, Malaysian Roofing Industries Sdn. Bhd., a company incorporated in Malaysia.

The winding up process was completed following the final meeting held on 10 September 2014. The winding up did not have any material financial effect to the Group.

10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Unquoted shares, at cost	**11,414**	6,709	**6,302**	1,216
Group's share of post acquisition results	**(2,335)**	(2,009)	**-**	-
	9,079	4,700	**6,302**	1,216
Less: Impairment loss	**(7,277)**	(2,191)	**(6,302)**	(1,216)
	1,802	2,509	**-**	-

(a) The details of the associates are disclosed in Note 44 to the financial statements. All the associates are accounted using the equity method in the consolidated financial statements.

(b) The aggregate amount of the associates results shared by the Group during the financial year are as follows:

Group	**2015 RM'000**	**2014 RM'000**
Share of loss of the Group	**(8)**	-
Share of other comprehensive income of the Group	**-**	-
Share of total comprehensive loss of the Group	**(8)**	-

(c) The associates have been impaired to their recoverable amounts and thus do not share any further losses during the current financial year as there is no further obligation in respect of those losses using the equity method of accounting.

(d) During the current financial year, the estimated recoverable amount of the investment in an associate, Tamco Chongqing Switchgear Company Limited ('Tamco'), which included a valuation of the remaining property by independent professional valuers, as at 31 May 2015 was RM1,802,000 (2014: RM1,802,000). The associate is currently under voluntary liquidation and is in the process of disposing its property and other assets for realisation in cash, which will be distributed to its shareholders in accordance with the liquidation process.

The Group has the power to participate in the liquidation process. Consequently, the Group possesses a significant influence over the associate, thus the associate is classified as investment in associate.

10. INVESTMENTS IN ASSOCIATES *(continued)*

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 June 2014/2013	2,191	1,191	1,216	1,216
Disposal of equity interest in a subsidiary	5,086	-	5,086	-
Impairment loss during the financial year	-	1,000	-	-
At 31 May 2015/2014	7,277	2,191	6,302	1,216

11. INVESTMENTS IN JOINT VENTURES

	Group	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	2,230	1,750
Group's share of post acquisition results	(1,750)	(770)
	480	980

(a) The details of the joint ventures are disclosed in Note 44 to the financial statements.

(b) On 27 January 2015, RBSB acquired 50% equity interest in Senandung Sonik Sdn. Bhd. ('SSSB') with an initial issued and paid-up share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each for a cash consideration of RM480,000. The acquisition did not have any material financial effect to the Group.

(c) In the previous financial year:

(i) On 30 September 2013, Redberry Media Sdn. Bhd., acquired 50% equity interest in Point of Education Sdn. Bhd. ('PESB') with an initial issued and paid-up share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, which was satisfied by the capitalisation of RM500,000 of an amount owing by PESB.

(ii) On 30 December 2013, RBSB subscribed for an additional 1,250,000 ordinary shares of RM1.00 each in PESB which was satisfied by the capitalisation of RM1,250,000 of an amount owing by PESB. There was no change in the effective equity interest held by the Group in PESB.

(d) PESB and SSSB are unlisted separate entities whose quoted market prices are not available. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to assets and obligation for liabilities of the joint arrangement resting primarily with PESB and SSSB. These joint arrangements have been classified as joint ventures and have been included in the consolidated financial statements using the equity method.

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11. INVESTMENTS IN JOINT VENTURES *(continued)*

(e) The summarised financial information of the joint ventures is as follows:

	SSSB RM'000	PESB RM'000	Total RM'000
2015			
Assets and liabilities			
Non-current assets	-	1,150	1,150
Current assets	38	1,161	1,199
Non-current liabilities	-	(4,861)	(4,861)
Current liabilities	(54)	(751)	(805)
Net liabilities	(16)	(3,301)	(3,317)
Results			
Revenue	-	1,731	1,731
Loss for the financial year	*	(2,809)	(2,809)
Total comprehensive loss	*	(2,809)	(2,809)

	PESB RM'000	Total RM'000
2014		
Assets and liabilities		
Non-current assets	909	909
Current assets	2,257	2,257
Non-current liabilities	(3,398)	(3,398)
Current liabilities	(260)	(260)
Net liabilities	(492)	(492)
Results		
Revenue	1,103	1,103
Loss for the financial year	(1,540)	(1,540)
Total comprehensive loss	(1,540)	(1,540)

* Represents amount less than RM1,000.

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11. INVESTMENTS IN JOINT VENTURES *(continued)*

(f) The reconciliation of the share of net assets of the joint ventures to the carrying amount of the investments in the joint ventures is as follows:

	PESB RM'000	SSSB RM'000	Total RM'000
As at 31 May 2015			
Share of net liabilities of the Group	**(1,226)**	**-**	**(1,234)**
Goodwill	**1,226**	**480**	**1,714**
Carrying amount in the statements of financial position	**-**	**480**	**480**
Share of results of the Group for the financial year ended 31 May 2015			
Share of loss by the Group	**(980)**	**-**	**(980)**
Share of total comprehensive loss of the Group	**(980)**	**-**	**(980)**

	PESB RM'000	Total RM'000
As at 31 May 2014		
Share of net liabilities of the Group	(246)	(246)
Goodwill	1,226	1,226
Carrying amount in the statements of financial position	980	980
Share of results of the Group for the financial year ended 31 May 2014		
Share of loss by the Group	(770)	(770)
Share of total comprehensive loss of the Group	(770)	(770)

(g) The joint ventures are not allowed to distribute its profits prior to the consent of the venture partners.

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12. OTHER INVESTMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
Fair value through profit or loss				
Quoted shares in Malaysia	**386**	395	**260**	260
Unquoted redeemable convertible preference shares in Malaysia	**9,000**	-	**9,000**	-
Club memberships	**300**	300	**243**	243
Total non-current other investments	**9,686**	695	**9,503**	503
Current				
Fair value through profit or loss				
Quoted shares in Malaysia	**448**	428	**-**	-
Unit trusts	**1,063**	3,207	**-**	-
Total current other investments	**1,511**	3,635	**-**	-

(a) On 30 May 2015, the Group via its wholly-owned subsidiary, RBSB entered into a Sale and Purchase Agreement ('SPA') to dispose its interest in Property Guru Pte. Ltd. for a consideration of RM12,222,000.

The impact of the disposal on the results of the Group is as follows:

	RM'000
Consideration for the disposal	12,222
Less: Capitalisation of debts during the financial year	(4,573)
Reversal of other investment previously impaired	(1,687)
	(6,260)
Gain on disposal	5,962

(b) Information on fair value hierarchy is disclosed in Note 37(d) to the financial statements.

13. INTANGIBLE ASSETS

Group 2015	Balance as at 1.6.2014 RM'000	Additions RM'000	Disposal of interest in a subsidiary RM'000	Amortisation during the financial year RM'000	Balance as at 31.5.2015 RM'000
Rights	**3,478**	**-**	**-**	**(573)**	**2,905**
Computer software	**156**	**116**	**(11)**	**(72)**	**189**
	3,634	**116**	**(11)**	**(645)**	**3,094**

2014	Balance as at 1.6.2013 RM'000	Additions RM'000	Impairment loss RM'000	Termination of a marketing right RM'000	Written off RM'000	Amortisation during the financial year RM'000	Balance as at 31.5.2014 RM'000
Development expenditure	528	-	(250)	-	-	(278)	-
Rights	14,497	-	(3,600)	(4,126)	-	(3,293)	3,478
Computer software	218	63	-	-	(53)	(72)	156
	15,243	63	(3,850)	(4,126)	(53)	(3,643)	3,634

	Company 2015 RM'000	Company 2014 RM'000
Computer software		
Balance as at 1 June 2014/2013	**6**	3
Additions during the financial year	**23**	4
Amortisation during the financial year	**(4)**	(1)
Balance as at 31 May 2015/2014	**25**	6

Development expenditure is expenditure incurred for the development of new products.

In the previous financial year, an impairment loss was recognised to write-down the carrying amount of the development expenditure as the Directors do not anticipate any future economic benefits associated with the intangible asset. The impairment loss of RM250,000 has been recognised in the statements of profit or loss under other operating expenses.

NOTES TO THE FINANCIAL STATEMENTS
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13. INTANGIBLE ASSETS *(continued)*

Rights represent audio and visual advertising network distributions secured by the Group for media sales.

During the financial year, the amortisation for rights and computer software of the Group amounting to RM573,000 (2014: RM3,293,000), and RM72,000 (2014: RM72,000) respectively has been recognised in the statements of profit or loss under other operating expenses.

During the financial year, the amortisation for computer software of the Company amounting to RM4,000 (2014: RM1,000) has been recognised in the statements of profit or loss under other operating expenses.

The following describes the key assumptions used on which the Group has based its cash flow projections for the purposes of the impairment test on individual cash generating units ('CGU') held as Rights:

Media Segment: CGU 1

i. Cash flows were projected based on financial budgets approved by the CGU. The budgets covered a period of nine (9) years, in accordance with the remaining years of utilisation of the Right.
ii. The revenue to be derived from the Right is anticipated to be at least RM500,000 from financial year 2016 to financial year 2024.
iii. A pre-tax discount rate of 8.6% (2014: 8.2%) per annum has been applied.

Based on the sensitivity analysis performed by management, a 1% increase in the discount rate used would result in an additional impairment loss of approximately RM71,000.

Based on the sensitivity analysis performed by management, if the revenue to be derived is anticipated to be at RM400,000 per year, this would result in an additional impairment loss of approximately RM559,000.

Media Segment: Other CGUs

The associated Rights recognised in other CGUs were fully amortised or impaired. Hence, the disclosure of the associated key assumptions used in determining the recoverable amounts or expected future economic benefits of the Rights are not deemed to be material for disclosure.

In the previous financial year, one of the Rights of the Group had been terminated for which the Group received cash compensation of RM4,126,000.

14. GOODWILL ON CONSOLIDATION

	Group	
	2015 RM'000	2014 RM'000
Balance as at 1 June 2014/2013	71,618	74,529
Acquisition of additional interests in a subsidiary	29	-
Foreign exchange differences	8,290	2,133
Impairment loss	(29)	(5,044)
Balance as at 31 May 2015/2014	79,908	71,618

(a) Allocation of goodwill

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

	Agricultural and Industrial chemicals RM'000	Polymer RM'000	Media RM'000	Total RM'000
As at 31 May 2015	61,209	90	18,609	79,908
As at 31 May 2014	52,918	91	18,609	71,618

(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 relevant period. The future cash flows are based on management's business plans, 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 plans may be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions.

NOTES TO THE FINANCIAL STATEMENTS
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14. GOODWILL ON CONSOLIDATION *(continued)*

(c) In respect of the agriculture and industrial chemicals (including CKG Chemicals Pte. Ltd.) and polymer CGUs, the key assumptions on which management has based its cash flow projections for the purposes of the impairment test for goodwill are as follows:

(i) The discount rate used reflects management's best estimate of return on capital employed. In computing the value-in-use of each CGU, management has applied a discount rate of 6.9% (2014: 8.9%).

(ii) Growth rate used is based on historical trends of each CGU taking into account the industry outlook. The average growth rate ranges from 0% to 4.2% (2014: 0% to 4.2%) per annum.

(iii) The profit margin applied to the projections are based on the historical profit margin trends for each of the individual CGUs.

In the previous financial year, an impairment loss of RM5,044,000 was recognised to write-down the carrying amount of goodwill on consolidation attributable to CKG Chemicals Pte. Ltd..

With regards to the assessment of value-in-use of the polymer CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

For the agriculture and industrial chemicals CGU, the estimated recoverable amount is higher than its carrying value. The implication of the key assumptions for the recoverable amount is discussed below:

<u>Discount rate assumptions</u>

The discount rate calculation is based on the weighted average cost of capital which takes into account both debt and equity of the Group. Management has considered the possibility of greater than forecasted discount rate. Based on the sensitivity analysis performed by management, a 1.0% increase in the discount rate used would not result in any additional impairment.

<u>Growth rate assumptions</u>

Management has considered that a possibility of a weaker than the anticipated growth rate which may occur if the agriculture and industrial chemicals CGU does not perform as per expected results. The effect of bearish future growth performance is not expected to have an adverse impact on forecasts included in the budget, where a reduction in 1% of the growth rate used would not result in any impairment of the balance.

(d) In respect of the media CGU, the key assumptions on which management has based its cash flow projections for the purposes of the impairment test for goodwill are as follows:

(i) Growth rate used is based on the historical trends of the CGU. The average growth rate ranges from 5.0% to 10.0% (2014: 5.0% to 10.0%) per annum.

(ii) A pre-tax discount rate of 6.9% (2014: 8.9%) per annum has been applied.

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

15. DEFERRED TAX (ASSETS)/LIABILITIES

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

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Balance as at 1 June 2014/2013		**(16,188)**	(17,967)	**2,643**	2,653
Recognised in profit or loss	34	**3,502**	2,451	**(119)**	(10)
Disposal of a subsidiary	9.3	**-**	(1,179)	**-**	-
Foreign exchange differences		**(120)**	507	**-**	-
		3,382	1,779	**(119)**	(10)
Balance as at 31 May 2015/2014		**(12,806)**	(16,188)	**2,524**	2,643
Presented as:					
Deferred tax assets, net		**(26,557)**	(29,649)	**-**	-
Deferred tax liabilities, net		**13,751**	13,461	**2,524**	2,643

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

Deferred tax liabilities of the Group	**Property, plant and equipment RM'000**	**Others RM'000**	**Offsetting RM'000**	**Total RM'000**
2015				
Balance as at 1 June 2014/2013	**15,750**	**(355)**	**(1,934)**	**13,461**
Recognised in profit or loss	**245**	**(432)**	**477**	**290**
Balance as at 31 May 2015/2014	**15,995**	**(787)**	**(1,457)**	**13,751**
2014				
Balance as at 1 June 2013/2012	17,705	(33)	(2,904)	14,768
Recognised in profit or loss	(1,143)	(36)	999	(180)
Disposal of a subsidiary	(879)	(300)	-	(1,179)
Foreign exchange differences	67	14	(29)	52
Balance as at 31 May 2014/2013	15,750	(355)	(1,934)	13,461

NOTES TO THE FINANCIAL STATEMENTS
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15. DEFERRED TAX (ASSETS)/LIABILITIES *(continued)*

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

Deferred tax assets of the Group	**Provision for liabilities RM'000**	**Unutilised tax losses and unabsorbed capital allowances RM'000**	**Others RM'000**	**Offsetting RM'000**	**Total RM'000**
2015					
Balance as at 1 June 2014/2013	**(2,509)**	**(28,402)**	**(672)**	**1,934**	**(29,649)**
Recognised in profit or loss	**545**	**3,126**	**18**	**(477)**	**3,212**
Foreign exchange differences	**-**	**(120)**	**-**	**-**	**(120)**
Balance as at 31 May 2015/2014	**(1,964)**	**(25,396)**	**(654)**	**1,457**	**(26,557)**
2014					
Balance as at 1 June 2013/2012	(4,850)	(30,134)	(655)	2,904	(32,735)
Recognised in profit or loss	2,329	1,318	(17)	(999)	2,631
Foreign exchange differences	12	414	-	29	455
Balance as at 31 May 2014/2013	(2,509)	(28,402)	(672)	1,934	(29,649)

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

Deferred tax liabilities of the Company	**Property, plant and equipment RM'000**	**Total RM'000**
2015		
Balance as at 1 June 2014/2013	**2,643**	**2,643**
Recognised in profit or loss	**(119)**	**(119)**
Balance as at 31 May 2015/2014	**2,524**	**2,524**
2014		
Balance as at 1 June 2013/2012	2,653	2,653
Recognised in profit or loss	(10)	(10)
Balance as at 31 May 2014/2013	2,643	2,643

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

(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 2015 RM'000	Group 2014 RM'000
Unutilised tax losses	**92,560**	62,488
Unabsorbed capital allowances	**17,708**	17,139
Others	**8,860**	7,140
Taxable temporary differences	**(849)**	(580)
	118,279	86,187

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

16. INVENTORIES

	Group 2015 RM'000	Group 2014 RM'000
At cost		
Raw materials	**18,489**	18,209
Packing materials	**260**	290
Work-in-progress	**1,163**	1,232
Finished goods	**29,793**	33,881
	49,705	53,612
At net realisable value		
Raw materials	**12,526**	11,273
Work-in-progress	**5,194**	3,651
Finished goods	**47,062**	57,027
	64,782	71,951
	114,487	125,563

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,240,868,000 (2014: RM1,514,736,000). The Group has also written down inventories by RM2,345,000 (2014: RM2,408,000) to their net realisable value.

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17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Non-current				
Loans and receivables - other receivables	**-**	1,592	**-**	-
Current				
Trade receivables	**283,495**	285,568	**-**	-
Less: Impairment loss	**(5,783)**	(5,489)	**-**	-
	277,712	280,079	**-**	-
Other receivables	**37,209**	27,529	**778**	926
Less: Impairment loss	**(7,849)**	(7,605)	**-**	(291)
	29,360	19,924	**778**	635
Deposits	**6,830**	2,543	**226**	221
Loans and receivables	**313,902**	302,546	**1,004**	856
Deferred expenditure	**350**	8,037	**-**	-
Prepayments	**14,542**	14,138	**1**	1
	14,892	22,175	**1**	1
	328,794	324,721	**1,005**	857

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from one (1) month to four (4) months (2014: one (1) month to four (4) months). They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

(b) The currency exposure profiles of trade and other receivables are disclosed in Note 38(i) to the financial statements.

(c) Deferred expenditure of the Group represents payments made in advance relating to the utilisation of advertising space in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

17. TRADE AND OTHER RECEIVABLES *(continued)*

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

	Group 2015 RM'000	Group 2014 RM'000
Neither past due nor impaired	**206,834**	197,065
Past due, not impaired		
1 to 30 days	**39,423**	37,468
31 to 60 days	**19,735**	17,761
61 to 90 days	**5,406**	10,740
91 to 120 days	**4,902**	3,339
More than 120 days	**1,412**	13,706
	70,878	83,014
Past due and impaired	**5,783**	5,489
	283,495	285,568

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

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

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

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

Group 2015	Collectively assessed RM'000	Individually assessed RM'000	Total RM'000
Trade receivables	**190**	**5,593**	**5,783**
Less: Impairment loss	**(190)**	**(5,593)**	**(5,783)**
	-	**-**	**-**
2014			
Trade receivables	192	5,297	5,489
Less: Impairment loss	(192)	(5,297)	(5,489)
	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
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17. TRADE AND OTHER RECEIVABLES *(continued)*

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Trade receivables				
At 1 June 2014/2013	**5,489**	4,852	**-**	-
Charge for the financial year	**1,665**	977	**-**	-
Disposal of interest in a subsidiary	**(920)**	-	**-**	-
Reversal of impairment loss	**(352)**	(334)	**-**	-
Written off	**(102)**	-	**-**	-
Exchange differences	**3**	(6)	**-**	-
At 31 May 2015/2014	**5,783**	5,489	**-**	-
Other receivables				
At 1 June 2014/2013	**7,605**	9,679	**291**	291
Charge for the financial year	**1,449**	2,433	**-**	-
Disposal of interest in a subsidiary	**(781)**	-	**-**	-
Reversal of impairment loss	**-**	(807)	**-**	-
Written off	**(424)**	(3,700)	**(291)**	-
At 31 May 2015/2014	**7,849**	7,605	**-**	291
	13,632	13,094	**-**	291

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 38 to the financial statements.

18. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2015 RM'000	**2014 RM'000**
Amount owing by subsidiaries	**87,907**	75,583
Less: Impairment loss	**(3,622)**	(9,636)
	84,285	65,947

NOTES TO THE FINANCIAL STATEMENTS
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18. AMOUNTS OWING BY SUBSIDIARIES *(continued)*

(a) The amounts owing by subsidiaries represent advances and payments made on behalf, which are interest free, unsecured and payable upon demand in cash and cash equivalents except for an amount of RM72,964,000 (2014: Nil), which bears an interest rate of 4.0% per annum.

(b) The reconciliation of movement in the impairment loss are as follows:

	Company	
	2015 RM'000	**2014 RM'000**
At 1 June 2014/2013	**9,636**	7,532
Charge for the financial year	**795**	2,104
Disposal of interest in a subsidiary	**(6,809)**	-
At 31 May 2015/2014	**3,622**	9,636

(c) The amounts owing by subsidiaries are denominated in RM.

(d) Information on financial risks of amounts owing by subsidiaries are disclosed in Note 38 to the financial statements.

19. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Amounts owing by associates	**10,539**	8,800	**342**	272
Less: Impairment loss	**(7,568)**	(7,028)	**(105)**	(105)
	2,971	1,772	**237**	167
Amounts owing to associates	**(30)**	(523)	**-**	(5)

(a) The amounts owing by/(to) associates represent balances arising from trade transactions, advances and payments made on behalf which are unsecured, interest free and payable upon demand in cash and cash equivalents. The trade transactions are carried out based on normal trade terms as disclosed in Note 17(a) and Note 29(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

19. AMOUNTS OWING BY/(TO) ASSOCIATES *(continued)*

(b) The reconciliation of movement in the impairment loss are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
At 1 June 2014/2013	**7,028**	2,561	**105**	105
Charge for the financial year	**540**	4,467	**-**	-
At 31 May 2015/2014	**7,568**	7,028	**105**	105

(c) The amounts owing by/(to) associates are denominated in RM.

(d) Information on financial risks of amounts owing by/(to) associates are disclosed in Note 38 to the financial statements.

20. AMOUNTS OWING BY JOINT VENTURES

	Group	
	2015 RM'000	**2014 RM'000**
Amounts owing by joint ventures	**507**	345
Less: Impairment loss	**(456)**	-
	51	345

(a) The amounts owing by joint ventures represent advances and payments made on behalf, which are unsecured, interest free and payable upon demand in cash and cash equivalents.

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

	Group	
	2015 RM'000	**2014 RM'000**
At 1 June 2014/2013	**-**	-
Charge for the financial year	**456**	-
At 31 May 2015/2014	**456**	-

(c) The amounts owing by joint ventures are denominated in RM.

(d) Information on financial risks of amounts owing by joint ventures are disclosed in Note 38 to the financial statements.

21. CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short term deposits with licensed banks	38,658	34,558	-	-
Cash and bank balances	84,005	93,144	668	648
	122,663	127,702	668	648

(a) Short term deposits of the Group amounting to RM7,408,000 (2014: RM5,952,000) have been pledged to licensed banks for banking facilities granted to certain subsidiaries of the Group as disclosed in Note 25 to the financial statements.

(b) The currency exposure profiles of cash and bank balances are disclosed in Note 38(i) to the financial statements.

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	122,663	127,702	668	648
Less:				
Short term deposits with maturity period more than three (3) months	(109)	(106)	-	-
Short term deposits pledged with licensed banks	(7,408)	(5,952)	-	-
Bank overdrafts (Note 25)	(13,757)	(14,041)	(7,029)	(8,201)
As reported in statements of cash flows	101,389	107,603	(6,361)	(7,553)

(d) Information on financial risks of cash and bank balances are disclosed in Note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

22. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Motor vehicles	51	-	-	-
Land and building	-	-	8,133	-
	51	-	8,133	-

The Group

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

As at 31 May 2015, these motor vehicles have been presented on the statement of financial position as non-current assets held for sale.

The Company

During the financial year, the Company entered into an agreement for the sale a land and building for a consideration of RM8,133,000 with Ancom Crop Care Sdn. Bhd., a wholly-owned subsidiary of the Company. During the financial year, the sale had not been completed as the Company was in the midst of transferring the title of the land and building.

As at 31 May 2015, the land and building have been presented on the statement of financial position as non-current assets held for sale.

23. SHARE CAPITAL

	Group and Company			
	2015		**2014**	
	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	**218,956,342**	**218,956**	218,956,342	218,956

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

(b) Treasury shares

During the financial year, the total shares repurchased by the Company out of internally generated funds and the 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
October 2014	8,200	0.520	0.541	0.530	4,431
February 2015	31,600	0.435	0.446	0.443	14,071
May 2015	1,000	0.455	0.502	0.479	501
	40,800				19,003

As at 31 May 2015, a total of 2,836,627 (2014: 2,795,827) Treasury Shares at a total cost of RM2,127,000 (2014: RM2,108,000) are held by the Company. The shares repurchased are being held as Treasury Shares in accordance with Section 67A(3)(b) of the Companies Act, 1965 in Malaysia.

The number of ordinary shares as at 31 May 2015 net of Treasury Shares is 216,119,715 (2014: 216,160,515) ordinary shares of RM1.00 each.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

24. RESERVES

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Non-distributable				
Share premium	**4,332**	4,332	**4,332**	4,332
Capital reserve	**203**	203	**-**	-
Exchange translation reserve	**5,064**	104	**-**	-
Capital redemption reserve	**4,987**	4,987	**4,917**	4,917
Distributable				
Retained earnings	**52,228**	52,305	**30,584**	16,100
	66,814	61,931	**39,833**	25,349

(a) 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 operations.

(b) Capital redemption reserve

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

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

25. BORROWINGS

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current liabilities					
Secured					
Hire purchase and lease creditors	27	7,243	3,211	107	250
Term loans	26	12,128	3,125	-	-
		19,371	6,336	107	250
Current liabilities					
Unsecured					
Bankers' acceptances		105,870	97,879	-	-
Bank overdrafts		10,874	11,181	7,029	8,201
Revolving credits		31,594	38,490	13,000	8,000
		148,338	147,550	20,029	16,201
Secured					
Bankers' acceptances		-	1,004	-	-
Bank overdrafts		2,883	2,860	-	-
Revolving credits		31,819	31,210	27,000	23,000
Trust receipts		30,467	18,302	-	-
Hire purchase and lease creditors	27	3,656	1,790	91	209
Term loans	26	3,802	3,138	-	1,500
Outward bill purchase		12,745	5,132	-	-
		85,372	63,436	27,091	24,709
		233,710	210,986	47,120	40,910
Total borrowings					
Bankers' acceptances		105,870	98,883	-	-
Bank overdrafts	21	13,757	14,041	7,029	8,201
Revolving credits		63,413	69,700	40,000	31,000
Trust receipts		30,467	18,302	-	-
Hire purchase and lease creditors	27	10,899	5,001	198	459
Term loans	26	15,930	6,263	-	1,500
Outward bill purchase		12,745	5,132	-	-
		253,081	217,322	47,227	41,160

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

25. BORROWINGS *(continued)*

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

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

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

(iii) a charge over certain quoted shares of a quoted subsidiary of the Company and a charge over quoted investments held by a subsidiary as disclosed in Note 9 in the financial statements;

(iv) pledge of short term deposits of the Group with licensed banks as disclosed in Note 21 in the financial statements;

(v) assignment of insurance policies covering stock in trade of certain subsidiaries; and

(vi) joint and several guarantees from a Director of the Company.

(b) The secured borrowings of the Company are secured by the following:

(i) a fixed and floating charge over certain assets of the Company; and

(ii) certain shares of a quoted subsidiary.

(c) The currency exposure profiles of borrowings are disclosed in Note 38(i) to the financial statements.

(d) Information on financial risks of borrowings are disclosed in Note 38 to the financial statements.

26. TERM LOANS

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current liabilities				
- not later than one year	**3,802**	3,138	**-**	1,500
Non-current liabilities				
- later than one year and not later than five years	**12,128**	3,125	**-**	-
	15,930	6,263	**-**	1,500

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

27. HIRE PURCHASE AND LEASE CREDITORS

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Minimum hire purchase and lease payments:				
- not later than one year	**4,311**	2,121	**99**	231
- later than one year and not later than five years	**7,849**	3,500	**110**	262
Total minimum hire purchase and lease payments	**12,160**	5,621	**209**	493
Less: Future interest charges	**(1,261)**	(620)	**(11)**	(34)
Present value of hire purchase and lease payments	**10,899**	5,001	**198**	459
Repayable as follows:				
Current liabilities:				
- not later than one year	**3,656**	1,790	**91**	209
Non-current liabilities:				
- later than one year and not later than five years	**7,243**	3,211	**107**	250
	10,899	5,001	**198**	459

Information on financial risks of hire purchase and lease creditors are disclosed in Note 38 to the financial statements.

28. PROVISION FOR RETIREMENT BENEFITS

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

		Group	
	Note	**2015 RM'000**	**2014 RM'000**
Balance as at 1 June 2014/2013		**2,882**	2,862
Charged to profit or loss	42	**385**	362
Utilised during the financial year		**(81)**	(296)
Foreign exchange differences		**12**	(46)
Balance as at 31 May 2015/2014		**3,198**	2,882

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

28. PROVISION FOR RETIREMENT BENEFITS *(continued)*

The 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 is applicable to employees employed prior to 1 July 2005 who have more than ten (10) years of continuous working experience with the Group.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Trade payables	**146,135**	164,503	**-**	-
Other payables	**18,714**	22,935	**563**	555
Accruals	**50,703**	33,187	**10,614**	1,166
Other financial liabilities	**215,552**	220,625	**11,177**	1,721
Provision for warranties	**70**	796	**-**	-
Deferred revenue	**13,210**	10,756	**-**	-
	228,832	232,177	**11,177**	1,721

(a) The normal credit terms available to the Group in respect of trade payables ranged from 30 to 90 days (2014: 30 to 90 days) from date of invoice.

(b) Nylex and its subsidiaries have provided for defects liability warranties for two separate projects. The defects liability warranties given are conditions of the contracts awarded and for a period of 12 months. Assumptions used to calculate the provision were based on the expected cost of rectification in the event that there are claims made by the customers.

Movements during the financial year in the amount recognised in the statement of financial position in respect of the provision for warranties are as follows:

Group	**2015 RM'000**	**2014 RM'000**
At 1 June 2014/2013	**796**	958
Amount used during the financial year	**(201)**	-
Reversal of unused provision for warranties	**(525)**	(162)
At 31 May 2015/2014	**70**	796

(c) Deferred revenue of the Group represents the portion of the consideration received in advance in respect of the utilisation of advertising space in the next financial year.

29. TRADE AND OTHER PAYABLES *(continued)*

(d) The currency exposure profiles of trade and other payables are disclosed in Note 38(i) to the financial statements.

(e) Information on financial risks of trade and other payables are disclosed in Note 38 to the financial statements.

30. AMOUNTS OWING TO SUBSIDIARIES

(a) 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, except for an amount totalling of RM79,459,000 (2014: RM15,077,000), which is subject to interest ranging from 4.0% - 7.5% (2014: 6.5%) per annum.

(b) The amounts owing to subsidiaries are denominated in RM.

(c) Information on financial risks of amounts owing to subsidiaries is disclosed in Note 38 to the financial statements.

31. DERIVATIVE ASSETS AND LIABILITIES

The Group uses forward currency contracts to manage foreign currency transaction exposure. These contracts are not designated as cash flow or fair value hedges and 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 profit and loss.

Forward currency derivatives are used to hedge the Group's trade receivables and future sales denominated in United States Dollar of which firm commitments existed at the end of the reporting period.

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

	2015		2014	
	Contract/ Notional amount RM'000	**Fair value RM'000**	**Contract/ Notional amount RM'000**	**Fair value RM'000**
Derivative assets				
Forward currency contracts United States Dollar	-	-	745	17
Derivative liabilities				
Forward currency contracts United States Dollar	**2,422**	**(23)**	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

32. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods	**1,413,503**	1,727,007	**-**	-
Services rendered	**138,949**	137,097	**-**	-
Rental income	**18**	22	**2,035**	1,056
Interest income	**-**	-	**2,277**	108
Dividend income (gross):				
- Quoted investments in Malaysia	**6**	19	**6**	19
- Quoted subsidiaries	**-**	-	**1,404**	3,183
- Unquoted subsidiaries	**-**	-	**33,500**	15,700
	6	19	**34,910**	18,902
	1,552,476	1,864,145	**39,222**	20,066

33. PROFIT BEFORE TAX

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax is arrived at after charging:					
Amortisation of intangible assets	13	**645**	3,643	**4**	1
Auditors' remuneration:					
- statutory:					
- to BDO:					
- current year		**317**	312	**131**	118
- under provision in prior years		**-**	28	**-**	30
- other auditors:					
- current year		**552**	499	**-**	-
- non-statutory:					
- to BDO		**18**	18	**18**	18
Other fees to BDO:					
- other non-audit services		**-**	10	**-**	-
Intangible assets written off	13	**-**	53	**-**	-
Bad debts written off - third parties		**108**	1,432	**100**	-

33. PROFIT BEFORE TAX *(continued)*

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit before tax is arrived at after charging: *(continued)*					
Deposits written off		**-**	1	**-**	-
Depreciation of:					
- property, plant and equipment	7	**18,356**	18,767	**1,012**	1,069
- investment properties	8	**7**	6	**-**	-
Directors' remuneration:					
Fees					
- paid by the Company		**470**	470	**470**	470
- paid by subsidiaries		**845**	821	**-**	-
Salaries and other emoluments					
- paid by the Company		**474**	487	**474**	487
- paid by subsidiaries		**6,718**	11,848	**-**	-
Fair value loss on:					
- derivatives		**40**	-	**-**	-
- other investments		**-**	-	**-**	42
Impairment loss on:					
- amounts owing by subsidiaries	18	**-**	-	**795**	2,104
- amounts owing by associates	19	**540**	4,467	**-**	-
- amounts owing by joint ventures	20	**456**	-	**-**	-
- goodwill on consolidation	14	**29**	5,044	**-**	-
- intangible assets	13	**-**	3,850	**-**	-
- investments in associates	10	**-**	1,000	**-**	-
- trade and other receivables		**3,114**	3,410	**-**	-
Interest expense on:					
- amount owing to subsidiaries		**-**	-	**3,371**	857
- bank overdrafts		**794**	855	**652**	677
- term loans, revolving credits and bankers' acceptance		**9,224**	11,112	**2,377**	2,491
- others		**1,014**	638	**44**	41
Inventories written down	16	**2,345**	2,408	**-**	-
Inventories written off		**-**	900	**-**	-
Loss on foreign exchange:					
- realised		**1,824**	3,984	**-**	-
- unrealised		**-**	254	**-**	-
Loss on disposal of property, plant and equipment		**404**	-	**-**	-
Property, plant and equipment written off	7	**87**	1,599	**-**	1

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

33. PROFIT BEFORE TAX *(continued)*

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Profit before tax is arrived at after charging: *(continued)*					
Rental of:					
- equipment		**1,004**	1,002	**18**	16
- land and premises		**2,551**	2,182	**12**	27
- storage		**17,852**	19,947	**-**	-
Provision for retirement benefits	28	**385**	362	**-**	-
And crediting:					
Bad debts recovered		**160**	-	**-**	-
Fair value gain on:					
- derivatives		**-**	17	**-**	-
- non-current other receivables		**316**	107	**-**	-
- other investments		**67**	32	**-**	-
Gain on disposal of:					
- property, plant and equipment		**-**	807	**100**	40
- investment in subsidiaries		**1,394**	20,087	**-**	-
- other investments	12(a)	**5,962**	-	**-**	-
Gain on foreign exchange:					
- realised		**4,548**	897	**-**	-
- unrealised		**3,494**	445	**-**	-
Gain on re-measurement on acquisition of a subsidiary		**1**	-	**-**	-
Interest income from:					
- advances to a subsidiary		**-**	-	**2,277**	88
- others		**1,210**	622	**-**	20
Rental income from:					
- subsidiaries		**-**	-	**806**	188
- others		**1,281**	918	**1,229**	868
Reversal of impairment loss on:					
- other investment		**1,687**	-	**-**	-
- trade and other receivables		**352**	1,141	**-**	-
Reversal of unused provision for warranties	29(b)	**525**	162	**-**	-
Waiver of payable balances		**-**	200	**-**	-

34. TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense based on profit for the financial year:				
Malaysian income tax	17,043	15,455	288	227
Foreign income tax	3,030	2,338	-	-
	20,073	17,793	288	227
Under/(Over)-provision in prior years:				
- Malaysian income tax	892	(1,081)	(30)	(157)
- Foreign income tax	(1)	(21)	-	-
	891	(1,102)	(30)	(157)
	20,964	16,691	258	70
Deferred tax (Note 15)				
Relating to origination and reversal of temporary differences	2,095	1,456	(48)	(33)
Under/(Over)-provision in prior years	1,407	995	(71)	23
	3,502	2,451	(119)	(10)
	24,466	19,142	139	60

The Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated taxable profit for the fiscal year.

Tax expense for other taxation authorities are calculated at the rates prevailing in the respective jurisdictions.

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34. TAX EXPENSE *(continued)*

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	**29,727**	43,777	**16,785**	3,736
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	**7,432**	10,944	**4,196**	934
Tax effects in respect of:				
Non-allowable expenses	**8,405**	8,131	**4,795**	1,517
Non-taxable income	**(2,805)**	(4,025)	**(8,751)**	(2,257)
Tax incentives and allowances	**(33)**	(74)	**-**	-
Deferred tax assets not recognised	**8,538**	5,493	**-**	-
Effect of changes in tax rate	**-**	(196)	**-**	-
Share of results of associates	**2**	-	**-**	-
Share of results of joint ventures	**245**	193	**-**	-
Utilisation of unrecognised tax losses and capital allowances	**(515)**	(1,944)	**-**	-
Different tax rates in foreign jurisdictions	**899**	727	**-**	-
	22,168	19,249	**240**	194
Under/(Over)-provision in prior years:				
- income tax	**891**	(1,102)	**(30)**	(157)
- deferred tax	**1,407**	995	**(71)**	23
	2,298	(107)	**(101)**	(134)
	24,466	19,142	**139**	60

Tax savings of the Group and the Company are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Utilisation of unrecognised tax losses and capital allowances	**515**	1,944	**-**	-
Utilisation of tax incentives and allowances	**33**	74	**-**	-

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35. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated profit for the year attributable to owners of the parent of RM2,166,000 (2014: RM9,566,000) and the weighted average number of 216,829,000 (2014: 216,243,000) ordinary shares in issue (after adjusting for treasury shares) during the financial year.

	Group	
	2015	**2014**
Profit attributable to equity holders of the parent (RM'000)	**2,166**	9,566
Weighted average number of ordinary shares in issue ('000)	**216,259**	216,243
Basic earnings per ordinary share for the financial year (sen)	**1.00**	4.42

(b) Diluted earnings per ordinary share

Diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no dilutive potential ordinary shares.

36. DIVIDEND

	Group and Company			
	2015		**2014**	
	Gross dividend per share sen	**Amount of dividend net of tax RM'000**	**Gross dividend per share sen**	**Amount of dividend net of tax RM'000**
First and final dividend	-	-	1.00	2,162

On 23 January 2015, the Company paid a first and final single tier tax exempt dividend of 1.00 sen per ordinary share of RM2,162,000 in respect of the financial year ended 31 May 2014.

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

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37. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while it maintains acceptable capital ratios in order to support its business and maximise shareholder value. The overall strategy of the Group remains unchanged from that in financial year ended 31 May 2014.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2015 and 31 May 2014.

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

	Group	
	2015 **RM'000**	**2014** **RM'000**
Total debts	253,081	217,322
Total equity	283,643	278,779
Gearing ratio	0.89	0.78

Pursuant to the requirements of Practice Note No. 17/2005, of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement during the financial year ended 31 May 2015.

37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments

	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets			
2015			
Group			
Trade and other receivables	313,902	-	313,902
Amounts owing by associates	2,971	-	2,971
Amounts owing by joint ventures	51	-	51
Other investments	-	11,197	11,197
Cash and bank balances	122,663	-	122,663
	439,587	11,197	450,784
Company			
Trade and other receivables	1,004	-	1,004
Amounts owing by subsidiaries	84,285	-	84,285
Amounts owing by associates	237	-	237
Other investments	-	9,503	9,503
Cash and bank balances	668	-	668
	86,194	9,503	95,697

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37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments *(continued)*

	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets			
2014			
Group			
Trade and other receivables	304,138	-	304,138
Amounts owing by associates	1,772	-	1,772
Amounts owing by joint ventures	345	-	345
Other investments	-	4,330	4,330
Derivative assets	-	17	17
Cash and bank balances	127,702	-	127,702
	433,957	4,347	438,304
Company			
Trade and other receivables	856	-	856
Amounts owing by subsidiaries	65,947	-	65,947
Amounts owing by associates	167	-	167
Other investments	-	503	503
Cash and bank balances	648	-	648
	67,618	503	68,121

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37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments *(continued)*

	Fair value through profit or loss RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities			
2015			
Group			
Trade and other payables	**-**	**215,552**	**215,552**
Amounts owing to associates	**-**	**30**	**30**
Derivative liabilities	**23**	**-**	**23**
Borrowings	**-**	**253,081**	**253,081**
	23	**468,663**	**468,686**
Company			
Trade and other payables	**-**	**11,177**	**11,177**
Amounts owing to subsidiaries	**-**	**79,548**	**79,548**
Borrowings	**-**	**47,227**	**47,227**
	-	**137,952**	**137,952**
2014			
Group			
Trade and other payables	-	220,625	220,625
Amounts owing to associates	-	523	523
Borrowings	-	217,322	217,322
	-	438,470	438,470
Company			
Trade and other payables	-	1,721	1,721
Amounts owing to subsidiaries	-	85,578	85,578
Amounts owing to associates	-	5	5
Borrowings	-	41,160	41,160
	-	128,464	128,464

NOTES TO THE FINANCIAL STATEMENTS
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37. FINANCIAL INSTRUMENTS *(continued)*

(c) Methods and assumptions used to estimate fair value

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

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

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

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

(ii) Quoted investments

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

(iii) Club memberships

The fair value of club memberships is determined by reference to comparable market value of similar club memberships.

(iv) Hire purchase and lease creditors

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

(v) Term loans and unquoted redeemable convertible preference shares

The fair value of term loans and unquoted redeemable convertible preference shares are estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending or borrowing arrangements at the reporting date.

(vi) Derivatives

The fair value of forward foreign currency contracts 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.

37. FINANCIAL INSTRUMENTS *(continued)*

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

(vii) Unit trusts

Unit trusts are valued using valuation models which uses both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, the risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

(d) Fair value hierarchy

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

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

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

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

37. FINANCIAL INSTRUMENTS *(continued)*

(d) Fair value hierarchy *(continued)*

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2015 Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trusts	-	1,063	-	1,063	-	-	-	-	1,063	1,063
- Quoted shares	834	-	-	834	-	-	-	-	834	834
- Unquoted redeemable convertible preference shares	-	-	9,000	9,000	-	-	-	-	9,000	9,000
- Club memberships	-	-	300	300	-	-	-	-	300	300
	834	1,063	9,300	11,197	-	-	-	-	11,197	11,197
Financial liabilities										
Financial liabilities at fair value through profit or loss										
- Derivative liabilities	-	23	-	23	-	-	-	-	23	23
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	10,532	-	10,532	10,532	10,899

37. FINANCIAL INSTRUMENTS *(continued)*

(d) Fair value hierarchy *(continued)*

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2014 Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trusts	-	3,207	-	3,207	-	-	-	-	3,207	3,207
- Quoted shares	823	-	-	823	-	-	-	-	823	823
- Club memberships	-	-	300	300	-	-	-	-	300	300
- Derivative assets	-	17	-	17	-	-	-	-	17	17
	823	3,224	300	4,347	-	-	-	-	4,347	4,347
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	4,864	-	4,864	4,864	5,001

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37. FINANCIAL INSTRUMENTS *(continued)*

(d) Fair value hierarchy *(continued)*

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

2015 Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Financial assets										
Financial assets at fair value through profit or loss										
- Quoted shares	260	-	-	260	-	-	-	-	260	260
- Unquoted redeemable convertible preference shares	-	-	9,000	9,000	-	-	-	-	9,000	9,000
- Club memberships	-	-	243	243	-	-	-	-	243	243
	260	-	9,243	9,503	-	-	-	-	9,503	9,503
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	194	-	194	194	199

37. FINANCIAL INSTRUMENTS *(continued)*

(d) Fair value hierarchy *(continued)*

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

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2014 Company	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
Financial assets										
Financial assets at fair value through profit or loss										
- Quoted shares	260	-	-	260	-	-	-	-	260	260
- Club memberships	-	-	243	243	-	-	-	-	243	243
	260	-	243	503	-	-	-	-	503	503
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	449	-	449	449	459

There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 May 2015 and 31 May 2014.

The Group has established policies and procedures in respect of the measurement of fair value of financial instruments. Management regularly reviews significant unobservable inputs and valuation adjustments.

NOTES TO THE FINANCIAL STATEMENTS
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37. FINANCIAL INSTRUMENTS *(continued)*

(e) The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
Financial assets	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
At 1 June 2014/2013	**300**	300	**243**	243
Addition	**9,000**	-	**9,000**	-
At 31 May 2015/2014	**9,300**	300	**9,243**	243

(f) In view of the insignificant financial effect on the Group's and the Company's profit with the possible change in assumptions used, the Group and the Company did not separately disclose the effect of these sensitivities in the financial statements.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

(i) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its 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.

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

(i) Foreign currency risk *(continued)*

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

31 May 2015 Functional currency	Ringgit Malaysia ('RM') RM'000	Indonesia Rupiah ('IDR') RM'000	United States Dollar ('USD') RM'000	Vietnam Dong ('VND') RM'000	Total RM'000
Trade and other receivables					
United States Dollar	43,594	1,596	-	-	45,190
Singapore Dollar	6,671	-	2,120	-	8,791
Ringgit Malaysia	-	-	26	-	26
Japanese Yen	178	-	-	-	178
	50,443	1,596	2,146	-	54,185
Cash and bank balances					
United States Dollar	29,738	9,165	-	12	38,915
Pound Sterling	1	-	-	-	1
Chinese Renminbi	2	-	-	-	2
Ringgit Malaysia	-	-	10	-	10
Singapore Dollar	1,149	-	350	-	1,499
	30,890	9,165	360	12	40,427
Borrowings					
United States Dollar	12,745	-	-	6,147	18,892
Trade and other payables					
United States Dollar	10,771	2,612	-	-	13,383
Singapore Dollar	-	-	2,359	-	2,359
Euro Dollar	-	4	-	-	4
Ringgit Malaysia	-	-	382	-	382
	10,771	2,616	2,741	-	16,128

NOTES TO THE FINANCIAL STATEMENTS
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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(i) Foreign currency risk *(continued)*

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

31 May 2014 Functional currency	Ringgit Malaysia ('RM') RM'000	Indonesia Rupiah ('IDR') RM'000	United States Dollar ('USD') RM'000	Vietnam Dong ('VND') RM'000	Total RM'000
Trade and other receivables					
United States Dollar	24,885	9,146	-	-	34,031
Singapore Dollar	1,841	-	1,260	-	3,101
Japanese Yen	11	-	-	-	11
	26,737	9,146	1,260	-	37,143
Cash and bank balances					
United States Dollar	13,979	3,479	-	2	17,460
Singapore Dollar	881	-	606	-	1,487
	14,860	3,479	606	2	18,947
Borrowings					
United States Dollar	8,023	2,553	-	13,085	23,661
Trade and other payables					
United States Dollar	11,871	7,338	-	-	19,209
Singapore Dollar	4	-	2,093	-	2,097
New Zealand Dollar	28	-	-	-	28
Ringgit Malaysia	-	-	326	-	326
	11,903	7,338	2,419	-	21,660

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

(i) Foreign currency risk *(continued)*

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	
		2015 RM'000	**2014 RM'000**
Profit after tax			
RM/USD	- strengthen by 3%	**1,121**	427
	- weaken by 3%	**(1,121)**	(427)
IDR/USD	- strengthen by 3%	**183**	62
	- weaken by 3%	**(183)**	(62)
USD/VND	- strengthen by 3%	**(138)**	(294)
	- weaken by 3%	**138**	294

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

38. 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 is managed through the use of fixed and floating rate borrowings and 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 of the Company's financial instruments that are exposed to interest rate risk:

	Note	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
As at 31 May 2015									
Fixed rates									
Short term deposits with licensed banks	21	2.90% - 4.39%	38,658	-	-	-	-	-	38,658
Hire purchase and lease creditors	27	2.41% - 6.70%	3,656	3,799	2,420	736	288	-	10,899
Term loans	26	6.43% -11.51%*	3,802	3,802	2,426	2,302	3,598	-	15,930
Floating rates									
Bank overdrafts	25	6.85% - 8.95%	13,757	-	-	-	-	-	13,757
Bankers' acceptances	25	4.45%	105,870	-	-	-	-	-	105,870
Revolving credits	25	4.95% - 8.73%	63,413	-	-	-	-	-	63,413
Trust receipts	25	2.29% - 6.69%	30,467	-	-	-	-	-	30,467
Outward bills purchase	25	1.98% - 2.14%	12,745	-	-	-	-	-	12,745

* Term loan of RM12,804,000 denominated in VND has an effective annual interest rate of 11.51% per annum.

38. 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 2014									
Fixed rates									
Short term deposits with licensed banks	21	1.56% - 3.50%	34,558	-	-	-	-	-	34,558
Hire purchase and lease creditors	27	2.19% - 5.70%	1,790	1,555	1,528	119	9	-	5,001
Term loans	26	4.15% - 12.00%*	3,138	1,500	1,500	125	-	-	6,263
Floating rates									
Bank overdrafts	25	7.1% - 8.6%	14,041	-	-	-	-	-	14,041
Bankers' acceptances	25	5.63%	98,883	-	-	-	-	-	98,883
Revolving credits	25	4.13% - 8.10%	69,700	-	-	-	-	-	69,700
Trust receipts	25	4.13% - 7.35%	18,302	-	-	-	-	-	18,302
Outward bills purchase	25	1.98% - 2.14%	5,132	-	-	-	-	-	5,132

* Term loan of RM1,495,000 denominated in VND has an effective annual interest rate of 12.00% per annum.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

38. 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 2015									
Fixed rates									
Hire purchase and lease creditors	**27**	**6.32%**	**91**	**97**	**10**	**-**	**-**	**-**	**198**
Floating rates									
Bank overdrafts	**25**	**7.35% - 8.10%**	**7,029**	**-**	**-**	**-**	**-**	**-**	**7,029**
Revolving credits	**25**	**4.85% - 6.85%**	**40,000**	**-**	**-**	**-**	**-**	**-**	**40,000**
As at 31 May 2014									
Fixed rates									
Hire purchase and lease creditors	27	5.63% - 6.73%	209	143	97	10	-	-	459
Term loans	26	5.15% - 7.50%	1,500	-	-	-	-	-	1,500
Floating rates									
Bank overdrafts	25	7.35% - 8.10%	8,201	-	-	-	-	-	8,201
Revolving credits	25	4.85% - 6.85%	31,000	-	-	-	-	-	31,000

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

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

(ii) Interest rate risk (continued)

Sensitivity analysis for floating rate instruments

As at 31 May 2015, if there was a variation in interest rates by 10 basis points with all other variables held constant, the Group's and the 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:

	Group		Company	
Effects on profit after tax	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
10 basis point higher	**(226)**	(155)	**(36)**	(29)
10 basis point lower	**226**	155	**36**	29

The sensitivity was higher in 2015 than 2014 because of an increase in outstanding borrowings during the financial year.The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial instruments at fair value through profit or loss, and the carrying amount of fixed rate financial instruments of the Group and of the Company are measured at amortised cost.Therefore, no sensitivity analysis for fixed rate instruments was prepared as the change in market interest rate at the end of the reporting period would not affect profit or loss.

(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.

NOTES TO THE FINANCIAL STATEMENTS
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38. 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
2015				
Group				
Financial liabilities				
Trade and other payables	215,552	-	-	215,552
Amounts owing to associates	30	-	-	30
Derivative liabilities	23	-	-	23
Borrowings	233,711	21,944	-	255,655
Total undiscounted financial liabilities	449,316	21,944	-	471,260
Company				
Financial liabilities				
Trade and other payables	11,177	-	-	11,177
Amounts owing to subsidiaries	79,548	-	-	79,548
Borrowings	47,127	110	-	47,237
Total undiscounted financial liabilities	137,852	110	-	137,962

NOTES TO THE FINANCIAL STATEMENTS
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38. 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
2014				
Group				
Financial liabilities				
Trade and other payables	220,625	-	-	220,625
Amounts owing to associates	523	-	-	523
Borrowings	210,986	6,956	-	217,942
Total undiscounted financial liabilities	432,134	6,956	-	439,090
Company				
Financial liabilities				
Trade and other payables	1,721	-	-	1,721
Amounts owing to subsidiaries	85,578	-	-	85,578
Amounts owing to associates	5	-	-	5
Borrowings	40,910	284	-	41,194
Total undiscounted financial liabilities	128,214	284	-	128,498

(iv) Credit risk

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

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period granted by the Group ranged from one (1) month to four (4) months (2014: one (1) month to four (4) months). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of the cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

NOTES TO THE FINANCIAL STATEMENTS
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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(iv) Credit risk *(continued)*

Exposure to credit risk

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

Credit risk concentration profile

At the end of the reporting period, the Group did not have any significant exposure to any individual customer or counter party nor did it have any major concentration of credit risk related to any financial instruments.

At the end of the reporting period, the Company did not have any significant exposure to any individual customer or counter party nor did it have any major concentration of credit risk related to any financial instruments other than the amounts owing by subsidiaries of RM84,285,000 (2014: RM65,947,000).

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17 to the financial statements.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 17 to the financial statements.

39. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries as disclosed in Note 44 to the financial statements.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2015 RM'000	**2014 RM'000**
Sales to a company in which certain Directors of the Company have substantial indirect shareholding	**5,782**	4,123
Purchases from a company in which certain Directors of the Company have substantial indirect shareholding	**1,122**	337
Purchases from an associate - Magiqads Sdn. Bhd.	**605**	1,424
Professional legal fees paid to a firm in which a Director of the Company is a Partner	**1,093**	1,092
Insurance premium paid to a company in which a Director of the Company has a substantial indirect shareholding	**6**	39

	Company	
	2015 RM'000	**2014 RM'000**
Professional legal fees paid to a firm in which a Director of the Company is a Partner	**1,080**	1,092

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

NOTES TO THE FINANCIAL STATEMENTS
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39. RELATED PARTY DISCLOSURES *(continued)*

(c) Compensation of key management personnel

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

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	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Short term employee benefits	**13,655**	18,498	**440**	440
Defined contribution plan	**1,177**	1,521	**47**	47
Benefits-in-kind	**585**	1,584	**60**	60
	15,417	21,603	**547**	547

40. COMMITMENTS

(a) Capital commitments

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

	Group	
	2015 RM'000	**2014 RM'000**
In respect of purchase of property, plant and equipment:		
Contracted but not provided for	**50,912**	24,508
Approved but not contracted for	**29**	33
	50,941	24,541

40. COMMITMENTS *(continued)*

(b) Operating lease commitments

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

	Group	
	2015 RM'000	**2014 RM'000**
Not later than one year	**3,401**	15,780
Later than one year and not later than five years	**5,089**	7,046
Later than five years	**4,074**	4,916
	12,564	27,742

41. CONTINGENT LIABILITIES

Unsecured	**2015 RM'000**	**2014 RM'000**
Group		
Guarantees given to third parties by subsidiaries in respect of trade performance	**28,858**	23,811
Company		
Guarantees given to third parties in respect of trade performance of subsidiaries	**12,500**	12,500
Guarantees given to financial institutions in respect of credit facilities granted	**29,745**	24,745
	42,245	37,245

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

NOTES TO THE FINANCIAL STATEMENTS
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42. EMPLOYEE BENEFITS

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Salaries and wages	**71,482**	67,503	**4,833**	3,142
Defined contribution plan	**7,115**	7,187	**390**	366
Provision for retirement benefits	**385**	362	**-**	-
Other benefits	**2,137**	4,858	**-**	-
	81,119	79,910	**5,223**	3,508

Included in the employee benefits of the Group and of the Company are Executive Directors remuneration and other emoluments amounting to RM7,192,000 (2014: RM12,335,000) and RM474,000 (2014: RM487,000) respectively.

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Directors of the Company				
Executive Director				
- salaries, bonus and allowances	**1,147**	2,835	**427**	440
- defined contribution plan	**119**	304	**47**	47
	1,266	3,139	**474**	487
Non-Executive Directors				
- salaries, bonus and allowances*	**2,165**	2,428	**-**	-
- defined contribution plan	**242**	235	**-**	-
- fees	**790**	790	**470**	470
- other emoluments	**85**	92	**-**	-
	3,282	3,545	**470**	470
Total remuneration of Directors of the Company	**4,548**	6,684	**944**	957
Other Directors of the subsidiaries				
- fees	**525**	501	**-**	-
- salaries and other emoluments	**3,195**	5,459	**-**	-
- defined contribution plan	**239**	982	**-**	-
	3,959	6,942	**-**	-
	8,507	13,626	**944**	957

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM116,000 (2014: RM116,000) and RM60,000 (2014: RM60,000) respectively.

42. EMPLOYEE BENEFITS *(continued)*

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

	Number of Directors			
	2015		2014	
	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
Directors of the Company				
RM50,001 to RM100,000	-	1	-	1
RM100,001 to RM150,000	-	2	-	2
RM250,000 to RM300,000	-	2	-	2
RM1,250,000 to RM1,300,000	1	-	-	-
RM2,300,001 to RM2,350,000	-	-	-	-
RM2,400,001 to RM2,450,000	-	-	-	1*
RM2,450,001 to RM2,500,000	-	1*	-	-
RM3,150,001 to RM3,200,000	-	-	1	-
	1	6	1	6

* This is paid/payable to a Non-Executive Director who is the Executive Director of the subsidiaries, i.e. Nylex and RBSB.

43. OPERATING SEGMENTS

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

Investment holding	: Investment holding
Agricultural and industrial chemicals	: Manufacture and sale of agricultural and industrial chemical products
Logistics	: Ship-owning, ship-operating, transportation, container haulage, bulk cargo handling, chemicals warehousing and related services
Information technology ('IT')	: Provision of IT services and sales of computer hardware and software
Media	: Providing digital and outdoor advertising media space and being general traders of media space in the airport, baggage trolleys and signages
Polymer	: Manufacturing and marketing of polymer products

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
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43. OPERATING SEGMENTS *(continued)*

(a) Operating segment

2015	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 and adjustments RM'000	Total RM'000
Revenue									
External sales	24	1,268,107	22,776	14,821	114,763	128,385	3,600	-	1,552,476
Inter-segment	34,910	3,327	5,877	-	2,094	1	-	(46,209)	-
Total revenue	34,934	1,271,434	28,653	14,821	116,857	128,386	3,600	(46,209)	1,552,476
Segment (loss)/profit before tax	(21,980)	27,618	3,841	486	7,464	14,148	(3,010)	1,160	29,727
Interest income	5,292	498	59	27	269	474	239	(5,648)	1,210
Depreciation and amortisation	(2,178)	(4,233)	(4,540)	(105)	(3,979)	(3,816)	(157)	-	(19,008)
Share of results of associates	-	-	-	-	(8)	-	-	-	(8)
Share of results of joint ventures	-	-	-	-	(980)	-	-	-	(980)
Interest expense	(7,846)	(5,350)	(37)	-	(3,218)	(124)	(105)	5,648	(11,032)
Other material non-cash items:									
Inventories written down	-	(1,141)	-	-	-	(1,204)	-	-	(2,345)
Impairment loss on:									
- amounts owing by associates	-	-	-	-	(540)	-	-	-	(540)
- trade and other receivables	-	(925)	-	(268)	(1,498)	(136)	(287)	-	(3,114)
Property, plant and equipment written off	-	-	-	-	(87)	-	-	-	(87)
Reversal of impairment loss on other investments	-	-	-	-	1,687	-	-	-	1,687
Gain on disposal of other investments	-	-	-	-	5,962	-	-	-	5,962
Gain on disposal of investment in subsidiaries	1,394	-	-	-	-	-	-	-	1,394

43. OPERATING SEGMENTS *(continued)*

(a) Operating segment *(continued)*

2015	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 and adjustments RM'000	Total RM'000
Segment assets	104,707	554,037	41,305	9,498	138,832	121,175	11,881	(56,978)	924,557
Investments in associates	-	-	1,802	-	-	-	-	-	1,802
Investments in joint ventures	-	-	-	-	480	-	-	-	480
Goodwill on consolidation	-	92,264	-	-	25,836	91	-	(38,283)	79,908
Additions to property, plant and equipment and computer software	1,989	15,551	1,137	216	15,900	24,587	36	-	59,416
Segment liabilities	82,696	301,988	11,404	5,013	63,119	35,152	1,491	1,733	502,596

43. OPERATING SEGMENTS *(continued)*

(a) Operating segment *(continued)*

2014	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 and adjustments RM'000	Total RM'000
Revenue									
External sales	18	1,579,355	40,406	15,566	107,413	118,674	2,713	-	1,864,145
Inter-segment	19,079	959	6,610	202	167	-	-	(27,017)	-
Total revenue	19,097	1,580,314	47,016	15,768	107,580	118,674	2,713	(27,017)	1,864,145
Segment (loss)/profit before tax	(7,649)	43,087	24,033	(2,406)	1,313	10,708	(19,484)	(5,825)	43,777
Interest income	108	302	5	16	119	161	856	(945)	622
Depreciation and amortisation	(1,077)	(3,743)	(5,904)	(69)	(6,564)	(4,452)	(607)	-	(22,416)
Share of results of a joint venture	-	-	-	-	(770)	-	-	-	(770)
Impairment losses on non-financial assets	-	(5,044)	(1,250)	-	(3,600)	-	-	-	(9,894)
Interest expense	(3,297)	(5,458)	(325)	(52)	(551)	(3,793)	(74)	945	(12,605)
Other material non-cash items:									
Inventories written down	-	-	-	-	-	(2,408)	-	-	(2,408)
Impairment loss on:									
- amounts owing by associates	-	-	-	-	(4,467)	-	-	-	(4,467)
- trade and other receivables	(132)	-	-	(1,024)	(1,954)	-	(300)	-	(3,410)
Property, plant and equipment written off	(1)	-	-	-	(1,595)	-	(3)	-	(1,599)
Gain on disposal of investment in a subsidiary	-	-	20,087	-	-	-	-	-	20,087

NOTES TO THE FINANCIAL STATEMENTS
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43. OPERATING SEGMENTS *(continued)*

(a) Operating segment *(continued)*

2014	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 and adjustments RM'000	Total RM'000
Segment assets	105,019	528,934	54,587	6,653	113,663	110,130	25,590	(56,444)	888,132
Investments in associates	381	-	1,803	-	-	-	-	325	2,509
Investment in a joint venture	-	-	-	-	980	-	-	-	980
Goodwill on consolidation	-	83,974	-	-	25,836	91	-	(38,283)	71,618
Additions to property, plant and equipment and computer software	1,429	4,363	1,647	55	3,251	1,086	706	-	12,537
Segment liabilities	82,262	282,308	11,532	3,909	52,056	24,555	4,661	5,718	467,001

NOTES TO THE FINANCIAL STATEMENTS
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43. 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 are based on the geographical location of the assets.

	Revenue		Segment assets	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Malaysia	**812,337**	856,137	**741,639**	699,281
Singapore	**330,444**	469,065	**90,163**	104,464
Indonesia	**86,410**	204,071	**79,487**	70,270
Other Southeast Asian countries	**88,681**	133,838	**13,268**	14,117
Other Asian countries	**105,207**	48,237	**-**	-
Australia and New Zealand	**45,847**	50,250	**-**	-
North and South America	**55,317**	76,545	**-**	-
Africa	**28,056**	25,140	**-**	-
Europe	**177**	862	**-**	-
	1,552,476	1,864,145	**924,557**	888,132

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Details of subsidiaries are as follows:

Company	Country of incorporation	Group's effective equity interest 2015	Group's effective equity interest 2014	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

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest 2015	2014	Principal activities
Direct:				
Rhodemark Development Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
@HSO Business Systems Sdn. Bhd.	Malaysia	**48.0%**	48.0%	Dormant
iEnterprise Online Sdn. Bhd.	Malaysia	**64.3%**	64.3%	Development of IT systems and providing IT related consultancy services.
WorldSOL.com Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Dormant
Ascension Lab Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Development of IT systems and providing IT related consultancy services.
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 agricultural chemical products
Polytensides Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Manufacture and sale of agricultural chemical products
Timber Preservatives Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Manufacture and distribution of timber and preservatives related chemical products
Ancom Nutrifoods Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Dormant

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44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest 2015	2014	Principal activities
Indirect:				
*Advanced Technology Studies Centre Sdn. Bhd.	Malaysia	**54.0%**	54.0%	Promoting knowledge and skills development in IT
*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	**75.0%**	75.0%	General traders and rental of media space at airport, baggage trolleys and signages
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

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest 2015	2014	Principal activities
Indirect:				
Redberry Events Sdn. Bhd.	Malaysia	**90.0%**	90.0%	Provision of event organisation services
Redberry Mall Sdn. Bhd.	Malaysia	**100.0%**	100.0%	General traders and rental of media space at shopping mall
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.	Malaysia	**100.0%**	100.0%	Investment holding
Point Cast (M) Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Provision of digital advertising media space
Twinstar Synergy Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Printing of newspapers, journals, magazines, books and other literary works
AES Mayak Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Dormant
Puncak Berlian Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
*#@Nylex (Malaysia) Berhad	Malaysia	**45.5%**	45.5%	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

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44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest 2015	2014	Principal activities
Indirect:				
*#@Nycon Manufacturing Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Dormant
*#@Nylex Polymer Marketing Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Marketing of polyurethane ('PU') and polyvinyl chloride ('PVC') synthetic leather, films and sheets, geosynthetic and general trading
*#@PT Nylex Indonesia	Indonesia	**45.5%**	45.5%	Manufacture, marketing and distribution of PVC and PU leather cloth
*#@Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Trading in petrochemicals and industrial chemicals
*#@Fermpro Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products
*#@Kumpulan Kesuma Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Manufacture and marketing of sealants and adhesive products
*#@Wedon Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Marketing of sealants and adhesive products
*#@Nylex Specialty Chemicals Chemicals Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Manufacture and sale of phosphoric acid
*#@Speciality Phosphates (Malaysia) Sdn. Bhd.	Malaysia	**23.2%**	23.2%	Manufacture and sale of chemicals

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44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest 2015	2014	Principal activities
Indirect:				
*#@ALB Marine Sdn. Bhd.	Malaysia	**45.5%**	-	Dormant
*#@CKG Chemicals Pte. Ltd.	Singapore	**45.5%**	45.5%	Trading and distribution of industrial chemicals and gasoline blending components
*#@Dynamic Chemical Pte. Ltd.	Singapore	**41.0%**	41.0%	Blending, trading and distribution of industrial chemicals
*#@Perusahaan Kimia Gemilang (Vietnam) Company Ltd.	Vietnam	**45.5%**	45.5%	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals
*#@PT PKG Lautan Indonesia	Indonesia	**23.2%**	23.2%	Importation and distribution of industrial chemicals of industrial chemicals
*#@Ancom Kimia Sdn. Bhd.	Malaysia	**27.3%**	25.0%	Distribution of petrochemicals petrochemicals and industrial chemicals
*#@Malaysian Roofing Industries Sdn. Bhd.	Malaysia	**-**	31.9%	Liquidated
*##@Ancom Logistics Berhad	Malaysia	**45.4%**	47.1%	Investment holding
*##@Synergy Trans-Link Sdn. Bhd.	Malaysia	**45.4%**	47.1%	Investment holding
*##@Ancom-ChemQuest Terminals Sdn. Bhd.	Malaysia	**23.1%**	24.0%	Build, own, operate, lease and manage chemical tank farm and warehouse

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest 2015	Group's effective equity interest 2014	Principal activities
Indirect:				
*##@Pengangkutan Cogent Sdn. Bhd.	Malaysia	**45.4%**	47.1%	Providing transportation and related services
*##@Hikmat Ikhlas Sdn. Bhd.	Malaysia	**15.9%**	16.5%	Trading and contracting in electrical engineering products
*##@Ancom Components Sdn. Bhd.	Malaysia	**30.7%**	31.9%	Manufacturing and marketing of low voltage switchgear
*Syarikat Wandeerfull Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding, dealing in and subletting of properties
*Pureplay Interactive Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Digital marketing, providing web software and consulting services related to information technology
*Wandeerfull Industries Sdn. Bhd.	Malaysia	**100.0%**	30.0%	Property investment

(b) Details of associates are as follows:

Company	Country of incorporation	Group's effective equity interest 2015	Group's effective equity interest 2014	Principal activities
Direct:				
*iSpring Capital Sdn. Bhd.	Malaysia	**42.0%**	42.0%	Dormant
Indirect:				
*Ancom Philippines Inc.	Philippines	**39.6%**	39.6%	Dormant. Holder of licenses for certain agricultural chemical products

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

44. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(b) Details of associates are as follows: *(continued)*

Company	Country of incorporation	Group's effective equity interest 2015	2014	Principal activities
Indirect:				
*Tamco Chongqing Switchgear Company Limited	China	**23.1%**	23.1%	Under voluntary liquidation
*Magiqads Sdn. Bhd.	Malaysia	**40.0%**	40.0%	Advertising media design and production
*Durian FM Sdn. Bhd.	Malaysia	**50.0%**	50.0%	Internet radio broadcasting
MSTi Corporation Sdn. Bhd.	Malaysia	**20.0%**	45.0%	Trading of computer hardware and software and rendering of IT related consultancy services

(c) Details of the joint ventures are as follows:

Company	Country of incorporation	Group's effective equity interest 2015	2014	Principal activities
Indirect:				
*Point of Education Sdn. Bhd.	Malaysia	**50.0%**	50.0%	Managing and operating a college of art and design
*Senandung Sonik Sdn. Bhd.	Malaysia	**50.0%**	-	Dormant

* Not audited by BDO or BDO Member Firms.

@ The Group considers that it controls these subsidiaries even though it owns less than 50% of voting rights. This is because the Group is the single largest shareholder of these companies. Since the date of acquisition of these subsidiaries, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group. Further details of Nylex and ALB are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

31 May 2015

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Nylex, a subsidiary of the Company increased its shareholding in CKG via conversion of a shareholder's loan of RM9,036,000, into 2,700,000 ordinary shares in CKG. The additional investment in CKG did not result in any material financial effect to the Group.

(b) During the financial year, the Group via its subsidiary, PKG, acquired additional 110,000 ordinary shares of RM1.00 each in AKM, representing an additional equity interest of 5% in the issued and paid-up capital of AKM for a cash consideration of RM650,000. Following this acquisition, PKG held 60% equity interest in AKM. The acquisition did not have any material financial effect to the Group.

(c) On 29 May 2015, the Group via its wholly-owned subsidiary, SWSB, acquired an additional 887,950 ordinary shares of RM1.00 each in WISB for a cash consideration of RM1,634,000, thereby increasing the Group's equity interest in WISB from 30% to 100% and became a wholly-owned subsidiary of the Group. The previously held equity interest was designated as investment in an associate prior to the date of acquisition. The acquisition did not have any material financial effect to the Group.

(d) During the financial year, the Group via its subsidiary, PKG, acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of AMS. Subsequently, AMS increased its issued and paid-up share capital to RM100,000 ordinary shares of RM1.00 each. AMS is currently a dormant company with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each. The acquisition did not have any material financial effect to the Group.

(e) Synergy Tanker Sdn. Bhd., a wholly-owned subsisdiary of the Company, disposed 7,839,000 ordinary shares in ALB for a total cash consideration of RM1,361,000. The disposal has resulted in a disposal of equity interest in ALB from 47.1% to 45.4%. The disposal did not have any material financial effect to the Group.

(f) The Company disposed 6,834,000 shares in its subsidiary, MSTi, for a cash consideration of RM2. The disposal has reduced the effective shareholding of Ancom in MSTi from 45% to 20%. As a result of the disposal, MSTi became an associate of the Group. The disposal did not have any material financial effect to the Group.

(g) During the financial year, a subsidiary of Nylex, NYC, had transferred its entire business operation to Nylex. As a result of the transfer, NYC became a dormant company on 12 March 2015.

(h) During the financial year, ALB had undertaken a capital reduction of its existing issued and paid-up share capital via cancellation of RM0.05 in the par value of each ordinary share of RM0.10 each, resulting in a new par value of RM0.05 for each of the ordinary shares in ALB. Following the capital reduction, ALB made a cash distribution of RM18,932,000 to all shareholders of ALB on the basis of RM0.04 for each of the ordinary shares. The balance of RM0.01, together with credit arising from cancellation of share premium account is used to set-off against the accumulated losses of ALB, in accordance with Section 60 and 64 of the Companies Act, 1965 in Malaysia. Pursuant to the capital reduction and repayment, ALB's authorised share capital remained at RM500,000,000 comprising 10,000,000,000 ordinary shares of RM0.05 each and the issued and fully paid share capital reduced from RM47,328,600 to RM23,664,300 comprising 473,286,000 ordinary shares of RM0.05 each. As a result of the capital reduction exercise, the cost of investment of the Company in ALB had decreased by RM2,248,000.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *(continued)*

(i) On 28 May 2015, RBSB acquired 100% equity interest in PBSB and RMSB from RBO with an issued and paid-up share capital of RM2.00 comprising 2 ordinary shares respectively of RM1.00 each, for a total cash consideration of RM4.00. Following the acquisition, PBSB and RMSB became wholly-owned subsidiaries of RBSB. The acquisition did not have any material financial effect to the Group.

(j) On 29 May 2015, RBSB had disposed its entire equity interest in the following subsidiaries to PBSB:

(i) RCC comprising 5,335,000 ordinary shares of RM1.00 each for cash consideration of RM8,155,000.
(ii) FMN comprising 3,760,000 ordinary shares of RM1.00 each for cash consideration of RM1,629,000.
(iii) MUSB comprising 823,900 ordinary shares of RM1.00 each for cash consideration of RM6,829.
(iv) RBO comprising 5,000,000 ordinary shares of RM1.00 each for cash consideration of RM512,000.

The above transactions did not have any material financial effect to the Group.

(k) On 29 February 2012, the Nylex Group commenced a members' voluntary winding up of its subsidiary, Malaysian Roofing Industries Sdn. Bhd. a company incorporated in Malaysia. The winding up process was completed following the final meeting held on 10 September 2014. The winding up did not have any material financial effect to the Group.

(l) On 27 January 2015, Redberry Media Sdn. Bhd. acquired 50% equity interest in SSSB with an initial issued and paid-up share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each for a cash consideration of RM480,000. The acquisition did not have any material financial effect to the Group.

46. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 11 August 2015, the Company via its wholly-owned subsidiary, RBSB had acquired 654,330 ordinary shares of RM1.00 each representing 51% equity interest in Redberry Solutions Sdn. Bhd. (formerly known as Will & Henry Marketing Sdn. Bhd.)('RSSB') for a total cash consideration of RM650,000. The acquisition did not have any material financial effect to the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2015

47. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

	2015	
	Group RM'000	Company RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
Realised	**34,556**	33,108
Unrealised	**18,078**	(2,524)
	52,634	30,584
Total share of accumulated losses from associates and joint ventures:		
Realised	**(4,085)**	-
	48,549	30,584
Less: Consolidation adjustments	**3,679**	-
	52,228	30,584

ADDITIONAL INFORMATION
in Compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

SHARE BUY BACK
The Company purchased 40,800 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 paid a total of RM18,000 to the external auditors of the Company in the financial year for non-audit assignments.

COST OF INTERNAL AUDIT FUNCTION
During the financial year, the internal audit function of the Company was carried out by Sterling Business Alignment Consulting Sdn Bhd, an independent professional consulting firm for a fee of RM30,000.

VARIATION IN RESULTS
There was no material variance between the results for the financial year ended 31 May 2015 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 received by the Company in respect of the financial year ended 31 May 2015.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS
During the financial year, the Company did not enter into any material contract involving Directors'/major shareholders' interests.

ADDITIONAL INFORMATION

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The aggregate value of RRPT made during the financial year, pursuant to the shareholders' mandate obtained at 45th Annual General Meeting of the Company is as follows :

Related Party	Transacting Party for RRPT	Nature of RRPT	Value of RPT (RM'000)	Interested directors, major shareholders and connected persons
Malay Mail Sdn. Bhd. ("MMSB")	Twinstar Synergy Sdn. Bhd. ("TSSB", a wholly-owned subsidiary of Redberry Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company)	Provision of printing services by TSSB to MMSB	5,782	• Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid • Dato' (Dr) Siew Ka Wei • Datin Young Ka Mun • Siew Ka Kheong • Quek Lay Kheng • Siew Nim Chee & Sons Sdn. Bhd. • Silver Dollars Sdn. Bhd.

LIST OF PROPERTIES

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2015 (RM'000)	Date of Acquisition / Revaluation
Ancom Berhad					
1. P.T. 4227 Mukim of Kapar Daerah Klang Selangor	Unexpired leasehold interest of 71 years (Expiring on 9 June 2086)	2.52 hectares	Office and factory buildings Age of buildings: approximately 24 years	8,133	30 March 2011
2. H.S.(D) 7524 2A, Jalan 13/2 Petaling Jaya Selangor	Unexpired leasehold interest of 90 years (Expiring in 2105)	1.31 hectares	Office and factory buildings Age of buildings: approximately 30 to 40 years	28,474	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 93 years (Expiring in 2108)	2.22 hectares	Office and factory buildings Age of buildings: approximately 45 years	15,592	11 May 2011
2. H.S.(D) 240444 PT No. 827 Bandar Shah Alam Daerah Petaling Selangor	Unexpired leasehold interest of 91 years (Expiring in 2106)	153 sq.m.	Three-storey shop office Age of buildings: approximately 5 years	1,292	1 February 2011
Ancom Energy & Services Sdn Bhd					
1. H.S.(D) 128193 PT125513 Mukim Klang Daerah Klang Selangor	Unexpired leasehold interest of 81 years (Expiring on 24 February 2097)	0.22 hectares	Vacant land	458	7 April 2011

LIST OF PROPERTIES

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2015 (RM'000)	Date of Acquisition / Revaluation
Syarikat Wandeerfull Sdn. Bhd.					
1. Shoplot No. 1.30 First Floor Wisma Cosway Kuala Lumpur	Freehold	40 sq.m.	Shoplot Age of building: approximately 39 years	138	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 9 years (Expiring on 31 August 2024)	9.8 acres	Tank farm, office and warehouse Age of building: approximately 18 years	23,692	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: 6 years	3,517	2010
Nylex (Malaysia) Berhad					
1. H.S.(D) 256546 Lot 16 Persiaran Selangor Section 15 Shah Alam Selangor	Unexpired leasehold interest of 93 years (Expiring on 29 June 2108)	2.93 hectares	Office and factory buildings Age of buildings: approximately 44 years	32,452	5 May 2011
2. H.S.(D) 256546 Lot 16 Persiaran Selangor Section 15 Shah Alam Selangor	Unexpired leasehold interest of 93 years (Expiring on 29 June 2108)	1.21 hectares	Warehouse, factory and buildings Age of buildings: approximately 35 years		

LIST OF PROPERTIES

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2015 (RM'000)	Date of Acquisition / Revaluation
Nylex Specialty Chemicals Sdn. Bhd.					
1. H.S.(M) 5507 PT 593, Persiaran Raja Lumu Pandamaran Industrial Estate Port Klang	Unexpired leasehold interest of 59 years (Expiring on 1 September 2074)	0.87 hectares	Warehouse, factory and office buildings Age of buildings: approximately 40 years	3,570	25 April 2011
2. H.S.(M) 6588 PT 624, Persiaran Raja Lumu Pandamaran Industrial Estate Port Klang	Unexpired leasehold interest of 61 years (Expiring on 19 February 2076)	0.83 hectares	Warehouse, factory and office buildings Age of buildings: approximately 38 years	3,161	25 April 2011
Fermpro Sdn. Bhd.					
1. H.S.(M) 748 Lot 1113 Mukim of Chuping Perlis	Unexpired leasehold interest of 31 years (Expiring on 22 November 2046)	1.62 hectares	Office and factory buildings Age of buildings: approximately 27 years	1,828	11 April 2011
2. H.S.(M) 1804 Plot 3 & 4 P.T. 924A Mukim of Chuping Perlis	Unexpired leasehold interest of 44 years (Expiring on 7 February 2059)	2.43 hectares	Spent molasses treatment pond	582	11 April 2011
3. H.S.(M) 1803 P.T. 2978 Mukim of Chuping Perlis	Unexpired leasehold interest of 44 years (Expiring on 7 February 2059)	0.81 hectares	Office and factory buildings Age of buildings: approximately 13 years	553	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 71 years (Expiring on 9 June 2086)	2.85 hectares	Office and factory building Age of building: approximately 24 years	9,040	7 April 2011

ANALYSIS OF SHAREHOLDINGS

As at 30 September 2015

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	:	8,977
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	1,749	49,099	0.02
100 to 1,000	814	423,816	0.20
1,001 to 10,000	4,786	19,522,881	9.05
10,001 to 100,000	1,454	44,288,107	20.52
100,001 to less than 5% of issued Shares	172	103,923,531	48.16
5% and above of issued Shares	2	47,577,681	22.05
	8,977	215,785,115	100.00
Treasury shares	-	3,171,227	-
	8,977	218,956,342	100.00

Substantial Holders

	Direct		**Indirect**	
	No. of Shares	**%**	**No. of Shares**	**%**
Dato' (Dr) Siew Ka Wei	22,798,865	10.57	20,611,748 [(a)]	9.55
Chan Thye Seng	-	-	42,797,402 [(b)]	19.83
Pacific & Orient Berhad	31,877,978	14.77	10,589,424 [(c)]	4.91
Siew Nim Chee & Sons Sdn Bhd	14,558,987	6.75	-	-

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.

(c) Held through Pacific & Orient Insurance Co. Berhad, a wholly-owned subsidiary.

Directors' Holdings

	Direct		**Indirect**	
	No. of Shares	**%**	**No. of Shares**	**%**
Dato' Johari Razak	465,427	0.22	-	-
Dato' (Dr) Siew Ka Wei	22,798,865	10.57	20,611,748 [(a)]	9.55
Tan Sri Dato' Dr Lin See Yan	165,375	0.08	-	-
Chan Thye Seng	-	-	42,797,402[(b)]	19.83

Note:

(a) Held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Siew Ka Kheong, Datin Young Ka Mun and Quek Lay Kheng.

(b) Held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn Bhd and Tan Soo Leng.

ANALYSIS OF SHAREHOLDINGS
As at 30 September 2015

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.	Kenanga Nominees (Tempatan) Sdn Bhd - Siew Ka Wei	15,699,703	7.275
2.	Pacific & Orient Berhad	13,874,116	6.429
3.	Pacific & Orient Berhad	9,218,900	4.272
4.	Lim Chui Kui @ Lim Chooi Kui	7,076,243	3.279
5.	TA Nominees (Tempatan) Sdn Bhd - Siew Nim Chee & Sons Sendirian Berhad	6,790,170	3.146
6.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB for Pacific & Orient Insurance Co. Berhad	5,392,878	2.499
7.	Pacific & Orient Insurance Co Berhad	5,196,546	2.408
8.	Pacific & Orient Berhad	5,143,162	2.383
9.	Kenanga Nominees (Tempatan) Sdn Bhd - Siew Ka Wei	4,827,166	2.237
10.	Malaysia Nominees (Tempatan) Sendirian Berhad - Silver Dollars Sdn Bhd	4,727,683	2.190
11.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Nim Chee & Sons Sdn Bhd	4,461,317	2.067
12.	HSBC Nominees (Asing) Sdn Bhd - Exempt An for Bank Julius Baer & Co. Ltd. (Singapore Bch)	4,074,800	1.888
13.	EB Nominees (Tempatan) Sendirian Berhad - E & O Developers Sdn Bhd	3,643,762	1.688
14.	Kenanga Nominees (Tempatan) Sdn Bhd - Siew Nim Chee & Sons Sdn Bhd	3,307,500	1.532
15.	Pacific & Orient Berhad	2,563,100	1.187
16.	Thong Yaw Hong	2,480,625	1.149
17.	Asian Strategic Investments Group Limited	2,081,020	0.964
18.	EB Nominees (Tempatan) Sendirian Berhad - Eastern & Oriental Berhad	1,821,881	0.844
19.	CimSec Nominees (Asing) Sdn Bhd - Exempt An for CIMB Securities (Singapore) Pte Ltd	1,651,406	0.765
20.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Ka Wei	1,288,796	0.597
21.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB for Chan Hua Eng	1,100,000	0.509
22.	Pacific & Orient Berhad	1,078,700	0.499
23.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Siew Ka Wei	1,024,200	0.474
24.	Lee Pooi Seng	1,000,000	0.463
25.	Yeap Chin Loon	968,557	0.448
26.	Astro (M) Sdn Bhd	951,980	0.441
27.	RHB Capital Nominees (Tempatan) Sdn Bhd - Lim Kam Seng	900,000	0.417
28.	Ng Wing Kong	823,799	0.381
29.	Yeap Mong Sie	815,750	0.378
30.	Kenanga Nominees (Tempatan) Sdn Bhd - Tan Teng Heng	700,000	0.324
	Total	114,683,760	53.133

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting of the Company will be held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 19 November 2015 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 2015; **(Please refer Explanatory Note 1)**

2. To approve the payment of the Directors' fees for the financial year ended 31 May 2015; **(Resolution 1)**

3. To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association:
   3.1 Dato' Johari Razak **(Resolution 2)**
   3.2 Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid **(Resolution 3)**

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

5. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Board of Directors to fix their remuneration; **(Resolution 5)**

AS SPECIAL BUSINESS

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

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

   "THAT approval be and is hereby given for the Proposed RRPT Mandate for the Company and its subsidiaries to enter into the categories of recurrent related party transactions of a revenue or trading nature falling within the nature of transactions set out in the table in Section 2.2 of the Company's Circular to Shareholders/ Statement dated 28 October 2015 with the related party set out in Section 2.2 in the Circular, such transactions which are necessary for the Group's day–to-day operations and carried out in the ordinary course of business on terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

NOTICE OF ANNUAL GENERAL MEETING

AND THAT the authority conferred by such Mandate shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to this Ordinary Resolution."

7. Proposed Renewal of Shareholders' Mandate to Purchase Ancom Berhad's Own Shares ("Proposed Renewal of SBB Mandate") **(Resolution 7)**

"THAT subject to the provisions of the Companies Act, 1965 ("Act"), the Articles of Association of the Company, the regulations and guidelines issued from time to time by Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities, the Directors be and are hereby authorised to utilise an amount not exceeding the total audited share premium and retained profits of the Company as at 31 May 2015 of RM4,332,000 and RM30,584,000 respectively to purchase such number of ordinary shares of the Company PROVIDED THAT the ordinary shares so purchased shall, in aggregate with the treasury shares as defined under section 67A of the Act ("Treasury Shares") then still held by the Company, not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being AND THAT such authority shall unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company AND THAT the Directors may retain the ordinary shares so purchased as Treasury Shares and may distribute the Treasury Shares as share dividend or may resell the Treasury Shares or may cancel the ordinary shares so purchased in a manner they deem fit and expedient as prescribed by the Act and the applicable regulations and guidelines of Bursa Securities and any other relevant authorities for the time being in force AND THAT authority be and is hereby given to the Directors to take all such steps to implement finalise and to give effect to the aforesaid transactions with full power to assent to any conditions modifications variations and amendments as may be imposed by the relevant authorities or as they deem fit and expedient at their discretion in the best interest of the Company in accordance with the aforesaid Act, regulations and guidelines."

NOTICE OF ANNUAL GENERAL MEETING

8. Proposed Issuance of New Ordinary Shares Of RM1 Each Pursuant to Section 132D Of The Companies Act, 1965 ("Proposed Share Issue Mandate") **(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."

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
28 October 2015

NOTICE OF ANNUAL GENERAL MEETING

NOTES

1. A registered member entitled to attend and vote at the Meeting may appoint up to two (2) proxies to attend and vote for him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member of the Company is an authorised nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
5. If the appointor is a corporation, the instrument appointing a proxy must be executed under its common seal or under the hand of its attorney.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 November 2015 ("General Meeting Records of Depositories") shall be eligible to attend, speak and vote or appoint proxy to attend and vote on his behalf.
7. The instrument appointing a proxy must be deposited at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.

EXPLANATORY NOTES

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

2. **Item 6 of the Agenda**
   Resolution 6 proposed under item 6 of the Agenda, if passed, will give the Company authority to enter into new and existing recurring transactions of a revenue or trading nature with its related party as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the shareholders of the Company at a subsequent general meeting, expire at the next annual general meeting.

   Further details relating to Resolution 6 are set out in the Company's Circular to Shareholders / Statement dated 28 October 2015, a copy of which is sent together with this Annual Report.

3. **Item 7 of the Agenda**
   Resolution 7 proposed under item 7 of the Agenda, if passed, will give the Directors authority to purchase and/or hold up to 10% of the total issued and paid-up share capital of the Company for the time being. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the shareholders of the Company at a general meeting, expire at the next annual general meeting.

   Further details relating to Resolution 7 are set out in the Company's Circular to Shareholders / Statement dated 28 October 2015, a copy of which is sent together with this Annual Report.

4. **Item 8 of the Agenda**
   Resolution 8 proposed under item 8 of the Agenda, if passed, 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.

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PROXY FORM

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

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
NRIC No.		
Full Address		%
Full Name in Block Letters		Proportion of Shareholdings
NRIC No.		
Full Address		%
		100%

or failing him / her, the Chairman of the Meeting as my / our proxy to attend and to vote for me / us on my / our behalf at the 46th Annual General Meeting of the Company to held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 19 November 2015 at 2.30 p.m. or any adjournment thereof and to vote as indicated below :

Item	Agenda	Resolution	For	Against
1.	To receive Audited Financial Statements and Reports			
		Resolution	**For**	**Against**
2.	To approve Directors' fees	1		
3.	To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association:			
	3.1 Dato' Johari Razak	2		
	3.2 Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid	3		
4.	To re-appoint Tan Sri Dato' Dr Lin See Yan who retires pursuant to Section 129(2) of the Companies Act, 1965	4		
5.	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration	5		
6.	To approve the new mandate and renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	6		
7.	To approve the renewal of share buy-back mandate	7		
8.	To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965	8		

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

Dated this ______________ day of ______________ 2015

____

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

Telephone no.
during office hours : ________________________

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AFFIX
STAMP

ANCOM BERHAD
(Company No. : 8440-M)

Registered Office:
c/o Tricor Corporate Services Sdn Bhd
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

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