

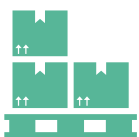


ANCOM BERHAD

*(Company No. 8440-M)
Incorporated in Malaysia*



TOGETHER WE CAN MAKE A DIFFERENCE



**ANNUAL
REPORT
2017**



48th

ANNUAL GENERAL MEETING

VENUE: Selangor 1 Ballroom,
Dorsett Grand Subang,
Jalan SS12/1, 47500 Subang Jaya,
Selangor Darul Ehsan, Malaysia

DATE: Thursday, 19 October 2017

TIME: 3.00 p.m.



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COVER RATIONALE

Just as the changing market conditions, Ancom Group has constantly kept up with the emerging global economy to achieve greater success. The cover using hexagon element to signify Ancom is remaining committed to strive a perfect balance in all that we do. Our focus on the diversified business has spearheaded our efforts to develop the right mix between financial performance and market performance. Ancom Group's sustainable growth through testament of balance – the synergies of our diversified business division and pave the way for greater things to come – Together, we can make a 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

Tan Sri Dato' Seri Abdull Hamid Bin Embong

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

Soo Shiew Fang
(MAICSA 7044946)
Wong Wai Foong
(MAICSA 7001358)

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, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.

Office

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

Customer Service Centre

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

AUDITORS

BDO, Chartered Accountants

STOCK EXCHANGE LISTING

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

WEBSITE

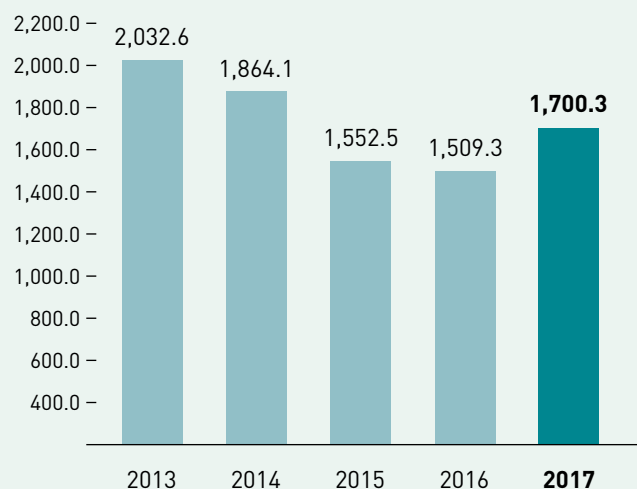
www.ancom.com.my

FIVE-YEAR HIGHLIGHTS

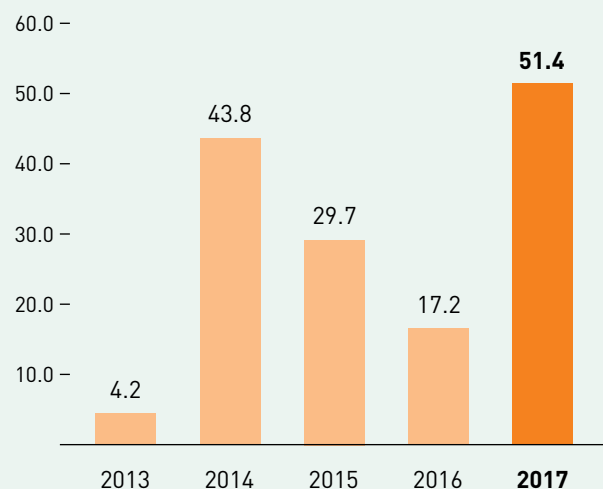
	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	1,700,261	1,509,312	1,552,476	1,864,145	2,032,564
Profit before taxation	51,442	17,222	29,727	43,777	4,248
Profit/(Loss) after taxation	29,277	2,342	5,261	24,635	(12,533)
Effective percentage rate of tax - %	43	86	82	44	>100
Net Earnings/(Loss) for Ancom shareholders	17,466	(6,990)	2,166	9,566	(19,906)
Assets Employed					
Property, plant and equipment	292,559	235,551	228,382	191,487	228,418
Investments	3,513	4,086	12,100	4,323	4,389
Other non-current assets	129,723	127,429	109,559	106,493	124,473
Current assets	717,946	545,716	574,516	585,829	613,882
Total assets	1,143,741	912,782	924,557	888,132	971,162
Financed by					
Share capital	218,956	218,956	218,956	218,956	218,956
Reserves	86,827	65,906	66,814	61,931	54,153
Less : Treasury Shares, at cost	(2,473)	(2,377)	(2,127)	(2,108)	(2,056)
Ancom shareholders' interests	303,310	282,485	283,643	278,779	271,053
Non-controlling interests	166,918	159,013	138,318	142,352	131,078
Total equity	470,228	441,498	421,961	421,131	402,131
Non-current liabilities	73,918	30,235	36,320	22,679	30,903
Current liabilities	599,595	441,049	466,276	444,322	538,128
Total funds employed	1,143,741	912,782	924,557	888,132	971,162
Shareholders' Interests					
Earnings/(Loss) per share – sen	8.11	(3.24)	1.00	4.42	(9.22)
Gross dividend per share – sen	-	-	-	1.00	-
Net assets per share attributable to Ancom shareholders – RM	1.39	1.29	1.30	1.27	1.24
Others					
Depreciation & amortisation	22,385	19,654	19,008	22,416	26,168
Interest expense	14,211	13,038	11,032	12,605	14,405

FIVE-YEAR HIGHLIGHTS

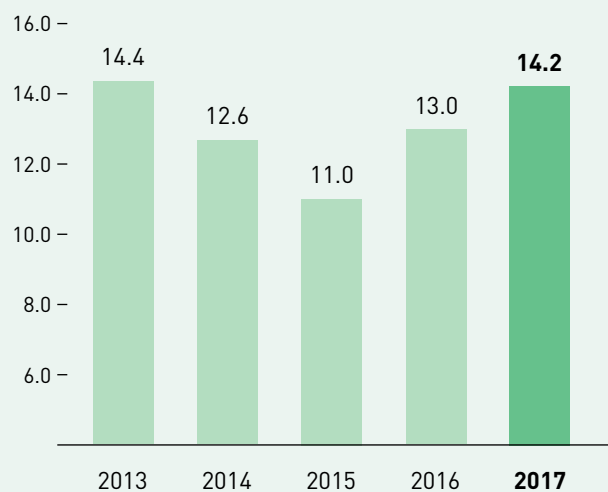
REVENUE - RM' million



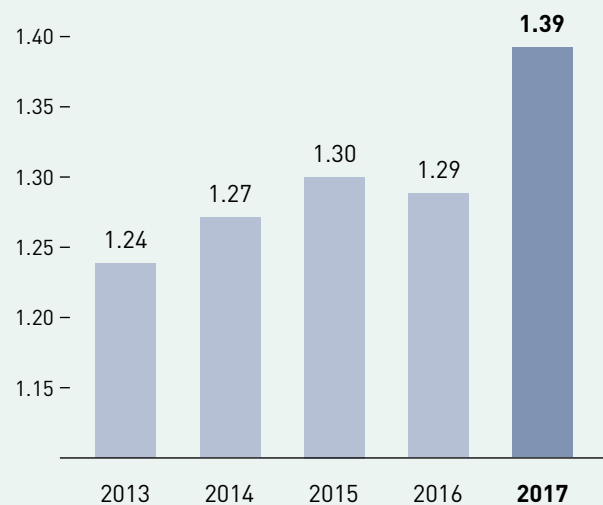
PROFIT BEFORE TAX - RM' million



INTEREST EXPENSE - RM'million



NET ASSETS PER SHARE - RM



LIST OF PRINCIPAL OFFICES

ANCOM BERHAD – CORPORATE OFFICE/ ANCOM MANAGEMENT SERVICES SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 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. / TIMBER PRESERVATIVES 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 COMPONENTS SDN. BHD.

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

ANCOM KIMIA SDN. BHD.

3A02, Block A, Phileo Damansara 1, No. 9, Jalan 16/11
Off Jalan Damansara, 46350 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

ANCOM LOGISTICS BERHAD

No. 2A, Jalan 13/2, Seksyen 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

DYNAMIC CHEMICAL PTE. LTD.

3 International Business Park, #03-04,
Nordic European Centre, Singapore 609927
Tel : (65) 6224 4142 **Fax :** (65) 6224 6460

ENTOPEST ENVIRONMENTAL SERVICES SDN. BHD.

No. 40, Jalan Penyair U1/44, Hicom-Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : (603) 5569 3318 **Fax :** (603) 5569 3313

FERMPRO SDN. BHD.

202, Block A, Phileo Damansara I, No. 9, Jalan 16/11
Off Jalan Damansara, 46350 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7660 0033 **Fax :** (603) 7660 0133

FOCUS MEDIA NETWORK SDN. BHD. / POINT CAST (M) SDN. BHD.

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

GENOVASI MALAYSIA SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7495 0628 **Fax :** (603) 7495 0793

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 Subang Jaya, Selangor Darul Ehsan, Malaysia
Tel : (603) 5633 6229 **Fax :** (603) 5634 9915

MERU UTAMA SDN. BHD.

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

NYL LOGISTICS SDN. BHD.

No. 72A-1, Jalan Temenggung 17/9, Bandar Mahkota Cheras
43200 Cheras, Selangor Darul Ehsan, Malaysia
Tel : (603) 9076 8222 **Fax :** (603) 9075 9288

LIST OF PRINCIPAL OFFICES

NYLEX (MALAYSIA) BERHAD / NYLEX POLYMER MARKETING SDN. BHD. / ALB MARINE SDN. BHD.

Lot 16, Persiaran Selangor, Section 15
40200 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : (603) 5519 1706 **Fax :** (603) 5510 8291

NYLEX SPECIALTY CHEMICALS SDN. BHD. / SPECIALITY PHOSPHATES (MALAYSIA) SDN. BHD.

Lot 593, Persiaran Raja Lumu
Kawasan Perusahaan Pandamaran
42000 Port Klang, Selangor Darul Ehsan, Malaysia
Tel : (603) 3168 8282 **Fax :** (603) 3167 9115

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

PERUSAHAAN KIMIA GEMILANG SDN. BHD.

302, Block A, 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

PERUSAHAAN KIMIA GEMILANG (VIETNAM) COMPANY LTD.

Mezzanine Floor, Block C, 241A Chu Van An Street
Ward 12, Binh Thanh District, Ho Chi Minh City, Vietnam
Tel: (848) 3516 3115 **Fax:** (848) 3516 3098

PT NYLEX INDONESIA

Desa Sumengko Km31 Kecamatan, Wringinanom,
Kabupaten Gresik, East Java, 61176 Indonesia
Tel : (6231) 898 2626 **Fax :** (6231) 898 2623

PT PKG LAUTAN INDONESIA

Gedung Graha Indramas, Jl. AIPDA K.S. Tubun Raya No. 77
Jakarta, 11410 Indonesia
Tel: (6221) 5367 3269 **Fax:** (6221) 5367 3278

REDBERRY SDN. BHD.

No. 2A, Jalan 13/2, Seksyen 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.

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

TITANIUM COMPASS SDN. BHD.

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

TWINSTAR SYNERGY SDN. BHD.

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



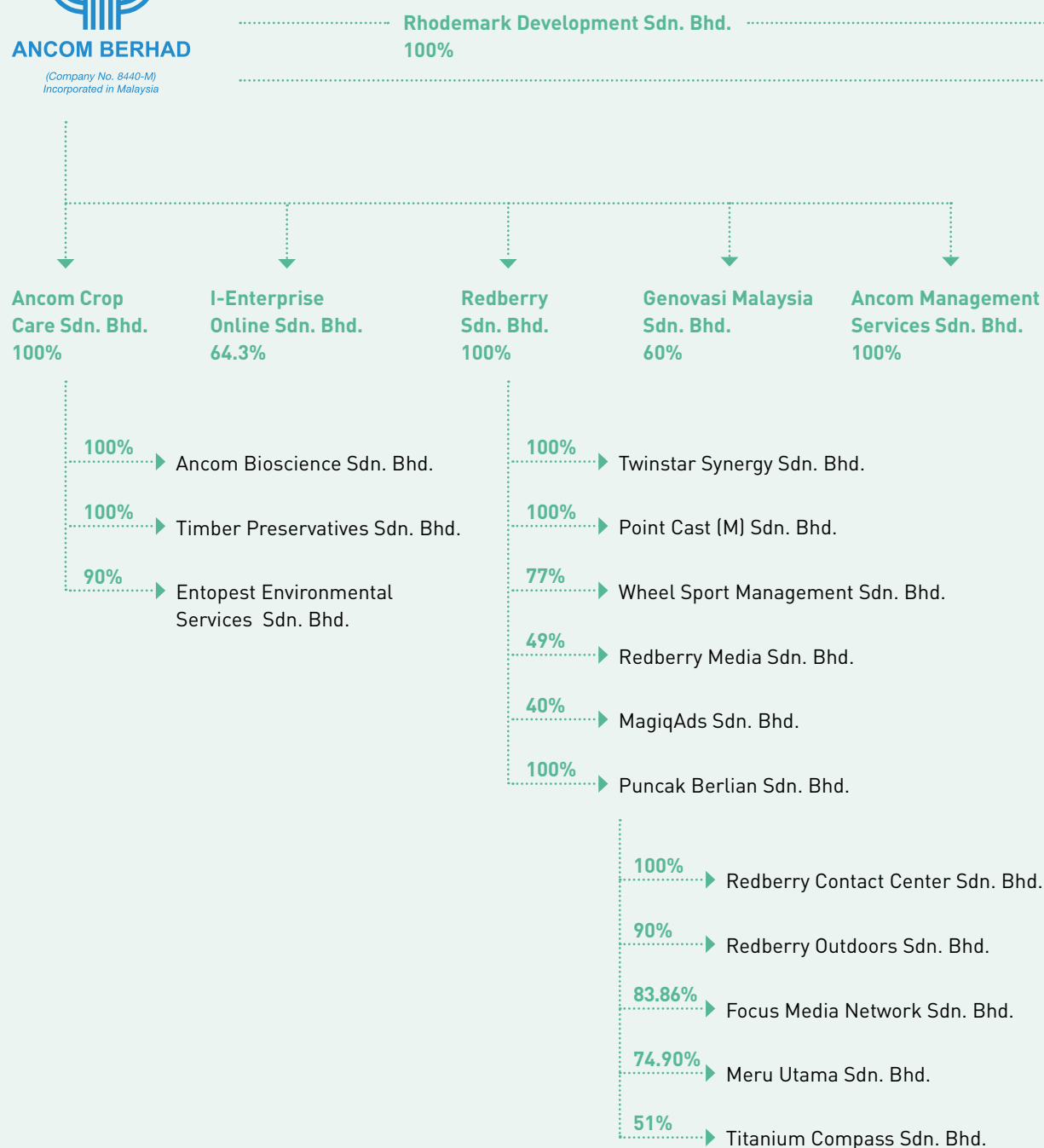
CORPORATE STRUCTURE

As at 31 May 2017



ANCOM BERHAD

(Company No. 8440-M)
Incorporated in Malaysia

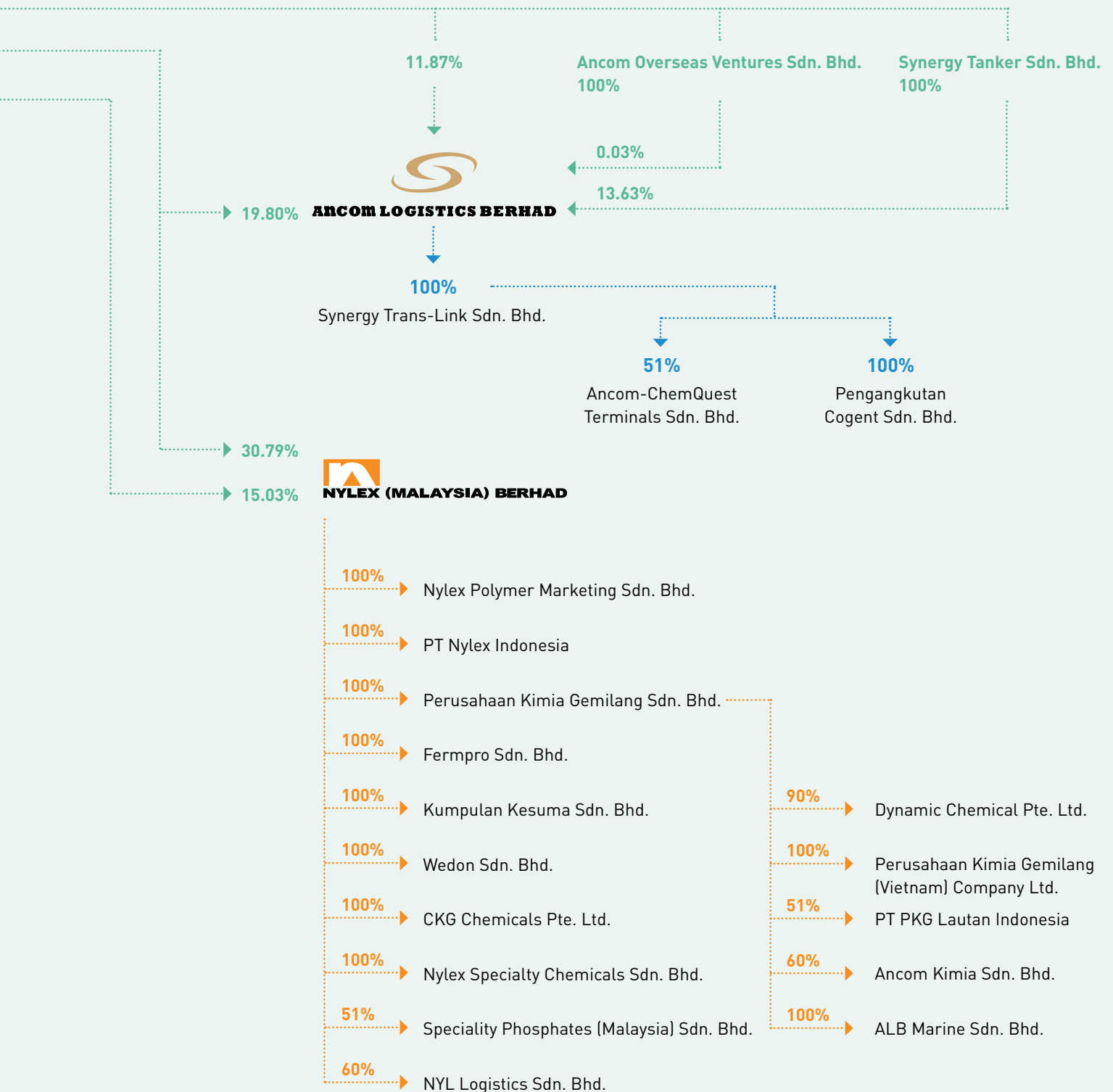


Note :

Only major and active companies in the Group are shown in this Corporate Structure.

CORPORATE STRUCTURE

As at 31 May 2017



BOARD OF DIRECTORS



DATO' JOHARI RAZAK

Age 62, Male, Malaysian
Non-Independent
Non-Executive Chairman

Dato' Johari 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 and Daiman Golf Berhad.



DATO' (DR) SIEW KA WEI

Age 61, Male, Malaysian
Group Managing Director

Dato' Siew 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.

Qualified 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 extensive working experience in the field of petrochemicals locally and internationally for more than 30 years.

Dato' Siew was appointed as the Chairman of Tourism Malaysia on 21 September 2016. He was the Chairman of the Malaysian Chapter of the Young Presidents Organisation ("YPO"), an international grouping of more than 25,000 chief executive officers and leaders of major companies and organisations over the world. He was also a director of the International Board of Directors of YPO from 2000 to 2003 during which he was the Chairman of YPO's Global Leadership Congress in Beijing, China. In April 2013, Dato' Siew was conferred an honorary degree in Doctor of Business Administration *honoris causa* by HELP University.

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

Dato' Siew is a substantial shareholder of the Company.

BOARD OF DIRECTORS



**TAN SRI DATO'
DR LIN SEE YAN**

Age 78, Male, Malaysian
Independent Non-Executive Director

Tan Sri Lin 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 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 Pro-Chancellor & Research Professor at Sunway University, Pro-Chancellor of Universiti Teknologi Malaysia, 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 previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. Tan Sri Lin continues to serve the public interest, some current appointments include: member of the Competition Appeal Tribunal, and key Steering Committees at the Ministry of Higher Education; Member, Asian Shadow Financial Regulatory Committee; and Governor, Asian Institute of Management, Manila; 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.

Tan Sri Lin advises and sits on the Boards of a number of publicly listed and private enterprises in Malaysia, Singapore and Indonesia. He 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. 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 IR (DR) MOHAMED
AL AMIN ABDUL MAJID**

Age 62, Male, Malaysian
Non-Independent
Non-Executive Director

Tan Sri Al Amin 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 degree in Bachelor of Science in Civil Engineering from the University of Aston, Birmingham, United Kingdom from which he was also conferred an Honorary Doctorate degree – Doctor of Science Honoris Causa. He is a professional engineer and is a Corporate Member of Institute of Engineers Malaysia ("IEM").

Tan Sri Al Amin has served 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 business in variety areas such as construction, investment, distributorship, general trading and project management.

Tan Sri Al Amin currently is the Executive Chairman of Nylex (Malaysia) Berhad and Redberry Sdn. Bhd., both of which are subsidiaries of the Company, and Country View Berhad.

Tan Sri Al Amin has been the Chairman of SME Corporation 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 National Information Technology Council of Malaysia, an organisation that strategically manages ICT in the interest of the nation, since October 2010.

BOARD OF DIRECTORS



TAN SRI DATO' SERI ABDULL HAMID BIN EMBONG

Age 69, Male, Malaysian
Independent Non-Executive Director

Tan Sri Hamid was appointed to the Board on 1 March 2016.

Tan Sri Hamid finished his secondary schooling at the Malay College Kuala Kangsar, Perak. He obtained a Barrister at Law degree at the Lincolns Inn, London and was admitted as an Utter Barrister in 1976.

Tan Sri Hamid had served in the Judicial and Legal Service of the government of Malaysia and was appointed to various posts including that of a Magistrate, Deputy Public Prosecutor, Legal Advisor and Senior Federal Counsel with the Customs and Excise Department, the Economic Planning Unit (PM Department), Ministry of Land and Regional Development, Treasury, Ministry of Home Affairs and Legal Advisor to the States of Negeri Sembilan and Pahang.

He was appointed a Judicial Commissioner in 1994 and a High Court Judge in 1996. In 2006, he was elevated to the Court of Appeal and in 2009 to the Federal Court, Malaysia. He retired from the Bench in February 2016.

Currently, Tan Sri is the Chairman of 7-Eleven Malaysia Holdings Berhad.

CHAN THYE SENG

Age 60, Male, Malaysian
Non-Independent
Non-Executive Director

Thye Seng joined the Board on 19 October 1999.

Thye Seng has 13 years of experience as a practicing lawyer, after having been called to the Bar at Middle Temple in 1980 and the Malaysian Bar in 1992. He graduated from the University College Cardiff, United Kingdom where he obtained his Bachelor of Law (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"), a substantial shareholder of the Company, and its subsidiary, Pacific & Orient Insurance Co. Berhad.

Thye Seng is a substantial shareholder of the Company through his shareholding in P&O.

BOARD OF DIRECTORS



EDMOND CHEAH SWEE LENG

Age 63, Male, Malaysian
Independent Non-Executive Director

Edmond 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, Edmond's professional experience has been in the fields of audit, merchant banking, corporate & financial advising, portfolio & 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.

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

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

Edmond sits on the Board 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.



LIM HOCK CHYE

Age 62, Male, Malaysian
Independent Non-Executive Director

Hock Chye 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.

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

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

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

Hock Chye is a director of Nylex (Malaysia) Berhad and Ancom Logistics Berhad, both subsidiaries of the Company.

Notes :

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

KEY SENIOR MANAGEMENT

DATO' (DR) SIEW KA WEI

Group Managing Director

[Details of Dato' (Dr) Siew Ka Wei are disclosed in the Directors' Profile of this Annual Report]

TAN SRI IR (DR) MOHAMED AL AMIN ABDUL MAJID

Executive Chairman – Nylex (Malaysia) Berhad ("Nylex") and Redberry Sdn. Bhd.

[Details of Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid are disclosed in the Directors' Profile of this Annual Report]

LIM CHANG MENG

Chief Financial Officer

– Ancom Berhad and Ancom Logistics Berhad
Age 45, Male, Malaysian

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

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

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

He has no directorship in public companies and listed companies.

MICHELLE CHEN TAI NGOH

Chief Financial Officer – Nylex

Age 50, Female, Malaysian

Michelle joined Nylex in 1995 as Associate Accounts Manager and in the ensuing years, she held various positions within the Corporate Office. She was appointed as the Chief Financial Officer of Nylex in 2010.

Prior to joining Nylex, Michelle was attached to one of the international professional service firms.

Michelle is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and also a member of the Malaysian Institute of Accountants (MIA).

She has no directorship in public companies and listed companies.

KEY SENIOR MANAGEMENT

PHILLIP KARUPPIAH

Group Human Resource Director
Age 59, Male, Malaysian

Phillip was appointed as the Group Human Resource Director in April 2013.

Philip started his career as a Journalist with the New Straits Times and also has experience in Communications consulting with Burson Marsteller and banking operations at Malayan Banking Berhad.

He was the Chief Executive Officer of Malay Mail Sdn. Bhd. ("Malay Mail"), publisher of the Malay Mail newspaper, from April 2011 until March 2013. Before taking the helm at Malay Mail, Phillip was with Lexis Nexis, an American multinational company, as Chief Executive Officer of its South East Asia operations. His other stints include Managing Director of Sun Media Sdn. Bhd., the publisher of the Sun newspaper and General Manager, Group Human Resources at Phileo Allied Group, a financial services organisation.

Phillip has a Bachelor of Science (Agribusiness) degree from University Putra Malaysia and a Law degree from the University of Wolverhampton, United Kingdom.

He has no directorship in public companies and listed companies.

LEE CHEUN WEI

Managing Director – Ancom Crop Care Sdn. Bhd.
Age 43, Male, Malaysian

Cheun Wei was appointed as the Managing Director of Ancom Crop Care Sdn. Bhd., a subsidiary of the Company, heading the Group's Agricultural Chemicals Division in July 2014.

He started his career with EPE Power Corporation Berhad, a Transmission and Distribution Engineering company, as Group Accountant in 1997 and was the Chief Financial Officer of the EPE Group in 2003. He was the Director of Corporate Finance for Tamco Corporate Holding Berhad (former name of ALB) from 2005 to 2009. He subsequently joined the Company in 2009 as the Group Chief Financial Officer until 2014.

Cheun Wei holds an MSc in Finance (Distinction) degree from Cass Business School, London. He also holds a BA (Hons) degree in Accounting and Finance from Lancaster University, United Kingdom. On both degree, he was awarded full scholarships from joint British Chevening/HSBC and the Renong/UEM Group. He is also a member of the Association of Chartered Certified Accountants (ACCA) and the Malaysian Institute of Accountants (MIA).

He has no directorship in public companies and listed companies.

KEY SENIOR MANAGEMENT

DATUK WONG SAI WAN

Chief Operating Officer – Media Division
Age 55, Male, Malaysian

Datuk Wong joined Redberry Sdn. Bhd., a subsidiary of the Company, in July 2013 as a Director Special Projects and was promoted to Chief Operating Officer in 2015. He now heads the Group's Media Division where he oversees the operations and management of the Group's media business.

Datuk Wong started his journalism career in The Star in 1984 and rose through the ranks from reporter, Bureau Chief (Seremban), Senior News Editor and Executive Editor before leaving The Star in 2013. He was with The Star media group for over 29 years.

During his career in The Star, Datuk Wong covered and wrote on a wide variety of issues and subjects, including the BMf scandal, Nipah Virus outbreak and the return of Hong Kong to China. He also worked for The Star in Hong Kong for two years during the SARs outbreak wrecked havoc. He received widespread acclaim for his coverage on the outbreak and its aftermath, including its economic and social impact on Hong Kong.

Datuk Wong studied law at the Manchester City University, United Kingdom.

He has no directorship in public companies and listed companies.

DATO' LEE YEW MENG

Chief Executive Officer / Executive Director
- Genovasi Malaysia Sdn. Bhd.
Age 62, Male, Malaysian

Dato' Lee was appointed as the Chief Executive Officer / Executive Director of Genovasi Malaysia Sdn. Bhd., a subsidiary of the Company, in January 2016.

He spent his entire 38-year career in Sales & Marketing and Communications, having held positions as General Manager – Marketing in The Star, Chief Marketing Officer in the Sun, Chief Operating Officer in Limkokwing Integrated, and Strategic Communications Adviser with Agensi Inovasi Malaysia, a statutory body set up by the Government of Malaysia via AIM Act 2010, with the primary purpose of being the driving force behind Malaysia's push towards establishing an "innovation economy" and the country's aspirations of achieving a high-income nation status.

Dato' Lee is an independent director of Cityneon Holdings Ltd., a member of the Singapore Stock Exchange.

He writes a weekly column (In Perspective) for Malay Mail and Nanyang Business Daily.

Dato' Lee has an Advanced Diploma in Commercial Management from the Institute of Commercial Management (ICM), United Kingdom.

He has no directorship in public companies and listed companies.

KEY SENIOR MANAGEMENT

SIEW KA KHEONG

Executive Director – IEnterprise Online Sdn. Bhd.
Age 57, Male, Malaysian

Ka Kheong is the Executive Director of IEnterprise Online Sdn. Bhd., a subsidiary of the Company and heading the IT Division. Prior to this, he was the Managing Director of a company involving in IT industry, which he set up since 1982.

Ka Kheong has more than 30 years of experience in the IT industry. His experience spans across industries such as Financial Services, Manufacturing, Distribution and Retail. He is the Chairman of a local company certifying many IT professionals in Malaysia for project management (for Project Management Institute, USA).

He obtained his Bachelor of Science in Chemical Engineering degree from University College London, United Kingdom.

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

ERIC CHAN HEAN CHIN

Divisional Head - Polymer Division
Age 57, Male, Malaysian

Eric started his career as a Project Engineer in a consulting engineering firm in 1984. He joined Nylex as Marketing/Business Manager in Engineered Polymer segment in 1998. He held various positions in Nylex Group before promoted to his current position as the Divisional Head – Polymer Division in 2004.

Eric holds a Bachelor of Civil Engineering (Hons) degree from University of Canterbury, Christchurch, New Zealand and a MBA (Executive) from University of Queensland – Mt. Eliza Business School, Melbourne, Australia.

Eric has no directorship in public companies and listed companies.

ROBIN LING SENG CHIONG

Executive Director
– Perusahaan Kimia Gemilang Sdn. Bhd. (“PKG”)
Age 47, Male, Malaysian

Robin is currently the Executive Director in PKG, a subsidiary of Nylex, a position he held since joining Nylex Group in 2007. Prior to joining PKG, he worked as Asia Pacific Regional Manager for a United States specialty chemicals company for 13 years.

Robin graduated with a Bachelor of Applied Science degree, majoring in Analytical Chemistry from University of Science Malaysia.

He has no directorship in public companies and listed companies.

WILLIAM TAN WEE LIAN

Deputy Managing Director - Fermpro Sdn. Bhd.
Managing Director - Nylex Specialty Chemical Sdn. Bhd.
Age 50, Male, Malaysian

William started his career as a Sale Executive in PKG in 1994. In 1997, he was transferred to Fermpro Sdn. Bhd., a subsidiary of Nylex, and held various positions before promoted to his current position as Deputy Managing Director in 2006. In 2005, he was also given additional responsibility to manage Nylex Specialty Chemicals Sdn. Bhd., another subsidiary of Nylex, and in 2007, was promoted to his current position as Managing Director of this company.

William graduated from the Institute of Chartered Secretaries and Administrators (ICSA).

He has no directorship in public companies and listed companies.

KEY SENIOR MANAGEMENT

KONG HWAI MING

Executive Director – CKG Chemicals Pte. Ltd. (“CKG”)
Age 57, Male, Singaporean

Hwai Ming started his career as a technician in Tankfarm and Shipping operations in ESSO Refinery Pte. Ltd. in 1981. In 1989, he joined Petrochemical Corporation of Singapore Pte. Ltd. as Operation and Shipping Executive and in 1992, he joined CKG, as Operation Manager and was subsequently promoted to the position of Executive Director. In 2006, Nylex acquired 100% shareholding in CKG and Hwai Ming was retained at the same position until today.

He holds a Diploma in Mechanical Engineering and a Post Diploma in Industrial Management from Singapore Polytechnic.

Hwai Ming has no directorship in public companies and listed companies.

WONG SIUT YIN

Director – Kumpulan Kesuma Sdn. Bhd. and Wedon Sdn. Bhd.
Age 49, Female, Malaysian

Siut Yin started her career as Pharmaceutical Sales Executive in Ciba-Geigy (M) Sdn. Bhd. in July 1991. She joined Kumpulan Kesuma Sdn. Bhd., a subsidiary of Nylex, as Techno-Commercial Chemist in December 1991 and was promoted to her current position as the Director in year 1999. She handles the technical, manufacturing and sales aspects of sealants and adhesives, especially to the automotive and construction industries for more than 20 years.

Siut Yin holds a Bachelor of Science in Chemistry (Hons) degree from National University of Malaysia, Malaysia.

Siut Yin has no directorship in public companies and listed companies.

BON KOK MENG

Managing Director – Pengangkutan Cogent Sdn. Bhd. and Ancom-ChemQuest Terminals Sdn. Bhd.
Executive Director – NYL Logistics Sdn. Bhd.
Age 54, Male, Malaysian

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

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

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

Kok Meng has no directorship in public companies and listed companies.

Notes :

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



DATO'
JOHARI RAZAK

NON-INDEPENDENT
NON-EXECUTIVE CHAIRMAN

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 of the Company for the
financial year ended 31 May 2017.

CHAIRMAN'S STATEMENT

PERFORMANCE

The Group posted a higher revenue of RM1.70 billion for the current financial year ended 31 May 2017 ("FY2017") compared to a revenue of RM1.51 billion in the previous financial year ended 31 May 2016 ("FY2016"). Profit before taxation ("PBT") grew by 199% to RM51.4 million in FY2017 from RM17.2 million in FY2016.

After accounting for taxation and non-controlling interests, the profit attributable to shareholders for FY2017 amounted to RM17.5 million compared to a loss attributable to shareholders of RM7.0 million in FY2016.

Overall, the Group has performed well in the current financial year. The earnings per share for the current financial year is 8.11 sen compared to a loss per share of 3.24 sen in FY2016.

REVIEW OF OPERATIONS

Our agricultural and industrial chemical business saw higher selling prices and volume for the industrial chemicals while the agricultural chemical business continued to make inroads into the larger plantation companies in Malaysia. Exports sales for the agriculture chemical business remained strong with orders from Latin America and Australia.

The improvement in performance from our manufacturing plant in Surabaya, Indonesia and higher demand for our sub-soil drainage products have contributed positively to the Polymer Division.

Despite a challenging year in FY2017 in the media industry, our Media Division performed creditably. This was achieved through better marketing efforts and strategies plus costs rationalisation exercise. In September 2016, our 51% subsidiary, Titanium Compass Sdn. Bhd., won the bid for the advertising concession in the First Phase of the MRT Lembah Kelang - Jajaran Sungai Buloh - Kajang ("KVMRT-SBK Line"). This marks a major milestone for our media business as it enables us to offer new media platforms to our customers.

Our Logistic Division received its new chemical vessel in mid-January 2017. It was not fully operational as at the financial year-end as it was undergoing certain procedural ship inspection by the relevant authorities during the year. The new chemical vessel will complement our industrial chemical business for the regional clients.

Further details on the performance review are set out in the *Management Discussion and Analysis* on pages 23 to 28.

PROSPECTS

While the global economy has shown signs of growth, the pace of recovery remains slow and therefore, the general outlook has yet to show much improvements. Amid the uncertainty surrounding the stability of the global economy, the business environment will remain challenging. The Board and management will continue its efforts to improve efficiencies of its existing businesses and explore opportunities to expand the business.

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.

APPRECIATION

On behalf of the Board, I would like to thank the management and all employees for their contribution, commitment and dedication in achieving remarkable results for the current financial year. I would also like to thank all our valued shareholders, customers, suppliers, bankers, business associates and the regulatory authorities for their continued assistance and co-operation.

Dato' Johari Razak
Non-Executive Chairman
 29 August 2017
 Petaling Jaya,
 Selangor Darul Ehsan



**DATO'
JOHARI RAZAK**

PENGERUSI BUKAN-EKSEKUTIF

KENYATAAN PENGERUSI

Para Pemegang Saham,

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan kepada anda Laporan Tahunan dan Penyata Kewangan Teraudit Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Mei 2017.

KENYATAAN PENGURUSI

PRESTASI

Kumpulan telah mencatatkan perolehan yang lebih tinggi sebanyak RM1.70 bilion bagi tahun kewangan semasa berakhir 31 Mei 2017 ("FY2017") berbanding perolehan sebanyak RM1.51 bilion pada tahun kewangan sebelumnya berakhir 31 Mei 2016 ("FY2016"). Keuntungan sebelum cukai ("PBT") meningkat sebanyak 199% kepada RM51.4 juta pada FY2017 daripada RM17.2 juta pada FY2016.

Selepas dikira untuk percukaian dan kepentingan bukan kawalan, keuntungan yang boleh diatribut kepada pemegang saham bagi FY2017 adalah berjumlah RM17.5 juta berbanding kerugian yang boleh diatribut kepada pemegang saham sebanyak RM7.0 juta pada FY2016.

Secara keseluruhannya, Kumpulan telah menunjukkan prestasi yang baik pada tahun kewangan semasa. Perolehan sesaham bagi tahun kewangan semasa ialah 8.11 sen berbanding kerugian sesaham sebanyak 3.24 sen pada FY2016.

TINJAUAN OPERASI

Perniagaan kimia pertanian dan industri kami menyaksikan harga jualan dan volum yang lebih tinggi bagi kimia industri sementara perniagaan kimia pertanian terus meluaskan jejak ke dalam syarikat-syarikat perladangan yang lebih besar di Malaysia. Jualan eksport bagi perniagaan kimia pertanian kekal kukuh dengan tempahan dari negara-negara Amerika Latin dan Australia.

Peningkatan dalam prestasi oleh kilang pembuatan kami di Surabaya, Indonesia dan permintaan lebih tinggi untuk produk-produk saliran subtanah kami telah menyumbang secara positif kepada Bahagian Polimer.

Walaupun FY2017 merupakan tahun yang dipenuhi dengan cabaran bagi industri media, Bahagian Media kami telah menunjukkan prestasi yang terpuji. Ini berjaya dicapai melalui usaha-usaha dan strategi pemasaran yang lebih baik, serta amalan rasionalisasi kos. Pada September 2016, anak syarikat 51% kami, Titanium Compass Sdn. Bhd., telah memenangi bidaan konsesi kontrak pengiklanan dalam Fasa Pertama projek MRT Lembah Kelang - Jajaran Sungai Buloh - Kajang ("Laluan KVMRT-SBK"). Kejayaan bidaan ini merupakan satu pencapaian penting untuk perniagaan media kami dalam usaha mengembangkan perniagaan kami dan membolehkan kami menawarkan platform media baharu kepada para pelanggan kami.

Bahagian Logistik kami telah menerima kapal tanker bahan kimia pada pertengahan Januari 2017. Ia belum lagi beroperasi sepenuhnya pada penghujung tahun kewangan tersebut kerana ia sedang menjalani pemeriksaan prosedur kapal yang tertentu oleh pihak-pihak berkuasa yang berkaitan pada tahun tersebut. Kapal tanker bahan kimia yang baharu ini akan melengkapkan perniagaan kimia industri kami untuk pelanggan-pelanggan serantau.

Butiran lanjut mengenai tinjauan prestasi dibentangkan dalam Management Discussion and Analysis pada mukasurat 23 hingga 28.

PROSPEK

Walaupun ekonomi global telah menunjukkan tanda-tanda pertumbuhan, tetapi kadar pemulihan masih kekal perlahan, oleh sebab itu keadaan ekonomi masih belum menunjukkan peningkatan yang ketara. Ketidaktentuan yang menyelubungi kestabilan ekonomi global, menyebabkan persekitaran perniagaan kekal mencabar. Pihak Lembaga dan pengurusan akan meneruskan usaha-usahanya untuk meningkatkan tahap keberkesanan dan meneroka peluang-peluang untuk mengembangkan perniagaan kumpulan.

Lembaga Pengarah berpendapat, tanpa mengambil kira keadaan yang tidak dapat dijangka, bahawa prestasi kewangan dan prospek Kumpulan akan kekal memuaskan pada tahun kewangan yang berikutnya.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan kepada pihak pengurusan dan pekerja-pekerja atas sumbangan, komitmen dan dedikasi mereka dalam mencapai hasil yang mengagumkan bagi tahun kewangan semasa. Saya juga ingin merakamkan penghargaan kepada pemegang saham, para pelanggan, pembiayaan, jurubank, rakan perniagaan dan pihak-pihak berkuasa kerajaan atas sokongan dan kerjasama yang berterusan.

Dato' Johari Razak
Pengerusi Bukan Eksekutif

29 Ogos 2017

Petaling Jaya,

Selangor Darul Ehsan

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

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

Agricultural and industrial chemicals	- manufacture, trading and sale of agricultural and industrial chemicals;
Polymer	- manufacturing and marketing of polymer products;
Logistics	- ship-owning, ship-operating, transportation, container haulage, bulk cargo handling, chemicals warehousing and related services;
Information technology	- provision of information technology services and sales of computer hardware and software; and
Media	- provision of digital and out-of-home advertising media space.

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

Agricultural and Industrial Chemicals Division

This division operates the largest business of the Group. The manufacturing and sale of agricultural chemicals include a wide range of herbicides, pesticides and insecticides based on Monosodium Methyl Arsenate ("MSMA") and Glyphosate. These are manufactured in two factories in Malaysia servicing domestic market as well as exporting to such faraway places like North and South America, Africa, Australia, New Zealand and Central Asia. For the industrial chemicals business, our products include ethanol, phosphoric acid, adhesives and sealants. These are marketed and distributed into the Asia-Pacific region.

The key subsidiaries included in this division include:

- Ancom Crop Care Sdn. Bhd. ("ACC") and its subsidiaries:
 - o Polytensides Sdn. Bhd.
 - o Ancom Bioscience Sdn. Bhd.
 - o Timber Preservatives Sdn. Bhd.
 - o Entopest Environmental Services Sdn. Bhd.
- Perusahaan Kimia Gemilang Sdn. Bhd. ("PKG") and its subsidiaries:
 - o Dynamic Chemical Pte. Ltd.
 - o Perusahaan Kimia Gemilang (Vietnam) Company Ltd.
 - o PT PKG Lautan Indonesia
 - o Ancom Kimia Sdn. Bhd.
- CKG Chemicals Pte. Ltd.
- Fermpro Sdn. Bhd. ("Fermpro")
- Nylex Specialty Chemicals Sdn. Bhd. ("NSC")
- Speciality Phosphates (Malaysia) Sdn. Bhd.
- Kumpulan Kesuma Sdn. Bhd.
- Wedon Sdn. Bhd.

MANAGEMENT DISCUSSION AND ANALYSIS

Polymer Division

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

The key subsidiaries included in this division include:

- PT Nylex Indonesia ("PTNI")
- Nylex Polymer Marketing Sdn. Bhd.

The Division has two (2) manufacturing plants of which one is located in Shah Alam, Selangor and the other one is located in Surabaya, Indonesia.

Logistics Division

The Logistics Division is principally involved in the provision of bulk liquid chemical related logistics services in Malaysia. The bulk liquid terminal is strategically located within Port Klang, West Port Bulk Liquid Terminal and Free Trade Zone. It owns and operates a large fleet of prime movers, road tankers and lorries, and provides cross border bulk chemicals land transportation between Malaysia and Singapore. In FY2017, The division ventures into the business of ship owning, ship management and charter hire of tanker. It owns a 6,800 dwt IMO II chemical tanker.

The key subsidiaries included in this division include:

- NYL Logistics Sdn. Bhd. ("NYL")
- ALB Marine Sdn. Bhd. ("ALBM")
- Ancom-ChemQuest Terminals Sdn. Bhd. ("ACT")
- Pengangkutan Cogent Sdn. Bhd. ("PCSB")

Information Technology ("IT") Division

The IT Division specialises in supply of computer hardware, software and related products as well as providing software consultation services to the public and private sectors. The division is also a supplier of applications, specializing in application development utilizing the Oracle core technologies. Its applications include Enterprise Resource Planning, Corporate Treasury, Co-operations and Credit Guarantee System. Its other applications include Gaming System, Wireless Work In Progress System and many more. The division also operates an out-sourced customer contact centre catering mainly financial institution, insurance companies and telecommunication companies.

The key subsidiaries included in this division include:

- iEnterprise Online Sdn. Bhd.
- Redberry Contact Centre Sdn. Bhd.

MANAGEMENT DISCUSSION AND ANALYSIS

Media Division

The Media Division of the Group owns and operates multiple media platforms, which includes outdoor billboards, in-door advertisements in the airports, mass rail transit system ("MRT"), buses, supermarkets and digital screens with primary focus in Klang Valley. The division has rights to operate and manage advertisements in a major cinema chain in Malaysia. The division also holds the rights for organising and promoting international and local motor sport events. The division also has a printing press line under its wholly-owned subsidiary, Twinstar Synergy Sdn. Bhd.. Through its associate TeaFM Radio Sdn. Bhd., the Division operates a free-to-air radio channel in East Malaysia.

The key subsidiaries included in this division include:

- Redberry Sdn. Bhd. and its subsidiaries:
 - o Meru Utama Sdn. Bhd. ("MUSB")
 - o Titanium Compass Sdn. Bhd. ("TCSB")
 - o Redberry Outdoors Sdn. Bhd. ("RBO")
 - o Focus Media Network Sdn. Bhd. ("FMN")
 - o Point Cast (M) Sdn. Bhd. ("PCM")
 - o Wheel Sport Management Sdn. Bhd. ("WSM")
 - o Twinstar Synergy Sdn. Bhd. ("Twinstar")

and its associates and joint ventures companies:

- o TeaFM Radio Sdn. Bhd.
- o MagiqAds Sdn. Bhd.

REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

The revenue for the Group increased to RM1.70 billion for the current financial year ended 31 May 2017 ("FY2017") compared to a revenue of RM1.51 billion in the previous financial year ended 31 May 2016 ("FY2016"). Profit before taxation ("PBT") increased to RM51.4 million in FY2017 compared to RM17.3 million in FY2016.

Profit attributable to owners of the parent company was RM17.5 million in FY2017 compared to a loss attributable to owners of the parent company of RM7.0 million in FY2016.

The basic earnings per ordinary share rose to 8.11 sen for FY2017 compared to loss per ordinary share of 3.24 sen FY2016. Net assets per share attributable to equity holders of the parent as at 31 May 2017 increased to RM1.39, compared with RM1.29 as at 31 May 2016.

As at 31 May 2017, total Trade Working Capital ("TWC") increased by 13.2% to RM118.4 million from RM104.6 million as at 31 May 2016, mainly attributable to the increase in trade receivables and inventories as a result of higher revenue generated during the year as compared to collection.

Net Debt increased to RM240.3 million compared with RM129.7 million as at 31 May 2016 mainly due to higher TWC requirement and the capital expenditure incurred for the purchase of the vessel for JPY1.9 billion.

Following the increase in bank borrowings for the purchase of vessel during the year, the Group's net debt to equity ratio increased to 79% as at 31 May 2017 from 46% as at 31 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Agricultural and Industrial Chemicals Division

The Agricultural and Industrial Chemical Division posted higher revenue of RM1.42 billion in FY2017 compared to RM1.24 billion in FY2016. Segmental profit before taxation increased to RM64.6 million in FY2017 compared to RM36.5 million in FY2016, mainly attributed to the higher selling prices and volume sold for the industrial chemical products coupled with improved performance of the agricultural chemical business. Higher revenue was reported by both the agricultural and industrial chemical businesses.

Industrial Chemical – distribution business

The distribution business posted higher revenue and improved results in FY2017, which was contributed mainly from the higher sales volume and higher selling prices for key products such as methanol, solvents and polymers. The growing biodiesel market in Indonesia and expanding solvents market share in Singapore, Indonesia and Malaysia contributed to the higher revenue.

The demand for biodiesel grew in Indonesia after the implementation of B20, thus increasing the demand for methanol. However, in the formaldehyde industry the demand for methanol has decreased due to shortage of wood particularly in East Malaysia. Lower demand and reduced export volume of plywood and particle boards to North Asia has also affected the formaldehyde industry. Our efforts of expanding the market share in solvents by offering competitive and consistent supply with a wide range of products has boosted the demand for our products in Malaysia, Singapore and Indonesia.

During the financial year, we have invested in an associate company for the construction of new storage tanks in Kuantan, which will be commissioned in 2018. This investment will support and provide supply assurance to our customers. The expansion and growing of our regional presence in Thailand and Philippines remains on track to reach out and be nearer to our customers.

The continuous production output of shale - gas in America will continue to put pressure to OPEC crude oil production and thus we expect crude oil prices to stay at current level. Higher volume of products from shale gas would be shipped to Asia region and thus create over supply situation and this will affect products prices to stay weak in the coming year. With the weaker demand of chemicals in China, most petrochemicals producers would move and supply to other region outside China. This will put pressure on the prices of the chemicals as well.

Industrial Chemical – manufacturing business

The manufacturing business has performed satisfactory in FY2017 due to the combination of higher volume sold for certain products, better sourcing of our key raw materials, improved production efficiencies at our factories and higher sales of better margin products.

There was a shortage of phosphoric acid in the market during the second half of the financial year caused by lower imports from China, thus pushing the prices up. On the domestic front, the weaker Malaysian Ringgit also contributed to higher domestic market prices for phosphoric acid. This favourable market conditions benefitted our business.

Our ethanol plant faced a very challenging year in FY2017. The new excise duty imposed on one of its main raw materials had an adverse impact on the demand for this product. We expect the demand for this product to improve once the market accepts the higher excise duty. Sealants and adhesive products also contributed higher revenue to the division. Revenue grew by 12.1% assisted by higher demand from the automotive industry.

The Manufacturing business segment has been consistent with the quality of our products and the management will continue to ensure that this is maintained and propagated to potential customers through our marketing activities.

However, currency volatility and increasingly stringent foreign exchange control requirements in Malaysia will be a challenge. Heightened market competition and regulatory factors imposed negative pressure on our operating environment. Nevertheless, we will be focusing on enhancing our yield and quality of our products for next financial year ending 31 May 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Agricultural chemical business

The agricultural chemical business continues to post stronger results as it made inroads into the key plantation business domestically while growth in export markets remains strong following new orders from Latin America and Australia.

The management has reviewed its procurement process in FY2017 to achieve better efficiencies. The increased in volume offered economies of scales to the company which enabled the management to source better pricing for some of its key raw materials.

Consolidation was the prevalent theme for the agrochemical industry. As competition intensified amidst a sluggish global economy, mergers and acquisitions seemed to be the route for corporations to streamline operations, cut costs and find new synergies. The complexity of new technology in the agrochemical industry will further intensify competitions and differentiation in the industry.

To main our growth and longer-term sustainability, we are exploring business opportunities within the agriculture chemical sector to diversify our risks. Towards the end of the previous financial year, the division acquired 90% equity interest in Entopest Environmental Services Sdn. Bhd. ("Entopest"), which is involved in general pest management. During the year, Entopest has had considerable success in securing contracts with leading convenience shops, hotel, hospital and cinema chain in Malaysia. The management is confident that this will contribute positively to the results of the division in coming years.

Polymer Division

Revenue from the Polymer Division increased to RM125.7 million in FY2017 compared to RM119.5 million in FY2016. Revenue growth came from PTNI operations and Geosynthetics Drainage Business ("GDB") while there was a decline in demand for our Films and Coated Fabrics ("FCF") and Rotomould products.

Segmental profit before taxation increased to RM18.0 million in FY2017 compared to RM15.8 million in FY2016, which was mainly driven from the profits from PTNI, GDB and FCF businesses. The favourable USD exchange rate also improved profit margins from the export business.

Revenue of PTNI in Indonesia grew on strong demand spurred by growth in vinyl products in the furniture and automotive sectors. While the new Calender line is running with low sales volume, continuous efforts in marketing and product development are being made to expand the business. We are targeting secondary territories in smaller cities in Indonesia for our business expansion.

In FY2017, our GDB's revenue grew by 25.4% with PBT rose by 92.9%. The significant increase was due to several highway and reclamation projects secured and strong exports sales in FY2017. Notable projects were West Coast Expressway and Seri Tanjung Pinang 2. As for the exports sales, orders mainly were from Singapore, Australia, Indonesia, the Middle East and Hong Kong.

The PBT for our FCF segment improved by 15.7% despite revenue declining by 12.7%. We focused on products with higher margins in the furniture and automotive industries.

Our Rotomould business saw a reduction of 25.9% in revenue while PBT declined by 48.0%. The weaker performance was due to a drop in demand for our intermediate bulk containers ("IBC") and road barriers. Imports of road barrier from China affected our market share in Singapore. The cost of raw materials such as steel pipes also increased substantially. We have carried out cost reduction exercises to mitigate further decline in profits and to remain competitive.

Going forward, we are emphasising more on product development by investing in new test equipment and upgrading our laboratory for quality assurance and quality control. We also invest in people development by re-training our employees on TS16949 (Automotive Standard) compliance. These are the key to sustain profits in a competitive industry.

Besides improving our top line, we continue to improve manufacturing efficiencies and lower costs of operations. We are finding ways to reformulate our recipes with cheaper alternative materials while maintaining the desired quality.

MANAGEMENT DISCUSSION AND ANALYSIS

Logistics Division

In FY2017, revenue from the Logistics Division increased to RM30.3 million from RM21.1 million in FY2016. However, segmental profit before taxation decreased to RM0.1 million in FY2017 from RM2.0 million in FY2016. The lower segmental profit before taxation was mainly attributed by the pre-operating expenses as well as the subsequent under-recovery of overheads by the newly-delivered chemical vessel. The new chemical vessel was completed and delivered by the Japanese builder in mid-January 2017. It was not fully operational as at the financial year-end as it was undergoing certain procedural ship inspection by the relevant authorities during the year.

Going forward, we would expect the Logistic Division to complement the Industrial Chemical Division by providing the intra group logistics support as well as to provide better services to our customers to move the bulk cargoes within SEA and South China region.

Information Technology (“IT”) Division

The weak market sentiments have resulted in significant reduction in the overall expenditure in the information technology market. Consequently, the IT Division posted revenue of RM12.6 million in FY2017 compared to RM25.3 million in FY2016. The division posted a loss before taxation of RM1.4 million in FY2017 compared to profit before taxation of RM2.9 million in FY2016.

Media Division

The Media Division posted a revenue of RM102.8 million in FY2017 compared to RM97.7 million in FY2016. The division posted a segmental profit before taxation of RM2.5 million in FY2017 compared to a segmental loss before taxation of RM15.2 million in FY2016.

The media industry experienced a challenging year in FY2017 with lower advertising and media consumption as corporations remained cautious in their spending. Further, the unfavourable market sentiments and the weak Malaysian Ringgit continued to affect consumers’ confidence. Despite these challenges, the Media Division managed to post a higher revenue through value propositions offered to our customers. Advertising in airports saw improvements in FY2017 compared to FY2016 through various advertising campaigns and offerings made to secure large advertising customers. Advertising in the cinemas remained strong FY2017 as the medium continued to be popular.

Overall media industry in Malaysia will still be challenging due to the weak macroeconomic conditions. Advertisers continue to remain defensive amid looming uncertainties while consumer sentiments continue to be weak. We expect this situation to remain for the next financial year.

In FY2017, the Media Division via its 51% subsidiary, Titanium Compass Sdn. Bhd. won the bid for the advertising concession in the First Phase of the MRT Lembah Kelang – Jajaran Sungai Buloh – Kajang (“KVMRT-SBK Line”). The winning of the concession will enable the Media Division to further expand its media offerings and should contribute positively to the division moving forward.

Investment Holding Division and Others

The investment holding division and others incurred an aggregated segmental loss of RM33.0 million in FY2017 compared to RM25.0 million in FY2016. The higher segmental loss is primarily due to increase in corporate expenses in the investment holding companies.

Prospects and Outlook

There are uncertainties surrounding the stability of the global economy while the volatility in commodity prices continues to exert pressure on the market. The Group will continue its focus on revenue preservation and cost control measures in facing the current challenges.

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 ("Listing Requirements")

INTRODUCTION

The Board acknowledges the importance for the Company and its subsidiary companies ("Group") to adopt and continuously practise good corporate governance throughout the Group's operations to ensure the highest standards of accountability and transparency, as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group.

The Board is pleased to present this statement outlining the applications by the Group of the principles and recommendations as set out in The Malaysian Code on Corporate Governance 2012 ("Code") with reference to the Corporate Governance Guide ("Guide") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") for the financial year ended 31 May 2017.

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 four (4) Independent Non-Executive Directors.

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

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

Clear Roles and Responsibilities of the Board

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

- Formulating and charting the strategic direction and setting out the Group's short-term and long-term plans and objectives. This will then be the basis for the GMD and Management team to formulate a detailed business plan;
- Reviewing and approving the Group's key operational policies and initiatives and major investment and funding decisions of the Group, new business/projects and reviewing the same with the GMD;
- Overseeing and reviewing the Group's business operations and financial performances to evaluate whether the business is being properly managed and sustained;
- Overseeing the development, implementation and review of the succession plan for the Directors and the key senior management;
- Overseeing the development, implementation and reviewing/monitoring of the risk management framework and the adequacy and integrity of the Group's internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group; and
- Formulating and promoting ethical and good corporate governance within the Group.

STATEMENT ON CORPORATE GOVERNANCE

To ensure that the Board and Management are clearly aware of where the limits of responsibility lie and that due consideration is given to issues at the appropriate level, certain matters are formally reserved for the Board's collective decision. These include the business strategies, annual business plan and budgets; significant corporate proposals including mergers and acquisitions; Group business restructuring and new issue of securities; acquisitions and disposal of significant assets and expenditure above certain amount and related party transactions of a material nature. In addition, the Board is responsible for setting the Board policies, as well as authority limits of the GMD and Management team. The Board policies and authority limit are subject to regular reviews by the Board.

The Board plays an active role in formulating the Group's strategic direction with the GMD and Management team. The Board does not involve itself in the day-to-day business operations of the Group. The Board delegates the authority and responsibility of the Group's management and day-to-day operations to the GMD and Management team, which consists of the Divisional Heads/ Divisional Managing Directors and the Chief Financial Officer. The GMD in overall is responsible for the day-to-day management of the Group's business and operations and for implementing the business plans and strategies, in line with the Company's direction as agreed by the Board.

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

Formalised Ethical Standard through Code of Ethics

The Board, in discharging its oversight role, conducts its business in observation 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 is formulated to enhance the standard of corporate governance and corporate behaviour with the aim of achieving the following objectives:

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

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

Strategically Promoting Sustainability

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

The Group continued to carry out activities which demonstrate its commitment towards creating a better environmental, social and governance and sustainability agenda during the financial year ended 31 May 2017 as reported in the *Corporate Social Responsibility Statement* in this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

Access to Information and Advice

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

Prior to the Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain minutes of meetings, operational and financial performance reports, details of corporate proposals, the Quarterly Interim Financial Reports or the Annual Audited Financial Statements, reports of the Board Committees, Internal Audit Reports and other matters for the Directors' perusal before the Board/Committee meetings. The Company Secretaries will strive to provide these materials to the Directors seven (7) days prior to the Board/Committee meetings, working within the challenges and constraints of the information gathering process; otherwise, the materials will be provided two (2) days before the meetings while those of a confidential nature will be provided during the Board/Committee meetings.

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

Qualified and Competent Company Secretaries

The Board is supported by two (2) Company Secretaries. Both of the Company Secretaries have more than fifteen (15) years of experience in company secretarial practices and are qualified to act as a Company Secretary under the law.

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

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

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

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 Management.

STATEMENT ON CORPORATE GOVERNANCE

Board Charter

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

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

The Board Charter focuses on the following areas:

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

The Board Charter was last reviewed on 27 July 2017, and it will be updated from time to time to reflect changes to the Board's practices and amendments to the relevant rules, requirements and regulations.

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Company is led by an experienced Board, which comprises one (1) Non-Independent Non-Executive Chairman, one (1) Group Managing Director ("GMD"), two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors.

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

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

Remuneration and Nomination Committee

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

The Terms of Reference of the R&N Committee were reviewed on 27 July 2017 and are available on the Company's website at www.ancom.com.my.

During the financial year, the membership of the R&N Committee, which comprises solely 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)

STATEMENT ON CORPORATE GOVERNANCE

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

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

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

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

Annual Assessment

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

During the financial year ended 31 May 2017, the R&N Committee had one (1) meeting on 29 July 2016. The R&N Committee, after reviewing the current composition of the Board and the Board Committees, was satisfied that the Board and Board Committees comprised Directors who are persons of calibre and credibility with extensive expertise and a wealth of experience in legal, accounting, corporate finance, marketing, public services and business practice, as required under the Board Charter and the Terms of Reference of the Board Committees, to support the Group's continuous growth and prosperity. Accordingly, the R&N Committee recommended that the current composition of the Board and Board Committees be retained.

Following the appointment of Tan Sri Dato' Seri Abdull Hamid Bin Embong as Independent Non-Executive Director of the Company, the total Independent Directors has been increased to four (4).

Re-election of Directors

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

The Constitution 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 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 individually, unless a resolution for the re-election of two (2) or more Directors by a single resolution has been passed at the annual general meeting.

STATEMENT ON CORPORATE GOVERNANCE

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

To assist the 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 this Annual Report.

Board Diversity Policy

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

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

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

Remuneration of Directors

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

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

The R&N Committee also assumes the task of recommending to the Board the remuneration package for the GMD, drawing on outside advice as necessary at the Company's expense, and taking into consideration the GMD's responsibilities, contributions and performance, as well as the market rate for similar positions in comparable companies. The GMD did not participate in the Board's 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 that he attended.

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 RM482,500 was approved by the shareholders at the 47th annual general meeting of the Company.

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

In year 2016, the Company engaged a firm of consultants to provide a review of the directors' fees for Non-Executive Directors of 30 Malaysian Public Listed Companies listed on the Main Board of Bursa Securities, based on their most recent annual reports as at 1 January 2016.

STATEMENT ON CORPORATE GOVERNANCE

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

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

Directors' fees and benefits to the Non-Executive Directors are subject to the shareholders' approval at the Annual General Meeting.

The aggregate amount of Directors' remuneration paid or payable to the Directors of the Company for the financial year ended 31 May 2017 is as follows:

Category	Group		Company	
	Executive Director	Non-Executive Director	Executive Director	Non-Executive Director
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Fees	-	840	-	520
Salaries	8,046	2,520^	462	-
Other emoluments	-	29	-	14
Benefits-in-kind	94	65	66	36

Range of Remuneration*	Number of Directors		Total
	Executive Director	Non-Executive Director	
RM50,001 to RM100,000	-	3	3
RM100,001 to RM150,000	-	1	1
RM250,001 to RM300,000	-	2	2
RM2,550,000 to RM2,600,000	-	1	1
RM8,100,000 to RM8,150,000	1	-	1
Total	1	7	8

* inclusive of the remuneration for services rendered to the Company and subsidiaries of the Group.

^ This is payable to a Non-Executive Director who is the Executive Director of certain subsidiaries, i.e. Nylex Malaysia Berhad and Redberry Sdn. Bhd..

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

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 for appointment 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 Listing Requirements;
- He/she is free from any business or other relationship with the Group which would materially interfere with the exercise of his/her independent judgement on matters at hand; and
- He/she is a person of calibre, credibility and has the necessary skill and experience to bring independent judgement to bear on the issues of strategy, business performance, resources and standards of conduct and to challenge Management in an effective and constructive manner. He/she is able to provide independent views in the Board’s discussions and has not shown to have compromised on his/her independent judgement.

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

Tenure of Independence

Recommendation 3.2 of the Code states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director’s re-designation as a Non-Independent Director. Recommendation 3.3 of the Code states that the Board must justify and seek shareholders’ approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

The Board is of the view that the length of service of the Independent Directors should not affect a Directors’ independence. The important criteria that must be possessed by the Independent Directors are their independence from Management and their freedom from any business and other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Board also believes that valuable contributions can be obtained from Directors who have developed valuable insight of the Group and its business due to their long tenure of directorship in the Company. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision-making processes of the Board notwithstanding their tenure on the Board.

Based on the recent assessment in year 2017, the Board is generally satisfied with the level of independency demonstrated by the Independent Directors, i.e. they are independent of Management and free from any business dealing or other relationship with the Group that could be reasonably be materially interfere with their exercise of independent judgement.

Further, the Board had via the R&N Committee conducted an annual performance evaluation and assessment of Tan Sri Dato’ Dr Lin See Yan and Edmond Cheah Swee Leng, who have served as the Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and recommended them to continue to act as the Independent Non-Executive Directors of the Company based on the following justifications:

- (a) They have fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements and their ability to bring an element of objectivity to the Board;

STATEMENT ON CORPORATE GOVERNANCE

- (b) They have been with the Company for more than nine (9) years and therefore understand the company's business operations which enable them to participate actively and contribute during the deliberations or discussions at the meetings;
- (c) They are knowledgeable and have vast experience that could be shared with the Board; and
- (d) They have exercise due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company.

In line with Recommendation 3.3 of the Code, the Board will seek shareholders' approval at the forthcoming AGM, to retain both Tan Sri Dato' Dr Lin See Yan and Edmond Cheah Swee Leng as Independent Directors of the Company.

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

Separation of the Positions of the Chairman and the 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.

According to Recommendation 3.5 of the Code, 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 four (4) Independent Directors, which complies with the Listing Requirements which require at least one-third (1/3) of its members to be Independent Directors.

Despite that the Company is not in line with the above said Recommendation, the Board is satisfied that Dato' Johari Razak, a practising solicitor and partner in a 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.

PRINCIPLE 4: FOSTER COMMITMENT

Time Commitment

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

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

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

STATEMENT ON CORPORATE GOVERNANCE

The Board holds its Board meetings quarterly and additional meetings are convened as and when necessary as determined by the Chairman or as requested by the Directors. 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 meeting held during the financial year. The attendance records of the Directors are as follows:

Name of Director	Attendance
<u>Board Meetings :</u>	
Dato' Johari Razak	4/4
Dato' (Dr) Siew Ka Wei	4/4
Tan Sri Dato' Dr Lin See Yan	3/4
Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid	3/4
Chan Thye Seng	3/4
Edmond Cheah Swee Leng	4/4
Lim Hock Chye	4/4
Tan Sri Dato' Seri Abdull Hamid Bin Embong	4/4
<u>Audit Committee Meetings:</u>	
Edmond Cheah Swee Leng	5/5
Dato' Johari Razak	4/5
Lim Hock Chye	5/5
<u>R&N Committee Meeting :</u>	
Tan Sri Dato' Dr Lin See Yan	0/1
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.

The proceedings of all meetings, were recorded in the minutes of the Board of Directors and Board Committee meetings respectively.

Continuing Education Programme and Training

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

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

In May 2017, the Company organised a workshop on "Dealing in Listed Securities, Closed Period & Insider Trading" facilitated by a professional trainer for the Directors of the Company and its listed subsidiaries, Nylex (Malaysia) Berhad and Ancom Logistics Berhad.

All the Directors of the Company have attended the above workshop except for Dato' Johari Razak and Tan Sri Dato' Dr Lin See Yan.

STATEMENT ON CORPORATE GOVERNANCE

Dato' Johari Razak had separately attended a training entitled "Overview of the Companies Act, 2016: Practical Insights & the Challenges", and Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid also attended other trainings entitled "Share Buy-Back – A Regulatory Perspective" and "Key Disclosure Obligations of a Listed Company", which were organised by other listed companies that they sit on the Board.

Tan Sri Dato' Dr Lin See Yan, a prolific speaker on topics relating to global economic, banking and business issues, has delivered many talks and has attended many dialogues and seminars throughout the financial year.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and the Group, to enable them to ensure that the financial statements are prepared in accordance with the Companies Act, 2016, the Malaysian Financial Reporting Standards ("MFRS"), the International Financial Reporting Standards ("IFRSs"), the Listing Requirements and other statutory and regulatory requirements.

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

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

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

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

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

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

The assessment of independence focuses on whether there exists any relationship between the External Auditors and the Directors or Senior Management and major shareholders of the Group as well as any conflict of interest situation arising therefrom, including the extent of non-audit services performed by the External Auditors during the financial year that will give rise to questions about the External Auditors' independence and objectivity in carrying out the responsibilities entrusted to them. The assessment of performance focuses on the External Auditors' experience, competency, resources of the firm, the quality of the staff assigned to audit the Company and its subsidiaries' accounts and the Audit Committee's opinion on the quality of the reports to the Audit Committee.

STATEMENT ON CORPORATE GOVERNANCE

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

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

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risk

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

Internal Audit Function

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

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

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

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

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

STATEMENT ON CORPORATE GOVERNANCE

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.

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

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

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

The Company Secretaries are assigned to compile 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 IR portal 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 via email to corp@ancom.com.my. The queries will be attended by the Company's Senior Management or the Board, as the case may be.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders' Participation at General Meetings

General meetings remain the principal forum for dialogue between the Company and its shareholders, as the Company's general meetings provide a means of communication with shareholders.

STATEMENT ON CORPORATE GOVERNANCE

At the general meetings, the Board encourages and give sufficient opportunity for the shareholders to ask questions regarding the affairs of the Group, its financial performance and the resolutions being proposed at the meetings. 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 raise question before voting takes place.

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

In line with the Listing Requirements, to encourage more shareholders participation at the Company's general meetings, the Company allows any member who is entitled to attend and vote at the general meeting to appoint a proxy to attend and vote for him/her and the proxy so appointed may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The Company's Constitution explicitly allows 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 the summary of key matters discussed at the general meetings is available for inspection at the Company's website.

Poll Voting

All resolutions that set out in the notice of any general meeting will be voted via poll voting.

CONCLUSION

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

AUDIT COMMITTEE REPORT

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

The Board is pleased to present its Audit Committee Report for the financial year ended 31 May 2017.

TERMS OF REFERENCE

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

MEMBERS AND MEETINGS

The membership of the Audit Committee is as follows:

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

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

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

Edmond Cheah Swee Leng is a member of the Malaysian Institute of Accountants ("MIA"). The composition of the Audit Committee during the financial year complied with the Listing Requirements of Bursa Malaysia Securities Berhad.

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

Members	Attendance
Edmond Cheah Swee Leng	5/5
Dato' Johari Razak	4/5
Lim Hock Chye	5/5

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

SUMMARY OF ACTIVITIES

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

Financial Results

The Audit Committee reviewed the Quarterly Interim Financial Reports ("Financial Reports"), which were presented by the Management, with the aim of ensuring that the Financial Reports, inter alia, complied with the disclosure requirements of the Listing Requirements, the approved Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs"), the Companies Act, 2016, and other statutory and regulatory requirements, prior to recommending the Reports to the Board for consideration and approval, and for subsequent release to Bursa Malaysia Securities Berhad. The Audit Committee also sought explanations from Management on the Group's performance from time to time.

AUDIT COMMITTEE REPORT

The Audit Committee also reviewed the Annual Audited Financial Statements ("Financial Statements"), which were presented by Management, with the present of the External Auditors, with the aim of ensuring that the Financial Statements, inter alia, complied with the disclosure requirements of the approved MFRSs and IFRSs, the Companies Act, 2016, the Listing Requirements and other statutory and regulatory requirements, and to resolve any contentious issues, if any, prior to recommending of the Financial Statements to the Board for consideration and approval, and for subsequent release to Bursa Malaysia Securities Berhad.

In both the above reviews, the Chief Financial Officer has given an assurance to the Audit Committee that the Financial Reports and Financial Statements have been prepared based on consistent and generally acceptable accounting policies and standards, that there are no material misstatements and that the Financial Reports and Financial Statements give a true and fair view of the financial performances and positions of the Company and of the Group as at the respective reporting dates.

Internal audits

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

- Reviewed and approved the internal audit plan, including the scope of audit, and ensuring that all major and/or high risk activities are covered;
- Reviewed the risk assessment reports and ensure effective implementation of risk management system across the Group;
- Reviewed the quarterly internal audit reports, which detailed the observations and recommendations of the internal auditors, and the Management's responses to these recommendations;
- Reviewed certain weaknesses noted in the internal audit or non-compliance of the internal control system to determine their possible impact on the effectiveness of the internal control system and their possible financial impact on the Group's financial results and the going concern assumptions; and
- Reviewed the Management's remedial actions to be undertaken in relation to the weaknesses and/or non-compliances noted above and the follow-up actions undertaken by the Management thereof.

External Audits

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

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

INTERNAL AUDIT FUNCTION

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

AUDIT COMMITTEE REPORT

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

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

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

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

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

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

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

The total cost incurred for the Company's internal audit function during the financial year was RM43,000 (2016: RM42,000).

ASSESSMENT OF INDEPENDENCE AND PERFORMANCE

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

RISK MANAGEMENT

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

AUDIT COMMITTEE REPORT

RELATED PARTY TRANSACTIONS

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

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

EMPLOYEES' SHARE OPTION SCHEME

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

CONCLUSION

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

INTRODUCTION

The Board is pleased to provide the Group's Statement on Risk Management and Internal Control for the financial year ended 31 May 2017 made pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). This Statement has been prepared in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" issued by the Task Force with the support and endorsement of Bursa Securities.

For the purpose of this Statement, the "Group" means the Company and its subsidiaries. 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. The internal audit reviews focus on achieving the following objectives:

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

However, due to the limitations that are inherent in any system of internal control, the Group's system of internal control is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it only provides reasonable but not absolute assurance against material misstatement or loss.

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

RISK MANAGEMENT

The Board confirms that there is an on-going process of identifying, assessing and responding to risks for achieving the objectives of the Group for the financial year under review. The process is in place for the year under review and up-to-date of the issuance of the Statement on Risk Management and Internal Control.

The process of risk identification involves in reviewing and identifying the possible risk exposure which arising from both internal and external environment changes and operation conditions. The risk measurement guidelines consist of financial and non-financial qualitative measure of risk consequences based on risk likelihood rating and risk impact rating.

As part of the Risk Management process, a Registry of Risk and the Risk Management Handbook were adopted. The Registry of Risk is maintained to identify principal business risk and updated for on-going changes in the risk profile. The Risk Management Handbook summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concept. The responsibility of respective risk owners are to identify and ensure the adequate control systems are implemented to minimise and control the risks which faced by the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The management has been empowered with the responsibility to manage the risk and internal controls that associated with the operations of the Group and to ensure the compliance with the applicable laws and regulations. The management appointed an Officer to review, update and report the key risk factors of key operating subsidiaries in each quarterly Audit Committee meeting. Besides, any significant issues and control implemented were discussed at management meetings and quarterly Audit Committee meetings.

INTERNAL AUDIT FUNCTION

In accordance with the Malaysian Code on Corporate Governance, the Group in its efforts to provide adequate and effective internal control system had appointed an independent consulting firm to review the adequacy and integrity of its system of internal control and perform the role of internal audits. The internal auditor reports directly to the Audit Committee.

The internal audit reviews and addresses critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group. Quarterly internal audit reports and status report on follow up actions were tabled to the Audit Committee and Board during its quarterly Audit Committee Meetings.

For the Financial Year Ended 31 May 2017, the following subsidiaries of the Group were audited by the independent consulting firm:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (Jun 2016 – Aug 2016)	Oct 2016	Genovasi (Malaysia) Sdn. Bhd.	<ul style="list-style-type: none"> • Business Development • Sales & Marketing • Innovation Ambassador Development Programme (IADP) • Cash & Treasury Management
2nd Quarter (Sept 2016 – Nov 2016)	Jan 2017	Meru Utama Sdn. Bhd.	<ul style="list-style-type: none"> • Business Development, Sales and Marketing • Contract Implementation and Management • Budget and Costing
3rd Quarter (Dec 2016 – Feb 2017)	Apr 2017	Ancom Crop Care Sdn. Bhd.	<ul style="list-style-type: none"> • Maintenance • Safety and Health
4th Quarter (Mar 2017 – May 2017)	July 2017	Genovasi (Malaysia) Sdn. Bhd.	<ul style="list-style-type: none"> • Revenue Management • Project Management, Marketing and Communication • Coaching & Program • Operations

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM

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

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

The Group's organisational structure which 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 internal control activities. There is proper segregation of duties and responsibilities to eliminate the incidence of an employee having total control of a business process.

The Board has entrusted the daily running of the business to the 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 have been placed in positions of responsibility to ensure that the objectives of the Group's Risk Management and Internal Control System are achieved.

- ***Risk Management Process***

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

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

• **Reporting and Review**

The 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 explanations on significant variances are presented to the Board during the Board meetings.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- ***Group Policies and Procedures***

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

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement in accordance with the scope outlines in the Recommended Practice Guide 5 issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 May 2017, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement on Risk Management and Internal Control factually inaccurate.

CONCLUSION

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

The Board is of the view that the Group's Risk Management and Internal Control system during the financial year under review and up to the date of issuance of this Annual Report has been satisfactory and has not resulted in any material losses, contingencies or uncertainties that would jeopardise the value of the Group's assets and shareholders' investment. The Board will continue to take measures and maintain an ongoing commitment to strengthen the Group's Risk Management and Internal Control system.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

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

- the Group shall conduct its business ethically and with integrity, honesty and fairness and with the utmost level of corporate governance;
- the Group shall not breach the regulations and laws, and shall respect the 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 2017 which focus on four areas as disclosed below:



Environment



Workplace



Community



Marketplace

ENVIRONMENT

As a responsible corporation, the Group has initiated various sustainable environmental conservation efforts. Chemical wastes are sent to Kualiti Alam for proper disposal and monthly reports on the scheduled waste are submitted to the Department of Environment ("DOE") and the relevant local authorities. Used materials such as papers, paper cartons and cardboard boxes are re-used, where possible, or sent to recycling centers. 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 on the development of human resources. Various activities focusing on safety and health were organised by the Group to promote a healthy and positive work environment for its employees:

- Proactive measures were taken to reduce employees' exposure to noise, such as providing ear plugs 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 on the factory workers in hazardous areas;
- Scheduled safety drills such as fire and evacuation, chemical leakage, storage tank leakage and falling ill on-site drills were conducted to ensure that employees are well trained to handle emergency situations;
- Regular training on workplace safety, product handling, inspection of fire-fighting equipment; Fire Safety talk by the Public Fire Safety & Prevention Education Centre, Personal Protection Equipment talk and fire and chemical handling drills were carried out for the employees on a regular basis;
- Regular first aid training to employees at the Group's Bulk Liquid Terminal; and

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

- Fire drill 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 fire or accident at the Terminal.

Management and Supervisory Development programs 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 students from local institutes of higher learning.

Employees of the Group are encouraged to volunteer for community projects. During this financial year, the Group organized various activities to reach out to the local communities. The Group has sponsored Hospis Malaysia in their Hospis Palliative Care Awareness Programme; sponsored food to the children of refugees during their graduation ceremony; visited the Orang Asli homes in Perak and distributed food and provided medicine supplies to them; contributed donations to schools and other charitable activities. The Company is also the joint organiser with a local private university, towards "Run for National Unity" which was held on 16 September 2017. This serves as an initiative to promote national unity and at the same time raise funds to provide scholarship for deserving students to further their higher education.

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 External Quality Assessment (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 IN RELATION TO THE PREPARATION OF AUDITED FINANCIAL STATEMENTS

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

In accordance with the Companies Act, 2016, the Directors of the Company are required to prepare 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 results and cashflows 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 2017 and of the results and cashflows of the Company and the Group for the financial year ended 31 May 2017. The Directors are also responsible for ensuring that the Audited Financial Statements comply with the Companies Act, 2016, the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs"), the Listing Requirements and other statutory and regulatory requirements.

In preparing the Audited Financial Statements, the Directors have:

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

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



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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 2017.

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 39 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	29,277	8,885
Attributable to:		
Owners of the parent	17,466	8,885
Non-controlling interests	11,811	-
	29,277	8,885

DIVIDEND

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

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any 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 47th Annual General Meeting held on 20 October 2016, the shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase up to 10% of its own ordinary shares.

During the financial year, the Company repurchased 278,800 of its issued ordinary shares from the open market of Bursa Malaysia Securities Berhad at an average price of RM0.34 per share. The total consideration paid for the repurchases including transaction costs was RM95,758.

As at 31 May 2017, a total of 3,779,327 (2016: 3,500,527) Treasury Shares at a total cost of RM2,473,000 (2016: RM2,377,000) are held by the Company. The shares repurchased are being held as Treasury Shares in accordance with Section 127(4)(b) of the Companies Act, 2016.

The number of ordinary shares as at 31 May 2017 net of Treasury Shares is 215,177,015 (2016: 215,455,815).

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
 Tan Sri Dato' Seri Abdull Hamid Bin Embong

In accordance with Articles 81 of the Constitution of the Company, Edmond Cheah Swee Leng and Lim Hock Chye 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 at the forthcoming Annual General Meeting. The Board recommends that Tan Sri Dato' Dr. Lin See Yan to be re-appointed as a Director of the Company.

The Directors of subsidiaries who held for office since the date of the last report and at the date of this report, not including those Directors listed above are:

Abd Hapiz Bin Abdullah
 Abdul Latif Bin Mahamud
 Ahmad Razif Bin Mohamed
 Anthony Tan Swee Hock
 Bon Kok Meng
 Chai Hann Lin
 Chan Ying Wai
 Chandran A/L A Perumal
 Chen Tai Ngoh

DIRECTORS' REPORT

DIRECTORS *(continued)*

The Directors of subsidiaries who held for office since the date of the last report and at the date of this report, not including those Directors listed above are: *(continued)*

Chin Kok Wooi	<i>(Appointed on 22 May 2017)</i>
Chow Keen Seng	
Chotchawal Leetrairong	
Dato' Abdul Latif Bin Abdullah	
Dato' Henry Lau Lee Kong	
Dato' Lee Yeow Chor	
Dato' Ng How Hon	
Dato' Sri Tong Seech Wi	
Dato' Sri Wang Yen Liang	
Datuk Abdul Rashid Bin Hashim	
Datuk Akbarkhan Bin Abdulrahman	
Datuk Anuar Bin Ahmad	
Datuk Azizan Bin Abdul Rahman	
Datuk Hasnul Bin Hassan	
Datuk Mark Victor Rozario	
Datuk Mohd Anis Hisham bin Abd Aziz	<i>(Appointed on 23 August 2017)</i>
Datuk Serin Bin Sudah @ Masree	
Datuk Wong Sai Wan	
Eric Chan Hean Chin	
Fong Seow Kee	
Francis Quah Chuan Hoe	<i>(Resigned as alternate Director to Leong Yew Weng on 22 May 2017)</i>
Gan Khuan Heng	
Hasdi Bin Hussain	<i>(Appointed on 1 November 2016)</i>
Indrawan Masrin	
Jimmy Masrin	
Khamis Bin Awal	
Kong Hwai Ming	
Lee Chee Keong	
Lee Cheun Wei	
Lee Nan Phin	
Leong Yew Weng	<i>(Resigned on 22 May 2017)</i>
Liew Tet Seng	
Lim Beng Teck	
Lim Chang Meng	
Lim Liang Tan	
Ling Tung Leh	
Lim Wee Beng	
Low Huoi Seong	
Masahiko Otomo	
Md Azar Bin Ismail	
Mohamad Ruslan Bin Ali	
Mohd Azlan Bin Mohammed	
Mohd Azni Bin Md Azar	
Mohd Yazid Bin Ahmad	
Norzain Bin Abdul Wahab	
Puan Sri Datuk Rohani Parkash Binti Abdullah	<i>(Appointed on 1 November 2016)</i>

DIRECTORS' REPORT

DIRECTORS *(continued)*

The Directors of subsidiaries who held for office since the date of the last report and at the date of this report, not including those Directors listed above are: *(continued)*

Robin Ling Seng Chiong	
Sabli Bin Sibil	
Safrizal Bin Mohd Said	
Shamsudin Bin Basri	
Shigeo Fuji	
Siew Ka Kheong	
Siew Yuen Tuck	
Somsak Chatteerapat	
Stephane Sylvain Alphonse Taib	<i>(Appointed on 1 April 2017)</i>
Surachet Bumrongsuk	<i>(Resigned on 1 April 2017)</i>
Surasak Suwannapasri	
Suzuki Masayuki	
Tan Sri Abd Ghafar Bin Mahmud	
Tan Wee Lian	
Tengku Mahamad Bin Tengku Mahamut	
Tho Tuck Woh	
Toh Puan Norella Binti Talib	
Wong Siut Yin	
Yim Yoke Koon	
YM Datin Paduka Mazli Raja Mohar	
YM Dato' Paduka Tengku Shaharin Abu Bakar Tengku Suleiman	
Yuhei Sogabe	

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 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia were as follows:

	Balance at 1.6.2016	Number of ordinary shares		Balance at 31.5.2017
		Bought	Sold	
Shares in the Company				
<u>Direct interests:</u>				
Dato' Johari Razak	465,427	-	-	465,427
Dato' (Dr) Siew Ka Wei	22,808,865	519,500	-	23,328,365
Tan Sri Dato' Dr Lin See Yan	165,375	-	-	165,375
<u>Indirect interests:</u>				
Dato' (Dr) Siew Ka Wei	20,611,748	-	(140,000)	20,471,748
Chan Thye Seng	42,797,402	-	-	42,797,402

DIRECTORS' REPORT

DIRECTORS' INTERESTS *(continued)*

	Balance at 1.6.2016	Number of ordinary shares		Balance at 31.5.2017
		Bought	Sold	
Subsidiary, Nylex (Malaysia) Berhad ('Nylex')				
<u>Direct interests:</u>				
Dato' Johari Razak	131,360	-	-	131,360
Dato' (Dr) Siew Ka Wei	1,522,049	574,411	-	2,096,460
Tan Sri Dato' Dr Lin See Yan	17,337	-	-	17,337
<u>Indirect interests:</u>				
Dato' (Dr) Siew Ka Wei	93,671,435	5,960,000	(6,023,076)	93,608,359
Chan Thye Seng	87,967,041	-	-	87,967,041
Subsidiary, Ancom Logistics Berhad ('ALB')				
<u>Direct interests:</u>				
Dato' Johari Razak	23,271	-	-	23,271
Dato' (Dr) Siew Ka Wei	725,867	24,000	-	749,867
Tan Sri Dato' Dr Lin See Yan	8,268	-	-	8,268
<u>Indirect interests:</u>				
Dato' (Dr) Siew Ka Wei	215,473,196	-	-	215,473,196
Chan Thye Seng	214,562,757	-	-	214,562,757

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

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company 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 remuneration received and receivable by the Directors) 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 35 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

DIRECTORS' REMUNERATION

Fees and other benefits of the Directors who held office during the financial year ended 31 May 2017 were as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive Director				
- salaries, bonus and allowances	7,745	4,236	434	430
- defined contribution plan	301	381	28	44
	8,046	4,617	462	474
Non-Executive Directors				
- fees	840	803	520	483
- salaries, bonus and allowances*	2,377	2,176	-	-
- defined contribution plan	143	202	-	-
- other emoluments	29	86	14	70
	3,389	3,267	534	553
Total remuneration of Directors	11,435	7,884	996	1,027

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM159,000 (2016: RM116,000) and RM102,000 (2016: RM60,000) respectively.

* This is payable to a Non-Executive Director who is the Executive Director of certain subsidiaries, i.e. Nylex and Redberry Sdn. Bhd..

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Company effected Directors' and Officers' liability insurance during the financial year to protect the Directors and Officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and Officers. The total amount of insurance premium effected for any director and officer of the Group and of the Company was RM14,500.

No indemnity was given to or insurance effected for the auditors of the Group and of the Company.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, 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 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.

DIRECTORS' REPORT

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

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

- (c) The Directors are not aware of any circumstances:
 - (i) which would 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****AUDITORS**

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

Auditors' remuneration of the Group and of the Company for the financial year ended 31 May 2017 were as follows:

	Group RM'000	Company RM'000
Statutory audit	939	136
Other services	34	18
	973	154

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

Dato' Johari Razak
Director

Kuala Lumpur
29 August 2017

Dato' (Dr) Siew Ka Wei
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 70 to 145 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 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 2017 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 42 to the financial statements on page 146 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
29 August 2017

STATUTORY DECLARATION

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 70 to 146 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
29 August 2017

Lim Chang Meng

Before me:
Baloo A/L T.Pichai
Commissioner for Oaths (No. W663)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the members of Ancom Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ancom Berhad, which comprise the statements of financial position as at 31 May 2017 of the Group and of the Company, and the 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 145.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2017, and of their financial performance and their 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, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment assessment of the carrying amount of goodwill

The carrying amount of goodwill arising on consolidation as at 31 May 2017 amounted to RM99.7 million, as disclosed in Note 12 to the financial statements.

We have focused on the impairment assessment as the process is complex and it requires significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the cash generating units ("CGU") in determining the recoverable amount. These key assumptions include projected growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

INDEPENDENT AUDITORS' REPORT

To the members of Ancom Berhad
(Incorporated in Malaysia) *(continued)*

Key Audit Matters *(continued)*

1. *Impairment assessment of the carrying amount of goodwill (continued)*

Audit response

Our audit procedures performed include:

- a. Compared short-term cash flow projections against recent performance and historical accuracy of budgets/forecasts and challenged assumptions in projections to available sources of data, where applicable;
- b. Evaluated the reasonableness of projected profit margins, growth rates and terminal values by assessing evidence available to support these assumptions and their consistency with findings from other areas of our audit;
- c. Evaluated the reasonableness of pre-tax discount rate used by management by comparing to the market data, weighted average cost of capital of the Group and relevant risk factors; and
- d. Performed sensitivity analysis to stress test the key assumptions used in the projections to evaluate the impact on the impairment assessment.

2. *Recoverability of trade receivables*

As at 31 May 2017, the Group has trade receivables of RM337.3 million which include debts that are past due but not impaired of RM126.1 million. The details of trade receivables and their credit risk have been disclosed in Notes 15 and 34 respectively to the financial statements.

We have focused on the recoverability of trade receivables as it requires a high level of management judgement and the amounts are material.

Management recognised impairment losses on trade receivables based on specific known facts or circumstances or customers' abilities to pay.

Audit response

Our audit procedures performed include:

- a. Evaluated and tested the credit process in place to assess and manage the recoverability of trade receivables by the Group;
- b. Assessed recoverability of receivables that were past due but not impaired by reviewing their historical bad debt expense, ageing profiles of the counter parties and past historical repayment trends; and
- c. Assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

INDEPENDENT AUDITORS' REPORT

To the members of Ancom Berhad
(Incorporated in Malaysia) *(continued)*

Information Other than the Financial Statements and Auditors' Report Thereon *(continued)*

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

INDEPENDENT AUDITORS' REPORT

To the members of Ancom Berhad
(Incorporated in Malaysia) *(continued)*

Auditors' Responsibilities for the Audit of the Financial Statements *(continued)*

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: *(continued)*

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 39 to the financial statements.

**INDEPENDENT
AUDITORS' REPORT**

To the members of Ancom Berhad
(Incorporated in Malaysia) *(continued)*

Other Reporting Responsibilities

The supplementary information set out in Note 42 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures 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 266 of the Companies Act, 2016 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

Kuala Lumpur
29 August 2017

Lum Chiew Mun

03039/04/2019 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	292,559	235,551	30,278	30,710
Investment properties	6	359	371	-	-
Investments in subsidiaries	7	-	-	278,807	282,216
Investments in associates	8	2,117	3,023	2,847	2,847
Investments in joint ventures	9	-	-	-	-
Other investments	10	1,037	692	503	503
Intangible assets	11	3,574	4,499	12	19
Goodwill on consolidation	12	99,663	96,700	-	-
Deferred tax assets	13	26,486	26,230	-	-
		425,795	367,066	312,447	316,295
Current assets					
Inventories	14	148,101	119,846	-	-
Trade and other receivables	15	423,601	315,773	5,765	5,830
Amounts owing by subsidiaries	16	-	-	44,761	22,161
Amounts owing by associates	17	6,933	5,685	4,327	4,345
Amounts owing by joint ventures	18	56	56	-	-
Current tax assets		2,345	3,291	-	-
Other investments	10	1,593	1,179	-	-
Cash and bank balances	19	135,317	99,835	24	27
		717,946	545,665	54,877	32,363
Non-current assets held for sale		-	51	-	-
TOTAL ASSETS		1,143,741	912,782	367,324	348,658

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	20	218,956	218,956	218,956	218,956
Less: Treasury shares, at cost		(2,473)	(2,377)	(2,473)	(2,377)
Reserves	21	86,827	65,906	50,543	41,658
		303,310	282,485	267,026	258,237
Non-controlling interests	7(d)	166,918	159,013	-	-
TOTAL EQUITY		470,228	441,498	267,026	258,237
LIABILITIES					
Non-current liabilities					
Borrowings	22	60,172	15,855	997	2,654
Deferred tax liabilities	13	9,525	10,572	298	304
Provision for retirement benefits	25	4,221	3,808	-	-
		73,918	30,235	1,295	2,958
Current liabilities					
Borrowings	22	315,468	213,683	52,834	56,339
Trade and other payables	26	277,710	222,535	2,246	2,659
Amounts owing to subsidiaries	27	-	-	43,713	28,211
Amounts owing to associates	17	41	101	-	-
Current tax liabilities		6,376	4,730	210	254
		599,595	441,049	99,003	87,463
TOTAL LIABILITIES		673,513	471,284	100,298	90,421
TOTAL EQUITY AND LIABILITIES		1,143,741	912,782	367,324	348,658

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 May 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	28	1,700,261	1,509,312	22,575	15,403
Cost of sales		(1,459,145)	(1,321,177)	-	-
Gross profit		241,116	188,135	22,575	15,403
Other operating income		30,558	23,503	364	3,971
Distribution costs		(86,348)	(73,236)	-	-
Administrative expenses		(110,028)	(96,546)	(5,133)	(7,092)
Other operating expenses		(8,339)	(9,413)	(1,991)	(6,617)
Finance costs	29	(14,211)	(13,038)	(6,674)	(5,601)
Share of results of associates, net of tax	8(e)	(1,306)	(1,643)	-	-
Share of results of joint ventures, net of tax		-	(540)	-	-
Profit before taxation		51,442	17,222	9,141	64
Taxation	30	(22,165)	(14,880)	(256)	1,761
Profit for the financial year		29,277	2,342	8,885	1,825
Profit/(Loss) attributable to:					
Owners of the parent		17,466	(6,990)	8,885	1,825
Non-controlling interests	7(d)	11,811	9,332	-	-
		29,277	2,342	8,885	1,825

		Group	
	Note	2017 sen	2016 sen
Basic and diluted:			
Earnings/(Loss) per ordinary share	31	8.11	(3.24)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 May 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the financial year		29,277	2,342	8,885	1,825
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		6,994	15,439	-	-
Item not to be reclassified subsequently to profit or loss					
Re-measurement of defined benefit liability	25	13	(140)	-	-
Other comprehensive income, net of tax		7,007	15,299	-	-
Total comprehensive income		36,284	17,641	8,885	1,825
Total comprehensive income/(loss) attributable to:					
Owners of the parent		20,455	(929)	8,885	1,825
Non-controlling interests		15,829	18,570	-	-
		36,284	17,641	8,885	1,825

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2017

Group	Note	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Capital 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 1 June 2016		218,956	4,332	203	4,987	11,265	(2,377)	45,119	282,485	159,013	441,498
Net profit for the financial year		-	-	-	-	-	-	17,466	17,466	11,811	29,277
Other comprehensive income, net of tax		-	-	-	-	2,976	-	13	2,989	4,018	7,007
Total comprehensive income		-	-	-	-	2,976	-	17,479	20,455	15,829	36,284
Transactions with owners											
Repurchase of treasury shares of the Company	20(c)	-	-	-	-	-	(96)	-	(96)	-	(96)
Repurchase of treasury shares of a subsidiary		-	-	-	-	-	-	-	-	(198)	(198)
Additional interest in a subsidiary		-	-	-	-	-	-	-	-	490	490
Disposal of equity interests in subsidiaries		-	-	-	-	-	-	466	466	(433)	33
Re-measurement of acquisition of a subsidiary		-	-	-	-	-	-	-	-	(119)	(119)
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(2,081)	(2,081)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	-	(5,583)	(5,583)
Total transactions with owners		-	-	-	-	-	(96)	466	370	(7,924)	(7,554)
As at 31 May 2017		218,956	4,332	203	4,987	14,241	(2,473)	63,064	303,310	166,918	470,228

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2017

Group	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 1 June 2015	218,956	4,332	203	4,987	5,064	(2,127)	52,228	283,643	138,318	421,961
Net (loss)/profit for the financial year	-	-	-	-	-	-	(6,990)	(6,990)	9,332	2,342
Other comprehensive income/(loss), net of tax	-	-	-	-	6,201	-	(140)	6,061	9,238	15,299
Total comprehensive income/(loss)	-	-	-	-	6,201	-	(7,130)	(929)	18,570	17,641
Transactions with owners										
Repurchase of treasury shares of the Company	-	-	-	-	-	(250)	-	(250)	-	(250)
Repurchase of treasury shares of a subsidiary	-	-	-	-	-	-	-	-	(300)	(300)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	5,946	5,946
Disposal of equity interests in subsidiaries	-	-	-	-	-	-	21	21	40	61
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(3,561)	(3,561)
Total transactions with owners	-	-	-	-	-	(250)	21	(229)	2,125	1,896
As at 31 May 2016	218,956	4,332	203	4,987	11,265	(2,377)	45,119	282,485	159,013	441,498

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2017

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 1 June 2016		218,956	4,332	4,917	(2,377)	32,409	258,237
Net profit for the financial year		-	-	-	-	8,885	8,885
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	8,885	8,885
Transaction with owners							
Repurchase of treasury shares of the Company	20(c)	-	-	-	(96)	-	(96)
Total transaction with owners		-	-	-	(96)	-	(96)
As at 31 May 2017		218,956	4,332	4,917	(2,473)	41,294	267,026
As at 1 June 2015		218,956	4,332	4,917	(2,127)	30,584	256,662
Net profit for the financial year		-	-	-	-	1,825	1,825
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	1,825	1,825
Transaction with owners							
Repurchase of treasury shares of the Company		-	-	-	(250)	-	(250)
Total transaction with owners		-	-	-	(250)	-	(250)
As at 31 May 2016		218,956	4,332	4,917	(2,377)	32,409	258,237

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 May 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		51,442	17,222	9,141	64
Adjustments for:					
Amortisation of intangible assets	11	937	823	7	6
Bad debts written off - third parties		-	74	-	70
Deposits written off		-	2	-	-
Depreciation of investment properties	6	12	11	-	-
Depreciation of property, plant and equipment	5	21,436	18,820	942	908
Dividend income (gross)	28	(12)	(6)	(18,708)	(12,592)
Fair value gain on other investments		(33)	(41)	-	-
Gain on disposal of equity interest in an associate		-	(417)	-	-
Gain on disposal of investment in a joint venture		-	(2,738)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(182)	(322)	43	(101)
Gain on disposal of non-current assets held for sale		-	-	-	(2,867)
(Gain)/Loss on disposal of equity interest in a subsidiary		-	-	(40)	5,295
Impairment loss on:					
- amounts owing by subsidiaries	16(c)	-	-	-	337
- amounts owing by associates	17(d)	319	2,661	-	-
- goodwill on consolidation	12	-	551	-	-
- trade and other receivables		3,695	2,004	-	-
Interest expense	29	14,211	13,038	6,674	5,601
Interest income		(1,338)	(1,092)	(1,428)	(579)
Inventories written down	14	3,054	951	-	-
Property, plant and equipment written off	5	736	248	-	-
Provision for slow moving inventories		-	159	-	-
Reversal of impairment loss on:					
- amounts owing by joint ventures		-	(456)	-	-
- amounts owing by subsidiaries	16(c)	-	-	-	(970)
- trade and other receivables		(299)	(718)	-	-
Share of results in joint ventures		-	540	-	-
Share of results in associates	8(e)	1,306	1,643	-	-
Net unrealised gain on foreign exchange		(651)	(2,307)	-	-
Reversal of unused provision for warranties		-	(70)	-	-
Provision for retirement benefits	25	590	552	-	-
Operating profit/(loss) before working capital changes		95,223	51,132	(3,369)	(4,828)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 May 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES <i>(continued)</i>					
Operating profit/(loss) before working capital changes <i>(continued)</i>		95,223	51,132	(3,369)	(4,828)
Working capital changes:					
Inventories		(31,309)	(6,396)	-	-
Trade and other receivables		(109,944)	29,664	65	(4,895)
Trade and other payables		54,201	(10,971)	(413)	(8,518)
Amounts owing by associates		(1,567)	(5,375)	18	(4,108)
Amounts owing by joint ventures		-	451	-	-
Amounts owing to associates		(60)	71	-	-
Cash generated from/(used in) operations		6,544	58,576	(3,699)	(22,349)
Dividend received		12	6	18,708	12,592
Retirement benefits paid	25	(239)	(131)	-	-
Tax paid		(20,798)	(15,729)	(306)	(146)
Net cash (used in)/from operating activities		(14,481)	42,722	14,703	(9,903)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary		-	(7,366)	-	-
Acquisition of additional interests in a subsidiary		-	-	(2,500)	-
Acquisition of a joint venture		-	(60)	-	-
Acquisition of associates		(400)	(2,947)	-	(2,847)
Proceeds from disposal of equity interests in subsidiaries		404	61	5,949	6,600
Interest received		1,338	1,092	1,428	579
Proceeds from disposal of property, plant and equipment		736	1,045	-	101
Proceeds from disposal of non-current assets held for sale		51	-	-	11,000
Purchase of intangible assets	11	(12)	(2,228)	-	-
Purchase of other investments		(726)	-	-	-
Purchase of property, plant and equipment	5(c)	(73,884)	(18,850)	(553)	(229)
Purchase of investment properties	6	-	(250)	-	-
Net payments to subsidiaries		-	-	(10,175)	(13,001)
Proceeds from disposal of equity interest in an associate		-	500	-	-
Proceeds from disposal of a joint venture		-	2,738	-	-
Repurchase of treasury shares of a subsidiary		(198)	(300)	-	-
Withdrawal/(Placement) of short term deposits:					
- pledged with licensed banks		1,295	276	-	-
- with maturity period more than three (3) months		(3)	(23)	-	-
Withdrawal of other investments		-	367	-	-
Net cash (used in)/from investing activities		(71,399)	(25,945)	(5,851)	2,203

STATEMENTS OF CASH FLOWS

For the financial year ended 31 May 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to non-controlling interests		(2,081)	-	-	-
Dividends paid to non-controlling interests of subsidiaries		(5,583)	(3,561)	-	-
Interest paid		(14,211)	(13,038)	(3,597)	(3,887)
Repurchase of treasury shares of the Company		(96)	(250)	(96)	(250)
Repayments of hire purchase and lease creditors		(5,034)	(4,720)	(104)	(205)
Net drawdown/(repayment) of borrowings		142,653	(24,498)	(3,459)	9,742
Net cash from/(used in) financing activities		115,648	(46,067)	(7,256)	5,400
Net increase/(decrease) in cash and cash equivalents		29,768	(29,290)	1,596	(2,300)
Cash and cash equivalents at beginning of financial year		75,916	101,389	(8,661)	(6,361)
Effects of exchange rate changes on cash and cash equivalents		1,630	3,817	-	-
		77,546	105,206	(8,661)	(6,361)
Cash and cash equivalents at end of financial year	19(c)	107,314	75,916	(7,065)	(8,661)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

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, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements for the financial year ended 31 May 2017 comprise the Company and its subsidiaries and the interests 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 29 August 2017.

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 39 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 70 to 145 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 2016 in Malaysia.

However, Note 42 to the financial statements set out on page 146 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.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

4. OPERATING SEGMENTS

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

Investment holding	: Investment holding
Agricultural and industrial chemicals	: Manufacture, trading 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	: Provision of out-of-home advertising media services
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 respective notes to the financial statements. 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 liabilities reported in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

4. OPERATING SEGMENTS (continued)

(a) Operating segment

2017	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	755	1,416,723	30,270	12,596	102,770	125,682	11,465	-	1,700,261
Inter-segment sales	23,646	55,286	8,368	809	-	-	384	(88,493)	-
Total revenue	24,401	1,472,009	38,638	13,405	102,770	125,682	11,849	(88,493)	1,700,261
Segment (loss)/profit before taxation	(31,699)	64,598	143	(1,393)	2,456	17,985	(1,327)	679	51,442
Interest income	2,779	1,269	6	89	313	282	656	(4,056)	1,338
Depreciation and amortisation	(1,187)	(5,172)	(5,523)	(558)	(3,864)	(5,634)	(447)	-	(22,385)
Share of results of associates	-	(85)	-	(1,221)	-	-	-	-	(1,306)
Interest expense	(9,548)	(5,983)	(187)	(25)	(2,421)	(397)	(153)	4,503	(14,211)
Other material non-cash items:									
Inventories written down	-	(722)	-	-	-	(2,332)	-	-	(3,054)
Impairment loss on:									
- amounts owing by associates	-	-	-	(141)	(178)	-	-	-	(319)
- trade and other receivables	-	(698)	-	(111)	(2,322)	(547)	(17)	-	(3,695)
Property, plant and equipment written off	-	-	(474)	-	(262)	-	-	-	(736)
Segment assets	91,910	683,551	128,878	7,440	141,190	126,974	24,926	(61,128)	1,143,741
Investments in associates	3,162	-	1,802	17	-	-	-	(2,864)	2,117
Investments in joint ventures	-	-	-	-	540	-	-	(540)	-
Goodwill on consolidation	-	103,481	4,762	-	25,836	105	-	(34,521)	99,663
Additions to property, plant and equipment and intangible assets	59,048	6,315	8,427	56	2,954	-	203	-	77,003
Segment liabilities	87,424	393,388	99,707	3,396	62,154	21,420	4,426	1,598	673,513

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

4. OPERATING SEGMENTS (continued)

(a) Operating segment (continued)

2016	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	1,499	1,237,366	21,078	25,285	97,734	119,475	6,875	-	1,509,312
Inter-segment sales	13,344	3,523	7,452	168	1,693	-	-	(26,180)	-
Total revenue	14,843	1,240,889	28,530	25,453	99,427	119,475	6,875	(26,180)	1,509,312
Segment (loss)/profit before taxation									
Interest income	(23,720)	36,487	2,014	2,948	(15,227)	15,800	(1,303)	223	17,222
Depreciation and amortisation	1,741	551	4	150	183	246	193	(1,976)	1,092
Share of results of associates	(1,133)	(4,781)	(4,344)	(603)	(3,971)	(4,347)	(244)	(231)	(19,654)
Share of results of joint ventures	-	-	-	(1,643)	-	-	-	-	(1,643)
Interest expense	-	-	-	-	(540)	-	-	-	(540)
Other material non-cash items:	(7,166)	(5,724)	(15)	(31)	(1,705)	(603)	(87)	2,293	(13,038)
Inventories written down	-	(127)	-	-	-	(824)	-	-	(951)
Impairment loss on:									
- amounts owing by associates	-	-	-	-	(2,661)	-	-	-	(2,661)
- trade and other receivables	-	(436)	(12)	-	(738)	(526)	(292)	-	(2,004)
Property, plant and equipment written off	-	-	(75)	(1)	(172)	-	-	-	(248)
Gain on disposal of a joint venture	-	-	-	-	2,738	-	-	-	2,738
Segment assets	90,333	532,828	60,855	12,057	131,123	120,729	22,028	(57,171)	912,782
Investments in associates	2,847	-	1,802	17	-	-	-	(1,643)	3,023
Investments in joint ventures	-	-	-	-	540	-	-	(540)	-
Goodwill on consolidation	-	100,573	4,584	-	25,836	99	-	(34,392)	96,700
Additions to property, plant and equipment and intangible assets	804	17,713	4,963	421	5,536	4,897	61	(11,000)	23,395
Segment liabilities	79,738	258,192	26,893	5,711	70,115	24,250	3,713	2,672	471,284

NOTES TO THE FINANCIAL STATEMENTS

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4. OPERATING SEGMENTS *(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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	850,898	792,805	892,456	727,553
Singapore	297,790	281,594	128,711	77,317
Indonesia	176,730	103,051	120,088	90,548
Other Southeast Asian countries	116,047	111,960	2,486	17,364
Other Asian countries	114,352	85,207	-	-
Australia and New Zealand	51,892	40,909	-	-
North and South America	65,765	64,304	-	-
Africa	26,510	25,408	-	-
Europe	277	4,074	-	-
	1,700,261	1,509,312	1,143,741	912,782

(c) Major customers

There are no major customers with revenue equal or more than ten percent (10%) of Group revenue.

NOTES TO THE FINANCIAL STATEMENTS

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5. PROPERTY, PLANT AND EQUIPMENT

Group 2017	Balance as at 1.6.2016 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Translation adjustments RM'000	Written off RM'000	Reclassi- fications RM'000	Balance as at 31.5.2017 RM'000
Carrying amount	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	1,016	-	-	-	-	-	-	1,016
Buildings	51,013	581	-	(1,601)	580	-	-	50,573
Leasehold land	51,788	-	-	(878)	326	-	-	51,236
Plant and machinery	86,566	5,996	(240)	(12,352)	1,510	(259)	150	81,371
Vessel and equipment	-	146	-	(1,301)	-	-	77,767	76,612
Motor vehicles	11,393	5,300	(206)	(3,163)	18	(474)	150	13,018
Furniture, fittings and office equipment	7,616	1,386	(108)	(1,746)	9	-	-	7,157
Renovation	6,427	1,058	-	(395)	-	-	-	7,090
Assets under construction	19,732	62,524	-	-	300	(3)	(78,067)	4,486
	235,551	76,991	(554)	(21,436)	2,743	(736)	-	292,559

	At 31.5.2017		
	Accumulated depreciation	Carrying amount	
	Cost impairment RM'000	RM'000	
Freehold land	1,016	1,016	
Buildings	57,928	(7,355)	50,573
Leasehold land	57,454	(6,218)	51,236
Plant and machinery	267,019	(185,648)	81,371
Vessel and Equipment	77,913	(1,301)	76,612
Motor vehicles	43,244	(30,226)	13,018
Furniture, fittings and office equipment	28,652	(21,495)	7,157
Renovation	11,163	(4,073)	7,090
Assets under construction	4,486	-	4,486
	548,875	(256,316)	292,559

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2016	Balance as at 1.6.2015 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year adjustments RM'000	Written off RM'000	Acquisition of subsidiaries RM'000	Reclassi- fications at 31.5.2016 RM'000	Balance as at 31.5.2016 RM'000
Carrying amount	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	1,016	-	-	-	-	-	-	1,016
Buildings	45,291	6,789	-	(1,579)	-	234	-	51,013
Leasehold land	52,181	-	-	(842)	-	-	-	51,788
Plant and machinery	64,895	7,719	(30)	(11,567)	(110)	21	25,268	86,566
Motor vehicles	11,122	2,998	(619)	(3,202)	(51)	1,110	-	11,393
Furniture, fittings and office equipment	6,912	1,267	(53)	(1,289)	(1)	758	-	7,616
Renovation	6,341	167	(21)	(341)	-	281	-	6,427
Assets under construction	40,624	2,227	-	-	(86)	-	(25,268)	19,732
	228,382	21,167	(723)	(18,820)	(248)	2,404	-	235,551

	At 31.5.2016	At 31.5.2016
	Accumulated depreciation	Carrying amount
	Cost RM'000	RM'000
Freehold land	1,016	1,016
Buildings	56,707	51,013
Leasehold land	57,127	51,788
Plant and machinery	260,220	86,566
Motor vehicles	43,325	11,393
Furniture, fittings and office equipment	27,843	7,616
Renovation	10,106	6,427
Assets under construction	19,732	19,732
	476,076	235,551

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

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

Company 2017	Balance as at 1.6.2016	Additions	Depreciation charge for the financial year	Disposal	Balance as at 31.5.2017
Carrying amount	RM'000	RM'000	RM'000	RM'000	RM'000
Leasehold land	22,375	-	(241)	-	22,134
Buildings	5,732	-	(126)	-	5,606
Motor vehicles	1,352	140	(321)	(43)	1,128
Furniture, fittings and office equipment	171	36	(77)	-	130
Renovation	1,080	377	(177)	-	1,280
	30,710	553	(942)	(43)	30,278

	At 31.5.2017		
	Cost	Accumulated depreciation and impairment	Carrying amount
	RM'000	RM'000	RM'000
Leasehold land	23,580	(1,446)	22,134
Buildings	6,327	(721)	5,606
Plant and machinery	2,403	(2,403)	-
Motor vehicles	1,999	(871)	1,128
Furniture, fittings and office equipment	1,182	(1,052)	130
Renovation	3,823	(2,543)	1,280
	39,314	(9,036)	30,278

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

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

Company 2016	Balance as at 1.6.2015 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2016 RM'000
Carrying amount				
Leasehold land	22,616	-	(241)	22,375
Buildings	5,858	-	(126)	5,732
Motor vehicles	948	696	(292)	1,352
Furniture, fittings and office equipment	241	9	(79)	171
Renovation	1,156	94	(170)	1,080
	30,819	799	(908)	30,710

	← At 31.5.2016 Accumulated depreciation and impairment →		
	Cost RM'000	RM'000	Carrying amount RM'000
Leasehold land	23,580	(1,205)	22,375
Buildings	6,327	(595)	5,732
Plant and machinery	2,403	(2,403)	-
Motor vehicles	2,380	(1,028)	1,352
Furniture, fittings and office equipment	1,146	(975)	171
Renovation	3,446	(2,366)	1,080
	39,282	(8,572)	30,710

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

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

- (a) Each class of property, plant and equipment are measured after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) 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%
Vessel and equipment	5% - 20%
Motor vehicles	5% - 25%
Furniture, fittings and office equipment	5% - 33.3%
Renovation	2% - 10%

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Purchase of property, plant and equipment	76,991	21,167	553	799
Financed by hire purchase and lease arrangements	(3,107)	(2,317)	-	(570)
Cash payments on purchase of property, plant and equipment	73,884	18,850	553	229

- (d) 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Motor vehicles	3,418	1,914	546	728
Furniture, fittings and office equipment	21	27	-	-
Plant and machinery	14,140	14,587	-	-
	17,579	16,528	546	728

- (e) As at 31 May 2017, included in property, plant and equipment are certain land and buildings of the Group and the Company with a total carrying amount of RM49,731,000 (2016: RM80,454,000) and RM27,740,000 (2016: RM28,107,000) respectively charged to banks for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.
- (f) As at 31 May 2017, vessel and equipment of the Group have been charged to licensed banks for banking facilities granted to certain subsidiaries as disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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6. INVESTMENT PROPERTIES

Group
2017

	Balance as at 1.6.2016 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2017 RM'000
Carrying amount			
Freehold land at cost	20	-	20
Buildings at cost	351	(12)	339
	371	(12)	359

	Balance as at 1.6.2015 RM'000	Addition during the year RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2016 RM'000
Carrying amount				
Freehold land at cost	20	-	-	20
Buildings at cost	112	250	(11)	351
	132	250	(11)	371

	Group 2017 RM'000	Group 2016 RM'000
Fair value	710	710

- (a) 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. After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) 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.
- (c) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM18,000 (2016: RM18,000).
- (d) Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM10,000 (2016: RM10,000).
- (e) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

6. INVESTMENT PROPERTIES *(continued)*

- (f) 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.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Quoted shares in Malaysia, at cost	33,654	39,563
Unquoted shares, at cost	226,056	223,556
Equity loans	70,000	70,000
	329,710	333,119
Less: Impairment loss of investments in unquoted shares	(50,903)	(50,903)
	278,807	282,216

- (a) Investments in subsidiaries are measured at cost. Non-controlling interests are measured at their proportionate share of net assets of subsidiaries, unless another measurement basis is required by MFRS.
- (b) The details of the subsidiaries are disclosed in Note 39 to the financial statements.
- (c) Quoted investments in a subsidiary with a carrying amount of RM31,798,000 (2016: RM39,795,000) and quoted investments held by a subsidiary with a carrying amount of RM68,299,000 (2016: RM62,485,000) have been charged to licensed banks for credit facilities granted to the Company (Note 22).
- (d) 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
2017				
NCI percentage of ownership interest and voting interest (%)	54.2%	54.7%		
Carrying amount of NCI	134,734	13,567	18,617	166,918
Profit/(loss) allocated to NCI	14,442	(1,192)	(1,439)	11,811
Other comprehensive income allocated to NCI	4,018	-	-	4,018
Total comprehensive income/(loss) allocated to NCI	18,460	(1,192)	(1,439)	15,829

* 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 2017

7. INVESTMENTS IN SUBSIDIARIES *(continued)*

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

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000	Others* RM'000	Total RM'000
2016				
NCI percentage of ownership interest and voting interest (%)	54.3%	54.7%		
Carrying amount of NCI	118,767	20,247	19,999	159,013
Profit allocated to NCI	6,262	485	2,585	9,332
Other comprehensive income allocated to NCI	9,238	-	-	9,238
Total comprehensive income allocated to NCI	15,500	485	2,585	18,570

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

(e) 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:

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000
2017		
Assets and liabilities		
Non-current assets	293,959	31,607
Current assets	511,379	20,872
Non-current liabilities	(55,186)	(6,225)
Current liabilities	(387,689)	(11,284)
Net assets	362,463	34,970
Results		
Revenue	1,337,256	28,333
Profit/(Loss) for the financial year	23,761	(3,063)
Total comprehensive income/(loss)	30,875	(3,063)
Cash flows (used in)/from operating activities	(22,060)	40
Cash flows (used in)/from investing activities	(62,620)	7,141
Cash flows from/(used in) financing activities	127,853	(5,906)
Net increase in cash and cash equivalents	43,173	1,275
Dividend paid to NCI	95	5,488

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENTS IN SUBSIDIARIES *(continued)*

- (e) 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)*

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000
2016		
Assets and liabilities		
Non-current assets	233,507	31,790
Current assets	354,683	25,536
Non-current liabilities	(7,513)	(5,768)
Current liabilities	(244,838)	(7,909)
Net assets	335,839	43,649
Results		
Revenue	1,197,450	32,366
Profit/(Loss) for the financial year	11,177	(309)
Total comprehensive income/(loss)	26,758	(309)
Cash flows from operating activities	42,050	4,203
Cash flows (used in)/from investing activities	(15,832)	3
Cash flows used in financing activities	(61,297)	(1,373)
Net (decrease)/increase in cash and cash equivalents	(35,079)	2,833
Dividend paid to NCI	2,091	1,470

7.1 Acquisition of additional interest in subsidiaries

During the financial year, the Company subscribed an additional 2,499,998 ordinary shares of RM1.00 each in Ancom Management Services Sdn. Bhd. (formerly known as Arena Anggerik Sdn. Bhd.) ('AMS') for cash consideration of RM2,500,000.

7.2 Acquisition of subsidiaries

- (a) During the financial year:

- (i) the Group via Syarikat Wandeerfull Sdn. Bhd., a wholly-owned subsidiary of Ancom Overseas Ventures Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Syarikat Wandeerfull (Kg Attap) Sdn. Bhd. (formerly known as Kemuning Kencana Sdn. Bhd.) for a cash consideration of RM2.00.
- (ii) the Group via Redberry Sdn. Bhd. ('RBSB'), a wholly-owned subsidiary of the Company, acquired 1 ordinary share representing the entire equity interest in Digital Showcase Sdn. Bhd. for cash consideration of RM1.00.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

7. INVESTMENTS IN SUBSIDIARIES *(continued)*

7.2 Acquisition of subsidiaries *(continued)*

(b) In the previous financial year:

- (i) the Group via its wholly-owned subsidiary, RBSB acquired 654,330 ordinary shares of RM1.00 each representing 51% equity interest in Redberry Solutions Sdn. Bhd. for a cash consideration of RM650,000. The acquisition did not have any material impact to the Group.
- (ii) the Company had exercise its rights to convert 9,000,000 unquoted redeemable convertible preference shares into 9,000,000 ordinary shares of RM1.00 each, representing 60% equity interest of Genovasi Malaysia Sdn. Bhd. ('GMSB'). As a result of the conversion, GMSB became a subsidiary of the Company. The acquisition did not have any material impact to the Group.
- (iii) the Group via its wholly-owned subsidiary, Ancom Nutrifoods Sdn. Bhd. ('ANSB') acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Hilly Ventures Sdn. Bhd. (formerly known as Warisan Setara Sdn. Bhd.)('HVSb') for a cash consideration of RM2.00. The acquisition did not have any material impact to the Group.
- (iv) the Company acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of AMS for a cash consideration of RM2.00. The acquisition did not have any material impact to the Group.
- (v) the Group via its wholly-owned subsidiary, Ancom Crop Care Sdn. Bhd. ('ACC') acquired 18,000 ordinary shares of RM1.00 each representing 90% equity interest in Entopest Enviromental Services Sdn. Bhd. for a cash consideration of RM2,070,000. The acquisition did not have any material impact to the Group.
- (vi) the Group via its wholly-owned subsidiary, Puncak Berlian Sdn. Bhd. ('PBSB') acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Titanium Compass Sdn. Bhd. ('TCSB') for a cash consideration of RM2.00. The acquisition did not have any material impact to the Group.
- (vii) the Group via its subsidiary, Nylex, acquired 1,320,000 ordinary shares of RM1.00 each representing 60% equity interest of NYL Logistics Sdn. Bhd. for a cash consideration of RM6,376,000. The acquisition did not have any material impact to the Group.

7.3 Disposal of subsidiaries

During the financial year, ANSB disposed 2 ordinary shares of RM1.00 each representing 100% equity interest in HVSB for a total cash consideration of RM2.00.

7.4 Dilution of equity interests in subsidiaries

- (a) During the financial year, the Group's equity interest in TCSB, decreased from 100.0% to 51.0% following the issuance of new ordinary shares to Utusan Airtime Sdn. Bhd., VGI Global Media Public Company Limited, Ikatan Asli Sdn. Bhd.. The Group recognised a loss on dilution of equity interest amounting to RM490,000 during the financial year.
- (b) In the previous financial year, Synergy Tanker Sdn. Bhd., a wholly-owned subsidiary of the Company, disposed 400,000 ordinary shares in Ancom Logistics Berhad ('ALB') for a total cash consideration of RM61,000. The disposal resulted in a reduction of equity interest in ALB from 45.4% to 45.3%. The disposal did not have any material financial impact to the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

7. INVESTMENTS IN SUBSIDIARIES *(continued)*

7.5 Capital reduction exercise

In the previous financial year, Rhodemark Development Sdn. Bhd. ('RDSB'), a wholly-owned subsidiary of the Company, had undertaken a capital reduction of its existing issued and paid-up share capital via cancellation of 47,292,858 ordinary shares of RM1.00 each. Pursuant to the capital reduction and repayments, RDSB's issued and fully paid share capital was reduced from 107,292,858 to 60,000,000 comprising 60,000,000 ordinary shares of RM1.00 each.

As a result of the capital reduction exercise, the cost of investment of the Company in RDSB decreased by RM47,293,000.

7.6 Equity loan

The Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that a portion of the outstanding balance amounting to RM70,000,000 shall constitute equity loans to the subsidiary, which are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future, and are considered to be part of the Company's net investment in providing the subsidiary with a long term source of additional capital.

7.7 Common control transactions

- (a) On 2 August 2016, the Company entered into a transaction with ALB, to acquire the entire 1,164,000 redeemable convertible preference shares and 466,000 ordinary shares of RM1.00 each representing 66.7% equity interest in Ancom Components Sdn. Bhd. for a total cash consideration of RM1.00. The acquisition did not have any material financial impact to the Group.
- (b) During the financial year, the Company disposed 5,960,000 ordinary shares of average price of RM1.00 each in Nylex to RDSB for a consideration of RM5,949,000 and recognised a gain on disposal of RM40,000. The disposal did not have any material financial impact to the Group.
- (c) In the previous financial year, the Company disposed 12,000,000 ordinary shares of RM0.55 each in Nylex to RDSB for a consideration of RM6,600,000 and recognised a loss on disposal of RM5,925,000. The disposal did not have any material financial impact to the Group.

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8. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost	14,678	14,278	9,149	9,149
Group's share of post acquisition results	(5,284)	(3,978)	-	-
	9,394	10,300	9,149	9,149
Less: Impairment loss	(7,277)	(7,277)	(6,302)	(6,302)
	2,117	3,023	2,847	2,847

(a) Investments in associates is measured at cost in the separate financial statements and accounted for using the equity method in the consolidated financial statements.

(b) On 31 October 2016, the Group via Nylex subscribed 400,000 ordinary shares in One Chem Terminal Sdn. Bhd. (formerly known as Naluri Pancar Sdn. Bhd.)('OCT') representing 40% of the issued and paid-up share capital of OCT for a cash consideration of RM400,000.

(c) In the previous financial year, the Group and the Company acquired 31% of equity interest in Jirnexu Pte. Ltd. (formerly known as Saving Plus Pte. Ltd.)('Jirnexu') for a cash consideration of RM2,947,000. The acquisition did not have any material financial impact to the Group and the Company.

Subsequent to the acquisition, the Group disposed 7% of equity interest in Jirnexu for a cash consideration of RM500,000, thereby reducing the equity interest of the Group to 24%. The disposal did not have any material financial impact to the Group.

(d) The details of the associates are disclosed in Note 39 to the financial statements. All the associates are accounted using the equity method in the consolidated financial statements.

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

Group	2017 RM'000	2016 RM'000
Share of loss of the Group	(1,306)	(1,643)
Share of other comprehensive income of the Group	-	-
Share of total comprehensive loss of the Group	(1,306)	(1,643)

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

(g) Summarised financial information of the associates are not disclosed as it is immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENTS IN JOINT VENTURES

	Group	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	540	540
Group's share of post-acquisition results	(540)	(540)
	-	-

- (a) Investments in joint ventures are measured at cost in the separate financial statements and accounted for using the equity method in the consolidated financial statements.
- (b) The details of the joint ventures are disclosed in Note 39 to the financial statements.
- (c) In the previous financial year, RBSB acquired 30% equity interest in TeaFM Radio Sdn. Bhd. ('TeaFM') 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 consideration of RM300,000. The acquisition did not have any material financial impact to the Group.
- (d) In the previous financial year, RBSB disposed 50% equity interest in Point of Education Sdn. Bhd. ('PESB') for a cash consideration of RM2,738,000. The disposal did not have any material financial impact to the Group.
- (e) Senandung Sonik Sdn. Bhd. ('SSSB') and TeaFM 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 TeaFM and SSSB. These joint arrangements have been classified as joint ventures and have been included in the consolidated financial statements using the equity method.
- (f) The joint ventures are not allowed to distribute their profits prior to the consent of the venture partners.
- (g) Summarised financial information of joint ventures are not disclosed as it is immaterial to the Group.

10. OTHER INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
<i>Fair value through profit or loss</i>				
Quoted shares in Malaysia	407	392	260	260
Unquoted shares in Malaysia	330	-	-	-
Club memberships	300	300	243	243
Total non-current other investments	1,037	692	503	503

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10. OTHER INVESTMENTS *(continued)*

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current				
<i>Fair value through profit or loss</i>				
Quoted shares in Malaysia	546	476	-	-
Unit trusts	1,047	703	-	-
Total current other investments	1,593	1,179	-	-

Information on fair value hierarchy is disclosed in Note 33(b) to the financial statements.

11. INTANGIBLE ASSETS

Group 2017	Balance as at 1.6.2016 RM'000	Additions RM'000	Amortisation during the financial year RM'000	Balance as at 31.5.2017 RM'000
Carrying amount				
Rights	4,051	-	(825)	3,226
Computer software	448	12	(112)	348
	4,499	12	(937)	3,574

2016	Balance as at 1.6.2015 RM'000	Additions RM'000	Amortisation during the financial year RM'000	Balance as at 31.5.2016 RM'000
Carrying amount				
Rights	2,905	1,886	(740)	4,051
Computer software	189	342	(83)	448
	3,094	2,228	(823)	4,499

	Company	
	2017 RM'000	2016 RM'000
Computer software		
Balance as at 1 June 2016/2015	19	25
Amortisation during the financial year	(7)	(6)
Balance as at 31 May 2017/2016	12	19

NOTES TO THE FINANCIAL STATEMENTS

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11. INTANGIBLE ASSETS *(continued)*

- (a) Rights represent audio and visual advertising network distributions secured by the Group for media sales 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.
- (b) Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.
- (c) Amortisation 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 amortisation periods are as follows:

Rights	5 to 10 years
Computer software	3 to 5 years

- (d) 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

- i. Cash flows were projected based on financial budgets approved by the CGU. The budgets covered a period of five (5) 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 per year from financial year 2018 to financial year 2022.
- iii. A pre-tax discount rate of 5.0% (2016: 7.1%) per annum has been applied. The discount rate used is estimated based on weighted average cost of principal of the Group.

Based on the sensitivity analysis performed by management, a 1% increase in the discount rate used would not result in any additional impairment loss.

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 RM344,000.

12. GOODWILL ON CONSOLIDATION

	Group	
	2017 RM'000	2016 RM'000
Balance as at 1 June 2016/2015	96,700	79,908
Acquisition of subsidiaries	-	8,896
Foreign exchange differences	2,963	8,447
Impairment loss	-	(551)
Balance as at 31 May 2017/2016	99,663	96,700

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12. GOODWILL ON CONSOLIDATION *(continued)*

Goodwill is initially measured at cost. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated from the acquisition date, to each of the Group's cash-generating units ('CGU') that are expected to benefit from the synergies of the combination.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy for foreign currencies.

(a) Allocation of goodwill

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

	Group	
	2017	2016
	RM'000	RM'000
Agricultural and industrial chemicals	74,106	71,328
Polymer	105	99
Logistics	4,762	4,584
Media	18,609	18,609
Others	2,081	2,080
	99,663	96,700

(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.

(c) In respect of the agriculture and industrial chemicals 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) A pre-tax discount rate of 5.0% (2016: 7.1%) per annum has been applied. The discount rate used is estimated based on weighted average cost of capital of the Group.
- (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 3.4% (2016: 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.

NOTES TO THE FINANCIAL STATEMENTS

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12. GOODWILL ON CONSOLIDATION *(continued)*

- (c) In respect of the agriculture and industrial chemicals 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: *(continued)*

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:

Discount rate assumptions

The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital which takes into account both debt and equity of the Group. The management has considered the possibility of greater than forecasted discount rate.

Based on the sensitivity analysis performed by the management, increase of 100 basis point in the discount rate used would not result in any impairment.

Growth rate assumptions

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 2.0% to 8.0% (2016: 5.0% to 10.0%) per annum.
- (ii) A pre-tax discount rate of 5.0% (2016: 7.1%) per annum has been applied. The discount rate used is estimated based on weighted average cost of capital of the Group.

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.

- (e) In respect of logistics and other CGUs, the management is not aware of any reasonable possible changes which would cause the carrying amount of the CGUs to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

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13. DEFERRED TAX (ASSETS)/LIABILITIES

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Balance as at 1 June 2016/2015	(15,658)	(12,806)	304	2,524
Recognised in profit or loss (Note 30)	(1,225)	(2,599)	(6)	(2,220)
Foreign exchange differences	(78)	(253)	-	-
	(1,303)	(2,852)	(6)	(2,220)
Balance as at 31 May 2017/2016	(16,961)	(15,658)	298	304
Presented as:				
Deferred tax assets, net	(26,486)	(26,230)	-	-
Deferred tax liabilities, net	9,525	10,572	298	304

(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	Offsetting RM'000	Total RM'000
2017			
Balance as at 1 June 2016	13,178	(2,606)	10,572
Recognised in profit or loss	(599)	(448)	(1,047)
Foreign exchange differences	(23)	23	-
Balance as at 31 May 2017	12,556	(3,031)	9,525
2016			
Balance as at 1 June 2015	15,208	(1,457)	13,751
Recognised in profit or loss	(2,030)	(1,149)	(3,179)
Balance as at 31 May 2016	13,178	(2,606)	10,572

NOTES TO THE FINANCIAL STATEMENTS

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13. 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
2017					
Balance as at 1 June 2016	(3,289)	(24,766)	(781)	2,606	(26,230)
Recognised in profit or loss	(2,085)	1,544	(85)	448	(178)
Foreign exchange differences	-	(37)	(18)	(23)	(78)
Balance as at 31 May 2017	(5,374)	(23,259)	(884)	3,031	(26,486)
2016					
Balance as at 1 June 2015	(1,964)	(25,396)	(654)	1,457	(26,557)
Recognised in profit or loss	(1,320)	837	(111)	1,174	580
Foreign exchange differences	(5)	(207)	(16)	(25)	(253)
Balance as at 31 May 2016	(3,289)	(24,766)	(781)	2,606	(26,230)

- (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
2017	
Balance as at 1 June 2016	304
Recognised in profit or loss	(6)
Balance as at 31 May 2017	298
2016	
Balance as at 1 June 2015	2,524
Recognised in profit or loss	(2,220)
Balance as at 31 May 2016	304

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

13. 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	
	2017 RM'000	2016 RM'000
Unutilised tax losses	73,508	68,742
Unabsorbed capital allowances	17,344	16,822
Others	11,659	3,086
	102,511	88,650

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.

14. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
At cost		
Raw materials and consumables	25,912	23,939
Packing materials	487	349
Work-in-progress	1,076	1,460
Finished goods	37,711	32,693
Inventory-in-transit	2,896	-
	68,082	58,441
At net realisable value		
Raw materials and consumables	10,631	10,309
Work-in-progress	3,566	3,435
Finished goods	65,822	47,661
	80,019	61,405
	148,101	119,846

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.

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,315,685,000 (2016: RM1,187,364,000). The Group has also written down inventories by RM3,054,000 (2016: RM951,000) to their net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

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15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables				
Third parties	340,885	259,223	-	-
Related parties	4,843	1,138	-	-
	345,728	260,361	-	-
Less: Impairment loss	(8,413)	(6,899)	-	-
	337,315	253,462	-	-
Other receivables				
Third parties	38,281	33,212	5,526	5,523
Related parties	20,999	22,952	11	81
	59,280	56,164	5,537	5,604
Less: Impairment loss	(10,253)	(8,360)	-	-
	49,027	47,804	5,537	5,604
Deposits	11,548	3,577	227	226
Loans and receivables	397,890	304,843	5,764	5,830
Deferred expenditure	7,086	383	-	-
Prepayments	18,625	10,547	1	-
	25,711	10,930	1	-
	423,601	315,773	5,765	5,830

- (a) Trade and other receivables are classified as loans and receivables and measured at amortised cost using the effective interest method.
- (b) 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 (2016: one (1) month to four (4) months). They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.
- (c) Amounts owing from related parties are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (d) The currency exposure profile of trade and other receivables is disclosed in Note 34(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

15. TRADE AND OTHER RECEIVABLES *(continued)*

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

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	211,169	193,511
Past due, not impaired		
1 to 30 days	55,746	32,719
31 to 60 days	38,630	15,950
61 to 90 days	11,633	7,326
91 to 120 days	7,035	2,958
More than 120 days	13,095	998
	126,139	59,951
Past due and impaired	8,420	6,899
	345,728	260,361

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	Collectively assessed RM'000	Individually assessed RM'000	Total RM'000
2017			
Trade receivables	393	8,027	8,420
Less: Impairment loss	(393)	(8,020)	(8,413)
	-	7	7
2016			
Trade receivables	378	6,595	6,973
Less: Impairment loss	(378)	(6,521)	(6,899)
	-	74	74

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

15. TRADE AND OTHER RECEIVABLES *(continued)*

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

	Group	
	2017 RM'000	2016 RM'000
Trade receivables		
At 1 June 2016/2015	6,899	5,783
Charge for the financial year	1,802	1,291
Acquisition of a subsidiary	-	414
Reversal of impairment loss	(299)	(516)
Written off	(5)	(100)
Exchange differences	16	27
At 31 May 2017/2016	8,413	6,899
Other receivables		
At 1 June 2016/2015	8,360	7,849
Charge for the financial year	1,893	713
Reversal of impairment loss	-	(202)
At 31 May 2017/2016	10,253	8,360
	18,666	15,259

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

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, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(g) Information on financial risks of trade and other receivables are disclosed in Note 34 to the financial statements.

16. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Amounts owing by subsidiaries	47,750	25,150
Less: Impairment loss	(2,989)	(2,989)
	44,761	22,161

NOTES TO THE FINANCIAL STATEMENTS

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16. AMOUNTS OWING BY SUBSIDIARIES *(continued)*

- (a) Amounts owing by subsidiaries are classified as loans and receivables and measured at amortised cost using the effective interest method.
- (b) 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 RM32,627,000 (2016: RM18,352,000), which bears an interest rate of 6.0% (2016: 6.0%) per annum.
- (c) The reconciliation of movement in the impairment loss are as follows:

	Company	
	2017 RM'000	2016 RM'000
At 1 June 2016/2015	2,989	3,622
Charge for the financial year	-	337
Reversal of impairment loss	-	(970)
At 31 May 2017/2016	2,989	2,989

- (d) The amounts owing by subsidiaries are denominated in RM.
- (e) Information on financial risks of amounts owing by subsidiaries are disclosed in Note 34 to the financial statements.

17. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Amounts owing by associates	17,481	15,914	4,432	4,450
Less: Impairment loss	(10,548)	(10,229)	(105)	(105)
	6,933	5,685	4,327	4,345
Amounts owing to associates	(41)	(101)	-	-

- (a) Amounts owing by associates are classified as loans and receivables and measured at amortised cost using the effective interest method.
- (b) Amounts owing to associates are classified as other financial liabilities and measured at amortised cost using the effective interest method.
- (c) 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 Notes 15(b) and 26(a) to the financial statements.

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

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 June 2016/2015	10,229	7,568	105	105
Charge for the financial year	319	2,661	-	-
At 31 May 2017/2016	10,548	10,229	105	105

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

(f) Information on financial risks of amounts owing by/(to) associates are disclosed in Note 34 to the financial statements.

18. AMOUNTS OWING BY JOINT VENTURES

	Group	
	2017 RM'000	2016 RM'000
Amounts owing by joint ventures	56	56

(a) Amounts owing by joint ventures are classified as loans and receivables and measured at amortised cost using the effective interest method.

(b) 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.

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

19. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short term deposits with licensed banks	35,002	32,251	-	-
Cash and bank balances	100,315	67,584	24	27
	135,317	99,835	24	27

(a) Short term deposits of the Group amounting to RM5,837,000 (2016: RM7,132,000) have been pledged to licensed banks for banking facilities granted to certain subsidiaries of the Group as disclosed in Note 22 to the financial statements.

(b) The currency exposure profiles of cash and bank balances are disclosed in Note 34(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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19. CASH AND BANK BALANCES *(continued)*

- (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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	135,317	99,835	24	27
Less:				
Short term deposits with maturity period more than three (3) months	(135)	(132)	-	-
Short term deposits pledged with licensed banks	(5,837)	(7,132)	-	-
Bank overdrafts (Note 22)	(22,031)	(16,655)	(7,089)	(8,688)
As reported in statements of cash flows	107,314	75,916	(7,065)	(8,661)

- (d) Information on financial risks of cash and bank balances are disclosed in Note 34 to the financial statements.

20. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares	RM'000	Number of shares	RM'000
Issued and fully paid:				
At beginning/end of the year	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) With the introduction of the new Companies Act, 2016 ('CA2016') effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. The balances within the share premium account and capital redemption reserve shall be transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of CA2016. Notwithstanding this provision, Section 618 of CA2016 provides transitional period of twenty four (24) months to utilise the amounts in the share premium account and capital redemption reserve. The Company has not utilise the balance in share premium account and capital redemption reserve during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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20. SHARE CAPITAL *(continued)*

(c) Treasury shares

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			Total consideration RM
		Lowest RM	Highest RM	Average RM	
June 2016	75,500	0.36	0.33	0.35	25,850
July 2016	20,000	0.36	0.34	0.35	7,050
August 2016	68,800	0.36	0.33	0.33	23,923
September 2016	15,000	0.40	0.32	0.36	5,100
October 2016	5,000	0.39	0.35	0.35	1,900
November 2016	15,000	0.35	0.33	0.34	5,075
December 2016	20,000	0.34	0.31	0.32	6,575
January 2017	44,500	0.35	0.32	0.34	14,685
February 2017	15,000	0.41	0.34	0.38	5,600
	278,800				95,758

As at 31 May 2017, a total of 3,779,327 (2016: 3,500,527) Treasury Shares at a total cost of RM2,473,000 (2016: RM2,377,000) are held by the Company. The shares repurchased are being held as Treasury Shares in accordance with Section 127(4)(b) of the CA2016 in Malaysia.

The number of ordinary shares as at 31 May 2017 net of Treasury Shares is 215,177,015 (2016: 215,455,815).

21. RESERVES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-distributable				
Share premium	4,332	4,332	4,332	4,332
Capital reserve	203	203	-	-
Exchange translation reserve	14,241	11,265	-	-
Capital redemption reserve	4,987	4,987	4,917	4,917
Distributable				
Retained earnings	63,064	45,119	41,294	32,409
	86,827	65,906	50,543	41,658

NOTES TO THE FINANCIAL STATEMENTS

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21. RESERVES *(continued)*

(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.

22. BORROWINGS

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current liabilities					
Secured					
Hire purchase and lease creditors	24	3,662	4,305	351	460
Term loans	23	56,510	11,550	646	2,194
		60,172	15,855	997	2,654
Current liabilities					
Unsecured					
Bankers' acceptances		128,374	72,310	-	-
Bank overdrafts		14,990	10,737	5,965	5,958
Revolving credits		64,900	34,344	12,400	13,000
Term loans		-	115	-	-
		208,264	117,506	18,365	18,958
Secured					
Bankers' acceptances		1,081	740	-	-
Bank overdrafts		7,041	5,918	1,124	2,730
Revolving credits		31,708	34,500	30,000	33,000
Trust receipts		34,041	27,771	-	-
Hire purchase and lease creditors	24	3,367	4,651	108	103
Term loans		5,757	6,188	3,237	1,548
Outward bill purchase		24,209	16,409	-	-
		107,204	96,177	34,469	37,381
		315,468	213,683	52,834	56,339

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

22. BORROWINGS (continued)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total borrowings					
Bankers' acceptances		129,455	73,050	-	-
Bank overdrafts	19	22,031	16,655	7,089	8,688
Revolving credits		96,608	68,844	42,400	46,000
Trust receipts		34,041	27,771	-	-
Hire purchase and lease creditors	24	7,029	8,956	459	563
Term loans	23	62,267	17,853	3,883	3,742
Outward bill purchase		24,209	16,409	-	-
		375,640	229,538	53,831	58,993

(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 5 in the financial statements;
- (ii) a fixed charge over the vessel and equipment of the Group as disclosed in Note 5 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 7 in the financial statements;
- (iv) pledge of short term deposits of the Group with licensed banks as disclosed in Note 19 in the financial statements;
- (v) assignment of insurance policies covering stock in trade of certain subsidiaries; and
- (vi) joint and several guarantees from Directors 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 34(i) to the financial statements.

(d) Information on financial risks of borrowings are disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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23. TERM LOANS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
- not later than one year	5,757	6,303	3,237	1,548
Non-current liabilities				
- later than one year and not later than five years	24,320	11,550	646	2,194
- later than five years	32,190	-	-	-
	56,510	11,550	646	2,194
	62,267	17,853	3,883	3,742

24. HIRE PURCHASE AND LEASE CREDITORS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Minimum hire purchase and lease payments:				
- not later than one year	3,981	5,163	130	139
- later than one year and not later than five years	3,785	4,576	378	508
Total minimum hire purchase and lease payments	7,766	9,739	508	647
Less: Future interest charges	(737)	(783)	(49)	(84)
Present value of hire purchase and lease payments	7,029	8,956	459	563
Repayable as follows:				
Current liabilities:				
- not later than one year	3,367	4,651	108	103
Non-current liabilities:				
- later than one year and not later than five years	3,662	4,305	351	460
	7,029	8,956	459	563

Information on financial risks of hire purchase and lease creditors are disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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25. PROVISION FOR RETIREMENT BENEFITS

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

	Group	
	2017 RM'000	2016 RM'000
Balance as at 1 June 2016/2015	3,808	3,198
Actuarial (earnings)/loss from re-measurement	(13)	140
Charged to profit or loss	590	552
Utilised during the financial year	(239)	(131)
Foreign exchange differences	75	49
Balance as at 31 May 2017/2016	4,221	3,808

The retirement benefit obligation is a post-employment benefit plan under which the Group is obligated to pay eligible employees a fixed percentage on the average annual salary for each completed year of service. 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.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables	187,939	148,379	-	-
Other payables	38,886	26,760	1,061	1,509
Deposits	141	-	-	-
Accruals	37,793	39,906	1,185	1,150
Other financial liabilities	264,759	215,045	2,246	2,659
Deferred revenue	12,951	7,490	-	-
	277,710	222,535	2,246	2,659

- (a) The normal credit terms available to the Group in respect of trade payables ranged from 30 to 90 days (2016: 30 to 90 days) from date of invoice.
- (b) 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.
- (c) The currency exposure profiles of trade and other payables are disclosed in Note 34(i) to the financial statements.
- (d) Information on financial risks of trade and other payables are disclosed in Note 34 to the financial statements.

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27. 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 RM36,141,000 (2016: RM28,184,000), which is subject to interest ranging from 6.0% - 7.5% (2016: 6.0% - 7.5%) per annum.
- (b) The amounts owing to subsidiaries are denominated in RM.
- (c) Information on financial risks of amounts owing to subsidiaries are disclosed in Note 34 to the financial statements.

28. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of goods	1,569,303	1,368,090	-	-
Services rendered	130,191	139,717	-	-
Rental income	755	1,499	2,439	2,232
Interest income	-	-	1,428	579
Dividend income (gross):				
- Quoted investments in Malaysia	12	6	12	6
- Quoted subsidiaries	-	-	696	936
- Unquoted subsidiaries	-	-	18,000	11,650
	12	6	18,708	12,592
	1,700,261	1,509,312	22,575	15,403

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.

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28. REVENUE *(continued)*

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: *(continued)*

(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.

29. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
- amounts owing to subsidiaries	-	-	3,077	1,714
- bank overdrafts	1,157	1,012	746	747
- term loans, revolving credits and bankers' acceptance	11,728	10,723	2,818	3,110
- others	1,326	1,303	33	30
	14,211	13,038	6,674	5,601

NOTES TO THE FINANCIAL STATEMENTS

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30. TAXATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current taxation based on profit for the financial year:				
- Malaysian income tax	20,116	15,689	571	309
- Foreign income tax	4,873	2,826	-	-
	24,989	18,515	571	309
(Over)/Under-provision in prior years:				
- Malaysian income tax	(1,600)	(1,038)	(309)	150
- Foreign income tax	1	2	-	-
	(1,599)	(1,036)	(309)	150
	23,390	17,479	262	459
Deferred tax (Note 13)				
Relating to origination and reversal of temporary differences	(16)	(1,186)	(288)	(543)
(Over)/Under-provision in prior years	(1,209)	(1,413)	282	(1,677)
	(1,225)	(2,599)	(6)	(2,220)
	22,165	14,880	256	(1,761)

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated taxable profit for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in the respective jurisdictions.
- (c) 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before taxation	51,442	17,222	9,141	64
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	12,346	4,133	2,194	15
Tax effects in respect of:				
Non-allowable expenses	13,620	7,583	2,587	3,822
Non-taxable income	(4,288)	(1,272)	(4,498)	(3,122)
Tax incentives and allowances	(43)	(88)	-	-
Deferred tax assets not recognised	4,329	5,265	-	-
Effect of changes in tax rate	(486)	890	-	-
Share of results of associates	313	394	-	-
Share of results of joint ventures	-	130	-	-
Utilisation of unrecognised tax losses and capital allowances	(1,003)	(364)	-	(949)
Different tax rates in foreign jurisdictions	185	658	-	-
	24,973	17,329	283	(234)
(Over)/Under-provision in prior years:				
- income tax	(1,599)	(1,036)	(309)	150
- deferred tax	(1,209)	(1,413)	282	(1,677)
	(2,808)	(2,449)	(27)	(1,527)
	22,165	14,880	256	(1,761)

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30. TAXATION *(continued)*

(d) Tax savings of the Group and the Company are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Utilisation of unrecognised tax losses and capital allowances	1,003	364	-	949
Utilisation of tax incentives and allowances	43	88	-	-

31. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic earnings/(loss) per ordinary share

The basic earnings/(loss) per ordinary share for the financial year has been calculated based on the consolidated profit/(loss) for the year attributable to owners of the parent and the weighted average number of ordinary shares in issue (after adjusting for Treasury Shares) during the financial year.

	Group	
	2017	2016
Profit/(Loss) attributable to equity holders of the parent (RM'000)	17,466	(6,990)
Weighted average number of ordinary shares in issue ('000)	215,248	215,715
Basic earnings/(loss) per ordinary share for the financial year (sen)	8.11	(3.24)

(b) Diluted earnings/(loss) per ordinary share

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

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32. 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 2016.

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 2017 and 31 May 2016.

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

	Note	Group	
		2017 RM'000	2016 RM'000
Borrowings	22	375,640	229,538
Short term deposits with licensed bank	19	(35,002)	(32,251)
Cash and bank balances	19	(100,315)	(67,584)
Net debt		240,323	129,703
Total equity attributable to owners of the parent		303,310	282,485
Gearing ratio		0.79	0.46

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 2017.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair values

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.

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

(a) Determination of fair values *(continued)*

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

(iii) Club memberships

The fair value of club memberships is determined by reference to club membership price.

(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) 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.

(b) Fair value hierarchy

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

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

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

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

The significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below:

Financial instrument	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
<u>Financial assets</u>		
Club memberships	Comparable market quotes	The higher the market quotes, the higher the fair value of the club memberships would be.

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Fair value hierarchy (continued)

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

Group	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		
2017										
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trusts	-	1,047	-	1,047	-	-	-	-	1,047	1,047
- Quoted shares	953	-	-	953	-	-	-	-	953	953
- Unquoted shares	-	-	-	-	-	-	330	330	330	330
- Club memberships	-	-	300	300	-	-	-	-	300	300
	953	1,047	300	2,300	-	-	330	330	2,630	2,630
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	6,853	-	6,853	6,853	7,029
2016										
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trusts	-	703	-	703	-	-	-	-	703	703
- Quoted shares	868	-	-	868	-	-	-	-	868	868
- Club memberships	-	-	300	300	-	-	-	-	300	300
	868	703	300	1,871	-	-	-	-	1,871	1,871
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	8,724	-	8,724	8,724	8,956

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Fair value hierarchy (continued)

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

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
2017										
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	-	-	-	-	-	441	-	441	441	459
2016										
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	-	-	-	-	-	522	-	522	522	563

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

(b) Fair value hierarchy *(continued)*

There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 May 2017 and 31 May 2016.

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.

(c) The following table shows a reconciliation of Level 3 fair values:

Financial assets	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 June 2016/2015	300	9,300	243	9,243
Conversion	-	(9,000)	-	(9,000)
At 31 May 2017/2016	300	300	243	243

(d) 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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

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.

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34. 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 2017	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	45,536	-	-	-	45,536
Singapore Dollar	962	-	1,859	-	2,821
Ringgit Malaysia	-	-	32	-	32
Brunei Dollar	16	-	-	-	16
Japanese Yen	323	-	-	-	323
	46,837	-	1,891	-	48,728
Cash and bank balances					
United States Dollar	19,319	9,565	-	74	28,958
Pound Sterling	1	-	-	-	1
Chinese Renminbi	3	-	-	-	3
Japanese Yen	242	5	-	-	247
Ringgit Malaysia	-	1	25	-	26
Singapore Dollar	1,335	2	134	-	1,471
	20,900	9,573	159	74	30,706
Borrowings					
United States Dollar	63,030	-	-	7,112	70,142
Trade and other payables					
United States Dollar	9,983	2,852	-	2,578	15,413
Singapore Dollar	31	-	6,670	-	6,701
Euro	69	-	-	-	69
New Zealand Dollar	63	-	-	-	63
Philippine Peso	119	-	-	-	119
Ringgit Malaysia	-	-	383	-	383
	10,265	2,852	7,053	2,578	22,748

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34. 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 2016	Ringgit Malaysia (‘RM’) RM’000	Indonesia Rupiah (‘IDR’) RM’000	United States Dollar (‘USD’) RM’000	Vietnam Dong (‘VND’) RM’000	Total RM’000
Functional currency					
Trade and other receivables					
United States Dollar	31,064	176	-	-	31,240
Singapore Dollar	2,198	-	2,494	-	4,692
Ringgit Malaysia	-	-	63	-	63
Japanese Yen	48	-	-	-	48
	33,310	176	2,557	-	36,043
Cash and bank balances					
United States Dollar	19,442	5,045	-	63	24,550
Pound Sterling	1	-	-	-	1
Ringgit Malaysia	-	1	56	-	57
Singapore Dollar	3,464	9	294	-	3,767
	22,907	5,055	350	63	28,375
Borrowings					
United States Dollar	10,553	-	-	896	11,449
Trade and other payables					
United States Dollar	20,176	228	-	-	20,404
Singapore Dollar	174	-	2,364	-	2,538
Ringgit Malaysia	-	-	366	-	366
	20,350	228	2,730	-	23,308

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34. 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 taxation 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	
		2017	2016
		RM'000	RM'000
Profit after taxation			
RM/USD	- strengthen by 3%	(186)	451
	- weaken by 3%	186	(451)
IDR/USD	- strengthen by 3%	153	114
	- weaken by 3%	(153)	(114)
VND/USD	- strengthen by 3%	(219)	(19)
	- weaken by 3%	219	19

The Group's profit after taxation is not sensitive to other foreign currencies.

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) 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:

Group	Note	Effective annual interest rate %	Within 1 year		1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 31 May 2017										
Fixed rates										
Short term deposits with licensed banks Hire purchase and lease creditors Term loans	19	2.90% - 4.39%	35,002	-	-	-	-	-	-	35,002
	24	2.41% - 8.47%	3,367	1,986	1,268	280	128	-	-	7,029
	23	4.51% - 6.34%	5,757	6,503	5,896	5,938	5,983	32,190	-	62,267
Floating rates										
Bank overdrafts Bankers' acceptances Revolving credits Trust receipts Outward bills purchase	22	6.85% - 8.95%	22,031	-	-	-	-	-	-	22,031
	22	4.00% - 6.00%	129,455	-	-	-	-	-	-	129,455
	22	4.95% - 8.73%	96,608	-	-	-	-	-	-	96,608
	22	2.29% - 6.69%	34,041	-	-	-	-	-	-	34,041
	22	1.98% - 2.14%	24,209	-	-	-	-	-	-	24,209

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

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

Group	Note	Effective annual interest rate %	Within					More than	
			1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 years	Total
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 May 2016									
Fixed rates									
Short term deposits with licensed banks	19	2.90% - 4.39%	32,251	-	-	-	-	-	32,251
Hire purchase and lease creditors	24	2.41% - 8.47%	4,651	2,766	978	442	119	-	8,956
Term loans	23	6.43% - 11.51%*	6,303	3,962	2,100	760	801	3,927	17,853
Floating rates									
Bank overdrafts	22	6.85% - 8.95%	16,655	-	-	-	-	-	16,655
Bankers' acceptances	22	4.00% - 6.00%	73,050	-	-	-	-	-	73,050
Revolving credits	22	4.95% - 8.73%	68,844	-	-	-	-	-	68,844
Trust receipts	22	2.29% - 6.69%	27,771	-	-	-	-	-	27,771
Outward bills purchase	22	1.98% - 2.14%	16,409	-	-	-	-	-	16,409

* VND has an effective annual interest rate of 11.51% per annum.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

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

Company	Note	Effective annual interest rate %	Within					More than	
			1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	5 years	Total
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 May 2017									
Fixed rates									
Amount owing by subsidiaries	16	6.00%	32,627	-	-	-	-	-	32,627
Hire purchase and lease creditors	24	2.76%	108	115	121	115	-	-	459
Term loan	23	6.25%	3,237	646	-	-	-	-	3,883
Amounts owing to subsidiaries	27	6.00% - 7.50%	36,141	-	-	-	-	-	36,141
Floating rates									
Bank overdrafts	22	7.35% - 8.10%	7,089	-	-	-	-	-	7,089
Revolving credits	22	4.85% - 6.85%	42,400	-	-	-	-	-	42,400
As at 31 May 2016									
Fixed rates									
Amount owing by subsidiaries	16	6.00%	18,352	-	-	-	-	-	18,352
Hire purchase and lease creditors	24	2.76%	103	108	115	121	116	-	563
Term loan	23	6.25%	1,548	2,194	-	-	-	-	3,742
Amounts owing to subsidiaries	27	6.00% - 7.50%	28,184	-	-	-	-	-	28,184
Floating rates									
Bank overdrafts	22	7.35% - 8.10%	8,688	-	-	-	-	-	8,688
Revolving credits	22	4.85% - 6.85%	46,000	-	-	-	-	-	46,000

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

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

(ii) Interest rate risk *(continued)*

Sensitivity analysis for floating rate instruments

As at 31 May 2017, 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 taxation for the financial year, arising mainly as a result of higher or lower interest expense on variable borrowings, would have been:

Effects on profit after taxation	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
10 basis point higher	(306)	(202)	(41)	(54)
10 basis point lower	306	202	41	54

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.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2017				
Group				
Financial liabilities				
Trade and other payables	264,759	-	-	264,759
Amounts owing to associates	41	-	-	41
Borrowings	315,468	29,861	33,675	379,004
Total undiscounted financial liabilities	580,268	29,861	33,675	643,804

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

34. 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
2017				
Company				
Financial liabilities				
Trade and other payables	2,246	-	-	2,246
Amounts owing to subsidiaries	43,713	-	-	43,713
Borrowings	52,834	1,046	-	53,880
Total undiscounted financial liabilities	98,793	1,046	-	99,839
2016				
Group				
Financial liabilities				
Trade and other payables	215,045	-	-	215,045
Amounts owing to associates	101	-	-	101
Borrowings	213,683	13,185	4,178	231,046
Total undiscounted financial liabilities	428,829	13,185	4,178	446,192
Company				
Financial liabilities				
Trade and other payables	2,659	-	-	2,659
Amounts owing to subsidiaries	28,211	-	-	28,211
Borrowings	56,339	2,738	-	59,077
Total undiscounted financial liabilities	87,209	2,738	-	89,947

(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 (2016: 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

31 May 2017

34. 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 RM44,761,000 (2016: RM22,161,000).

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 15 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 15 to the financial statements.

35. 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 39 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

35. RELATED PARTY DISCLOSURES *(continued)*

(b) Significant related parties transactions

In addition to the related parties information detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

	Group	
	2017 RM'000	2016 RM'000
Sales to a company in which certain Directors of the Company have substantial indirect shareholding	3,806	4,649
Purchases from a company in which certain Directors of the Company have substantial indirect shareholding	2,126	2,851
Purchases from an associate - Magiqads Sdn. Bhd.	2,380	-
Professional fees paid to firms in which certain Directors of the Company are Partners	1,152	1,080
Rental income from an associate - Magiqads Sdn. Bhd.	785	102
Rental income from a company in which certain Directors of the Company have substantial indirect shareholding	777	1,060

	Company	
	2017 RM'000	2016 RM'000
Professional fees paid to firms in which certain Directors of the Company are Partners	1,152	1,080
Rental income from an associate - Magiqads Sdn. Bhd.	785	102
Rental income from a company in when certain Directors of the Company have substantial indirect shareholding	729	962

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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35. 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Fees	1,576	1,236	520	483
Short term employee benefits	22,872	18,369	434	1,444
Defined contribution plan	1,472	1,667	28	165
Other emoluments	486	540	14	70
	26,406	21,812	996	2,162

36. COMMITMENTS

(a) Capital commitments

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

	Group	
	2017 RM'000	2016 RM'000
In respect of purchase of property, plant and equipment:		
Contracted but not provided for	400	43,605
Approved but not contracted for	75	455
	475	44,060

(b) Operating lease commitments

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

	Company	
	2017 RM'000	2016 RM'000
Not later than one year	16,886	16,097
Later than one year and not later than five years	8,921	23,317
Later than five years	2,277	3,329
	28,084	42,743

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37. CONTINGENT LIABILITIES

	Company	
	2017	2016
	RM'000	RM'000
Unsecured		
Guarantees given to third parties in respect of trade performance of subsidiaries	17,379	12,500
Guarantees given to financial institutions in respect of credit facilities granted	33,415	29,745
	50,794	42,245

All the above unexpired guarantees were not recognised as the Directors are of the view that the fair value of such guarantees given by the Company is negligible.

38. EMPLOYEE BENEFITS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Salaries and wages	90,342	74,281	434	1,222
Defined contribution plan	8,253	8,041	28	368
Provision for retirement benefits	590	552	-	-
Other benefits	1,811	1,629	-	-
	100,996	84,503	462	1,590

Included in the employee benefits of the Group and of the Company are Executive Directors remuneration and other emoluments amounting to RM13,458,000 (2016: RM10,089,000) and RM462,000 (2016: RM474,000) respectively.

39. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Details of subsidiaries are as follows:

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2017	2016	
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
Ancom Energy & Services Sdn. Bhd.	Malaysia	100.0%	100.0%	Dormant

**NOTES TO THE
FINANCIAL STATEMENTS**
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39. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2017	2016	
Direct: (continued)				
Synergy Tanker Sdn. Bhd.	Malaysia	100.0%	100.0%	Investment holding
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
WorldSQL.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
Ancom Components Sdn. Bhd.	Malaysia	66.7%	30.7%	Manufacturing and marketing of low voltage switchgear
Redberry Sdn. Bhd.	Malaysia	100.0%	100.0%	Investment holding and provision of media advertising
Redberry Barter Sdn. Bhd.	Malaysia	100.0%	100.0%	Dormant
Ancom Management Services Sdn. Bhd. (Formerly known as Arena Anggerik Sdn. Bhd.)	Malaysia	100.0%	100.0%	Provision of management services
Genovasi Malaysia Sdn. Bhd.	Malaysia	60.0%	60.0%	Provide education, training, advisory and consulting services
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

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

39. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2017	2016	
Indirect: (continued)				
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
* 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 media related services
Entopest Environmental Services Sdn. Bhd.	Malaysia	90.0%	90.0%	Provision of pest control, hygiene and sanitation services
* Hilly Ventures Sdn. Bhd. (Formerly known as Warisan Setara Sdn. Bhd.)	Malaysia	-	100.0%	Dormant
Meru Utama Sdn. Bhd.	Malaysia	75.0%	75.0%	Provision of advertising in airports
Redberry Contact Center Sdn. Bhd.	Malaysia	100.0%	100.0%	Providing call centre services

**NOTES TO THE
FINANCIAL STATEMENTS**
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39. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2017	2016	
Indirect: (continued)				
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 and transit advertising
Redberry Events Sdn. Bhd.	Malaysia	90.0%	90.0%	Provision of event organisation services
Redberry Mall Sdn. Bhd.	Malaysia	100.0%	100.0%	Provision of advertising in shopping malls
Focus Media Network Sdn. Bhd.	Malaysia	83.9%	83.9%	Provision of digital and cinema advertising
* Redberry Animation Sdn. Bhd.	Malaysia	51.0%	51.0%	Dormant
Unreserved Sdn. Bhd.	Malaysia	100.0%	100.0%	Investment holding
Titanium Compass Sdn. Bhd.	Malaysia	51.0%	100.0%	Provision of advertising services on trains and transit facilities
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
Redberry Retail Sdn. Bhd.	Malaysia	100.0%	100.0%	Dormant
Puncak Berlian Sdn. Bhd.	Malaysia	100.0%	100.0%	Dormant
Redberry Solution Sdn. Bhd.	Malaysia	51.0%	51.0%	Marketing of credit cards

NOTES TO THE FINANCIAL STATEMENTS

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39. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2017	2016	
Indirect: (continued)				
[^] #@ Nylex (Malaysia) Berhad	Malaysia	45.8%	45.7%	Investment holding and manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other polymer products, including geotextiles and prefabricated sub-soil drainage systems
#@ Nycon Manufacturing Sdn. Bhd.	Malaysia	45.8%	45.7%	Manufacture and marketing of rotomoulded plastic products, including bulk chemical containers, road barriers, playground equipment and disposal bins
#@ Nylex Polymer Marketing Sdn. Bhd.	Malaysia	45.8%	45.7%	Marketing of polyurethane ('PU') and polyvinyl chloride ('PVC') synthetic leather, films and sheets, geosynthetic and general trading
*#@ PT Nylex Indonesia	Indonesia	45.8%	45.7%	Manufacture, marketing and distribution of PVC and PU leather cloth
#@ Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	45.8%	45.7%	Trading in petrochemicals and industrial chemicals
#@ Fermpro Sdn. Bhd.	Malaysia	45.8%	45.7%	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products
#@ Kumpulan Kesuma Sdn. Bhd.	Malaysia	45.8%	45.7%	Manufacture and marketing of sealants and adhesive products
#@ Wedon Sdn. Bhd.	Malaysia	45.8%	45.7%	Marketing of sealants and adhesive products
#@ Nylex Specialty Chemicals Sdn. Bhd.	Malaysia	45.8%	45.7%	Manufacture and sale of phosphoric acid

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

39. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2017	2016	
Indirect: (continued)				
# ^(a) Speciality Phosphates (Malaysia) Sdn. Bhd.	Malaysia	23.4%	23.3%	Manufacture and sale of chemicals
# ^(a) ALB Marine Sdn. Bhd.	Malaysia	45.8%	45.7%	Carrying out business of ship owning, ship management and charter hire of tanker
*# ^(a) CKG Chemicals Pte. Ltd.	Singapore	45.8%	45.7%	Trading and distribution of industrial chemicals and gasoline blending components
*# ^(a) Dynamic Chemical Pte. Ltd.	Singapore	41.2%	41.1%	Blending, trading and distribution of industrial chemicals
*# ^(a) Perusahaan Kimia Gemilang (Vietnam) Company Ltd.	Vietnam	45.8%	45.7%	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals
*# ^(a) PT PKG Lautan Indonesia	Indonesia	23.4%	23.3%	Importation and distribution of industrial chemicals
# ^(a) NYL Logistics Sdn. Bhd.	Malaysia	27.5%	27.4%	Providing transportation and related services
# ^(a) Ancom Kimia Sdn. Bhd.	Malaysia	27.5%	27.4%	Distribution of petrochemicals and industrial chemicals
## ^(a) Ancom Logistics Berhad	Malaysia	45.3%	45.3%	Investment holding
## ^(a) Synergy Trans-Link Sdn. Bhd.	Malaysia	45.3%	45.3%	Investment holding
## ^(a) Ancom-ChemQuest Terminals Sdn. Bhd.	Malaysia	23.1%	23.1%	Build, own, operate, lease and manage chemical tank farm and warehouse
## ^(a) Pengangkutan Cogent Sdn. Bhd.	Malaysia	45.3%	45.3%	Providing transportation and related services

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

39. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

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

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2017	2016	
Indirect: (continued)				
### Hikmat Ikhlas Sdn. Bhd.	Malaysia	15.9%	15.9%	Trading and contracting in electrical engineering products
* Syarikat Wandeerfull Sdn. Bhd.	Malaysia	100.0%	100.0%	Investment holding, dealing in and subletting of properties
* Wandeerfull Industries Sdn. Bhd.	Malaysia	100.0%	100.0%	Property investment
* Pureplay Interactive Sdn. Bhd.	Malaysia	100.0%	100.0%	Digital marketing, providing web software and consulting services related to information technology
* Syarikat Wandeerfull (Kg Attap) Sdn. Bhd. (Formerly known as Kemuning Kencana Sdn. Bhd.)	Malaysia	100.0%	-	Dormant
* Digital Showcase Sdn. Bhd.	Malaysia	100.0%	-	Newly incorporated

(b) Details of associates are as follows:

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2017	2016	
Direct:				
* iSpring Capital Sdn. Bhd.	Malaysia	42.0%	42.0%	Dormant
* Jirnexu Pte. Ltd.	Singapore	24.0%	24.0%	Investment holding
MSTi Corporation Sdn. Bhd.	Malaysia	20.0%	20.0%	Trading of computer hardware and software and rendering of IT related consultancy services
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 2017

39. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(b) Details of associates are as follows: *(continued)*

Company		Country of incorporation	Group's effective equity interest		Principal activities
			2017	2016	
Indirect: (continued)					
*	Tamco Chongqing Switchgear Company Limited	China	22.2%	22.2%	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
*	One Chem Terminal Sdn. Bhd. (Formerly known as Naluri Pancar Sdn. Bhd.)	Malaysia	18.3%	-	Dormant

(c) Details of the joint ventures are as follows:

Company	Country of incorporation	Group's effective equity interest		Principal activities
		2017	2016	
Indirect:				
* Senandung Sonik Sdn. Bhd.	Malaysia	25.5%	25.5%	Dormant
* TeaFM Radio Sdn. Bhd.	Malaysia	15.3%	15.3%	Internet radio broadcasting

* 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 ALB under a statute or an agreement.

^ Percentage shareholding computed based on the number of ordinary shares in issue after deduction of the treasury shares of Nylex.

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31 May 2017

40. COMPANIES ACT 2016

CA2016 was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act, 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA2016 comes into operation except Section 241 and Division 8 of Part III of CA2016.

Consequently, the Group and the Company effected the following changes as at 31 January 2017:

- (a) Authorised share capital has been removed; and
- (b) Par or nominal value of ordinary shares have been removed.

41. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

41.1 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
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company, other than the adoption of Amendments to MFRS 101 *Disclosure Initiative*, which resulted in the following:

- (a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- (b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

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

41.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

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 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2017

42. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

	2017	
	Group RM'000	Company RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
Realised	68,506	41,931
Unrealised	18,233	(298)
	86,739	41,633
Total share of accumulated losses from associates and joint ventures:		
Realised	(5,824)	-
	80,915	41,633
Less: Consolidation adjustments	(17,851)	-
	63,064	41,633

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

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

AUDIT AND NON-AUDIT FEE

The disclosure on audit fee and non-audit fee paid or payable to the external auditors of the Company in the financial year is set out in page 63 in this Annual Report.

MATERIAL CONTRACTS INVOLVING DIRECTORS' / MAJOR SHAREHOLDERS' INTERESTS

There was no material contract (other than contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies which involves the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 May 2017 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The aggregate value of RRPT made during the financial year, pursuant to the shareholders' mandate obtained at 47th Annual General Meeting of the Company is as follows :

Related Party	Transacting Party for RRPT	Nature of RRPT	Value of RRPT (RM'000)	Interested directors, major shareholders and connected persons
Malay Mail Sdn. Bhd. ("MMSB")	Redberry Sdn. Bhd. ("Redberry"), a wholly-owned subsidiary of the Company	Provision of advertising space in the newspaper and other media channels by MMSB for Redberry	3,806	<ul style="list-style-type: none"> • 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.
	Twinstar Synergy Sdn. Bhd. ("TSSB"), a wholly-owned subsidiary of Redberry	Provision of printing services by TSSB to MMSB	2,126	

LIST OF TOP TEN PROPERTIES

In terms of net book value as at 31 May 2017

Owner	Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2017 (RM'000)	Date of Acquisition / Revaluation
1. Nylex (Malaysia) Berhad	H.S.(D) 256546 Lot 16 Persiaran Selangor Section 15 Shah Alam, Selangor	Unexpired leasehold interest of 93 years (Expiring on 29 June 2108)	3.02 hectares	Office and factory buildings Age of buildings : approximately 46 years	31,346	5 May 2011
	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 37 years		
2. Ancom Berhad	H.S.(D) 7524 2A, Jalan 13/2 Petaling Jaya Selangor	Unexpired leasehold interest of 88 years (Expiring in 2105)	1.31 hectares	Office and factory buildings Age of buildings : approximately 32 to 42 years	27,740	7 April 2011
3. Ancom- ChemQuest Terminals Sdn. Bhd.	Jeti Petrokimia Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 7 years (Expiring on 31 August 2024)	9.8 acres	Tank farm, office and warehouse Age of building : approximately 20 years	20,708	N/A
4. Ancom Crop Care Sdn. Bhd.	PN 77684 Lot 39, Seksyen 15 Bandar Shah Alam Daerah Petaling Selangor	Unexpired leasehold interest of 91 years (Expiring in 2108)	2.22 hectares	Office and factory buildings Age of buildings : approximately 47 years	12,345	11 May 2011
5. Ancom Crop Care Sdn. Bhd.	P.T. 4227 Mukim of Kapar Daerah Klang Selangor	Unexpired leasehold interest of 69 years (Expiring on 9 June 2086)	2.52 hectares	Office and factory buildings Age of buildings : Approximately 26 years	8,710	30 March 2011

LIST OF TOP TEN PROPERTIES

In terms of net book value as at 31 May 2017

Owner	Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2017 (RM'000)	Date of Acquisition / Revaluation
6. Perusahaan Kimia Gemilang Sdn. Bhd.	H.S.(M) 6259 PT 4228 Mukim of Kapar Daerah Klang Selangor	Unexpired leasehold interest of 69 years (Expiring on 9 June 2086)	2.85 hectares	Office and factory building Age of building : approximately 26 years	8,813	7 April 2011
7. Nylex Specialty Chemicals Sdn. Bhd.	H.S.(M) 5507 PT 593, Persiaran Raja Lumu, Pandamaran Industrial Estate, Port Klang	Unexpired leasehold interest of 57 years (Expiring on 1 September 2074)	0.81 hectare	Warehouse, factory and office buildings Age of buildings : approximately 42 years	3,405	25 April 2011
8. Nylex Specialty Chemicals Sdn. Bhd.	H.S.(M) 6588 PT 624, Persiaran Raja Lumu, Pandamaran Industrial Estate, Port Klang	Unexpired leasehold interest of 59 years (Expiring on 19 February 2076)	0.83 hectare	Warehouse, factory and office buildings Age of buildings : Approximately 40 years	2,825	25 April 2011
9. Pengangkutan Cogent Sdn. Bhd.	PTD 149227 Jalan Berjaya 7 Taman Perindustrian Berjaya, Daerah Johor Bahru, Johor	Freehold	0.61 hectare	Office building Age of building : 8 years	3,315	2010
10. Fermpro Sdn. Bhd.	H.S.(M) 748 Lot 1113 Mukim of Chuping Perlis	Unexpired leasehold interest of 29 years (Expiring on 22 November 2046)	1.62 hectares	Office and factory buildings Age of buildings : approximately 29 years	1,715	25 April 2011

ANALYSIS OF SHAREHOLDINGS

As at 5 September 2017

No. of Holders of Each Class of Equity Securities

Class of securities	: Ordinary shares ("Shares")
Total no. issued	: 218,956,342
No. of holders	: 8,805
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	1,814	49,617	0.023
100 to 1,000	817	438,869	0.203
1,001 to 10,000	4,572	19,026,891	8.843
10,001 to 100,000	1,437	42,728,979	19.858
100,001 to less than 5% of issued Shares	163	103,842,278	48.259
5% and above of issued Shares	2	49,090,381	22.814
Treasury shares	8,805	215,177,015	100.000
	-	3,779,327	-
	8,805	218,956,342	100.000

Substantial Shareholders

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' (Dr) Siew Ka Wei	23,328,365	10.84	20,471,748 ^(a)	9.51
Chan Thye Seng	-	-	42,797,402 ^(b)	19.89
Pacific & Orient Berhad	31,877,978	14.81	10,589,424 ^(c)	4.92
Siew Nim Chee & Sons Sdn. Bhd.	14,558,987	6.77	-	-

Notes:

- (a) Deemed interested by virtue of his direct and indirect interests held through Silver Dollars Sdn. Bhd., Siew Nim Chee & Sons Sdn. Bhd., Datin Young Ka Mun and Quek Lay Kheng.
- (b) Deemed interested by virtue of his direct and indirect interests held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn. Bhd. and Tan Soo Leng.
- (c) Deemed interested by virtue of its direct and indirect interests 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	22,328,365	10.84	20,471,748 ^(a)	9.51
Tan Sri Dato' Dr Lin See Yan	165,375	0.08	-	-
Chan Thye Seng	-	-	42,797,402 ^(b)	19.89

Note :

- (a) Deemed interested by virtue of his direct and indirect interests held through Silver Dollars Sdn. Bhd., Siew Nim Chee & Sons Sdn. Bhd., Datin Young Ka Mun and Quek Lay Kheng.
- (b) Deemed interested by virtue of his direct and indirect interests held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn. Bhd. and Tan Soo Leng.

ANALYSIS OF SHAREHOLDINGS

As at 5 September 2017

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	17,212,403	7.999
2. Pacific & Orient Berhad	16,437,216	7.638
3. Pacific & Orient Berhad	9,218,900	4.284
4. Lim Chin Tong	7,000,000	3.253
5. TA Nominees (Tempatan) Sdn. Bhd. - Siew Nim Chee & Sons Sendirian Berhad	6,790,170	3.155
6. CimSec Nominees (Tempatan) Sdn. Bhd. - CIMB for Pacific & Orient Insurance Co. Berhad (PB)	5,392,878	2.506
7. Pacific & Orient Insurance Co. Berhad	5,196,546	2.415
8. Pacific & Orient Berhad	5,143,162	2.390
9. Kenanga Nominees (Tempatan) Sdn. Bhd. - Siew Ka Wei	4,827,166	2.243
10. Malaysia Nominees (Tempatan) Sendirian Berhad - Silver Dollars Sdn. Bhd. (01-00198-001)	4,727,683	2.197
11. Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Nim Chee & Sons Sdn. Bhd. (01-00195-001)	4,461,317	2.073
12. HLB Nominees (Tempatan) Sdn. Bhd. - E & O Developers Sdn. Bhd. (PJCAC)	3,643,762	1.693
13. Kenanga Nominees (Tempatan) Sdn. Bhd. - Siew Nim Chee & Sons Sdn. Bhd. (001)	3,307,500	1.537
14. RHB Nominees (Tempatan) Sdn. Bhd. - Chiew Chieng Siew	2,694,900	1.252
15. Public Nominees (Tempatan) Sdn. Bhd. - Chiew Chieng Siew (E-PDG)	2,441,600	1.134
16. Lee Cheun Wei	2,030,000	0.943
17. HLB Nominees (Tempatan) Sdn. Bhd. - Eastern & Oriental Berhad (PJCAC)	1,821,881	0.846
18. CimSec Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Chiew Chieng Siew (MK0111)	1,761,500	0.818
19. Tan Aik Choon	1,580,300	0.734
20. CimSec Nominees (Tempatan) Sdn. Bhd. - Chiew Chieng Siew (KUCHING-CL)	1,408,300	0.654
21. Tan Kean Yip	1,310,100	0.608
22. Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Ka Wei (01-00849-000)	1,288,796	0.598
23. Gan Sook Peng	1,219,900	0.566
24. CimSec Nominees (Asing) Sdn. Bhd. - Exempt An for CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	1,197,523	0.556
25. CimSec Nominees (Tempatan) Sdn. Bhd. - CIMB for Chan Hua Eng	1,100,000	0.511
26. Pacific & Orient Berhad	1,078,700	0.501
27. Astro (M) Sdn. Bhd.	951,980	0.442
28. RHB Capital Nominees (Tempatan) Sdn. Bhd. - Lim Kam Seng	930,000	0.432
29. Tai Mee Yin	925,000	0.429
30. CimSec Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Looi Boon Han (MY0992)	920,000	0.427
Total	118,019,183	54.834

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 48th 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 October 2017 at 3.00 p.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 May 2017 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. To re-elect the following Directors, who retire pursuant to Article 81 of the Constitution of the Company: | |
| (a) Edmond Cheah Swee Leng | [Ordinary Resolution 1] |
| (b) Lim Hock Chye | [Ordinary Resolution 2] |
| 3. To re-appoint Tan Sri Dato' Dr Lin See Yan, whose term of office shall be expiring at the conclusion of the 48 th Annual General Meeting, as a Director of the Company. | [Ordinary Resolution 3] |
| 4. To approve the payment of Directors' fees of RM520,000 for the financial year ended 31 May 2017. | [Ordinary Resolution 4] |
| 5. To approve the payment of Directors' benefits (excluding Directors' fees) of up to RM120,000 from 1 February 2017 until the next Annual General Meeting of the Company. | [Ordinary Resolution 5] |
| 6. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. | [Ordinary Resolution 6] |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:

- | | |
|---|--------------------------------|
| 7. PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RRPT MANDATE") | [Ordinary Resolution 7] |
|---|--------------------------------|

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 26 September 2017, provided that such transactions are necessary for day-to-day operations and carried out in the ordinary course of business and at arms-length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

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 a resolution passed at the meeting, the authority is renewed;

NOTICE OF ANNUAL GENERAL MEETING

(ii) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or

(iii) revoked or varied by a resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and do all such acts and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed RRPT Mandate."

8. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

[Ordinary Resolution 8]

"THAT subject always to the provisions of the Companies Act, 2016 ("Act"), the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company ("Share Buy-Back Mandate") provided that:

- (a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten per centum (10%) of the total number of issued ordinary shares of the Company as at the point of purchase;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and
- (c) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the shares on Bursa Securities or distribute the shares as dividends or transfer the shares under an employees' share scheme or as purchase consideration or otherwise use the shares for such other purpose as the Minister by order prescribe.

THAT the authority conferred by this resolution will be effective upon passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next Annual General Meeting of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

NOTICE OF ANNUAL GENERAL MEETING

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and to give full effect to the Share Buy-Back Mandate with full power to assent to any conditions, modifications, variations and/or amendments as may be required 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 Act, regulations and guidelines.”

9. AUTHORITY TO ISSUE AND ALLOT SHARES

[Ordinary Resolution 9]

“THAT subject always to the Companies Act, 2016 (‘Act’), the Constitution of the Company and the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Act to issue and allot shares 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 shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Act, 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 shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad pursuant to this resolution.”

10. CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

- (i) “THAT subject to the passing of Ordinary Resolution 1, authority be and is hereby given to Edmond Cheah Swee Leng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company.”
- (ii) “THAT subject to the passing of Ordinary Resolution 3, authority be and is hereby given to Tan Sri Dato’ Dr Lin See Yan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company.”

[Ordinary Resolution 10]

[Ordinary Resolution 11]

11. OTHER ORDINARY BUSINESS

To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act, 2016.

By order of the Board,

SOO SHIOW FANG (MAICSA 7044946)
WONG WAI FOONG (MAICSA 7001358)
 Secretaries

Petaling Jaya
 26 September 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

- a. A member entitled to attend and vote at the Meeting may appoint up to two (2) proxies to attend, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
- b. 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.
- c. 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.
- d. 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.
- e. 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.
- f. In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 October 2017 (General Meeting Records of Depositories) shall be eligible to attend, speak and vote or appoint proxy to attend, speak and vote on his behalf at the Meeting.
- g. The instrument appointing a proxy shall be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, 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 or adjourned meeting.

EXPLANATORY NOTES:

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 May 2017

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 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. Ordinary Resolution 3 – Re-appointment of Tan Sri Dato' Dr Lin See Yan

With the coming into force of the Companies Act, 2016 on 31 January 2017, there is no age limit for directors.

At the 47th Annual General Meeting of the Company held on 20 October 2016, Tan Sri Dato' Dr Lin See Yan, who is above the age of 70 years, was re-appointed pursuant to Section 129 of the Companies Act, 1965 to hold office until the conclusion of the 48th Annual General Meeting. Tan Sri Dato' Dr Lin See Yan, who holds office until the conclusion of the 48th Annual General Meeting, has offered himself for re-appointment as Director of the Company.

This proposed resolution, if passed, will enable Tan Sri Dato' Dr Lin See Yan to continue to act as Director of the Company and he shall be subject to retirement by rotation at a later date.

NOTICE OF ANNUAL GENERAL MEETING

3. Ordinary Resolution 4 – Directors' fees

The Directors' fees for the Non-Executive Directors ("NED") have not been increased for the financial year ended ("FYE") 2017 as compared with the Directors' fees for the FYE2016, following an independent Board remuneration review conducted by an external consultant in 2016. The Board decided that the Directors' fees for FYE2017 be maintained as FYE2016 given the recent review by the external consultant. The Board approved the Remuneration & Nomination Committee's recommendation for the Directors' fees to remain unchanged in respect of FYE2017 as the same is still competitive.

4. Ordinary Resolution 5 – Directors' benefits

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the Directors of the listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that shareholders' approval shall be sought at the 48th Annual General Meeting on the Directors' benefits (excluding Directors' fee) payable for the period from 1 February 2017 until the next Annual General Meeting.

The Directors' benefits comprise the meeting attendance allowance of RM416 per meeting and other benefits (car, fuel, driver, allowance and other emoluments) payable to the Non-Executive Directors ("NEDs").

In determining the estimated total amount of benefits (excluding Directors' fees) for the NEDs, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees as well as the number of Directors involved.

5. Ordinary Resolution 7 – Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed RRPT Mandate")

This proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with its related party in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Further details relating to this proposed resolution are set out in the Company's Circular to Shareholders dated 26 September 2017, which is circulated together with the Company's 2017 Annual Report.

6. Ordinary Resolution 8 – Proposed Renewal of Share Buy-Back Authority

This proposed resolution, if passed, will empower the Company to purchase its own shares up to 10% of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Further details relating to this proposed resolution are set out in the Share Buy-Back Statement dated 26 September 2017, which is circulated together with the Company's 2017 Annual Report.

7. Ordinary Resolution 9 – Authority to Issue and Allot Shares

This proposed resolution, if passed, will authorise the Directors to issue and allot up to a maximum of 10% of the total number of issued shares (excluding treasury shares) in the Company for the time being for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

NOTICE OF 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. This general mandate will give flexibility to the Company for any 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, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit and in the best interest of the Company.

8. Ordinary Resolutions 10 and 11 – Continuing in Office as Independent Non-Executive Directors

The proposed Ordinary Resolutions 10 and 11, if passed, will enable Edmond Cheah Swee Leng and Tan Sri Dato' Dr Lin See Yan to continue serving as the Independent Non-Executive Directors of the Company as recommended under Malaysian Code on Corporate Governance.

The Remuneration & Nomination Committee and the Board has assessed the independence of Edmond Cheah Swee Leng and Tan Sri Dato' Dr Lin See Yan, who had served as the Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years, and recommended them to continue to act as the Independent Non-Executive Directors of the Company on the grounds that:

- (i) they fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and their ability to bring an element of objectivity to the Board;
- (ii) they are knowledgeable and have vast experience that could be shared with the Board; and
- (iii) they have exercise due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company.



ANCOM BERHAD

(Company No. 8440-M)
Incorporated in Malaysia

FORM OF PROXY

CDS A/C. No.	No. of shares held

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

of
(Full Address)

being (a) member(s) of ANCOM 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/ proxies to attend and to vote for *me / us on *my / our behalf at the 48th Annual General Meeting of the Company to be held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 19 October 2017 at 3.00 p.m. and at any adjournment thereof and to vote as indicated below:

ORDINARY RESOLUTION		FOR	AGAINST
1	To re-elect Edmond Cheah Swee Leng as a Director of the Company.		
2	To re-elect Lim Hock Chye as a Director of the Company.		
3	To re-appoint Tan Sri Dato' Dr Lin See Yan as a Director of the Company.		
4	To approve the payment of Directors' fees.		
5	To approve the payment of Directors' benefits.		
6	To re-appoint Messrs BDO as Auditors of the Company.		
7	Proposed new and renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		
8	Proposed renewal of share buy-back authority.		
9	Authority to Issue and Allot Shares.		
10	Continuing in office as an Independent Non-Executive Director – Edmond Cheah Swee Leng.		
11	Continuing in office as an Independent Non-Executive Director – Tan Sri Dato' Dr Lin See Yan.		

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

[*Delete if not applicable]

Dated this day of 2017

.....
[Signature / Common Seal of shareholder(s)]

Telephone no. during office hours:

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NOTES:

- a. A member entitled to attend and vote at the Meeting may appoint up to two (2) proxies to attend, speak and vote for him. A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
- b. 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.
- c. 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.
- d. 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.
- e. 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.
- f. In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 October 2017 (General Meeting Records of Depositories) shall be eligible to attend, speak and vote or appoint proxy to attend, speak and vote on his behalf at the Meeting.
- g. The instrument appointing a proxy shall be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, 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 or adjourned meeting.

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Affix
Stamp

ANCOM BERHAD (Company No. 8440-M)

The Share Registrar:
Tricor Investor & Issuing House 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

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