



Ancom Berhad
(8440-M) (Incorporated in Malaysia)

Annual Report
2001
Laporan
Tahunan



Cover Rationale

Ancom was built on sound business fundamentals and the experience of its management team. The main picture element, which is a large vessel, representing Ancom, cutting through waves depicts the company's stability and bold approach to the challenges it faces and its determination in setting its course and forging ahead despite the obstacles.

The diverse business activities that Ancom is actively involved in, are set against the main picture element to connote the contribution that each of these sectors make towards the company's growth.

Contents

Notice Of Annual General Meeting	2
Corporate Information	4
Statement Of Corporate Governance	8
Audit Committee Report	12
Chairman's Statement	16
Penyata Pengerusi	20
Directors' Responsibility Statement	24
Directors' Report	26
Report Of The Auditors	34
Financial Statements	35
Other Information	77
List Of Properties	79
Analysis Of Shareholding	83
Proxy Form	

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of the Company will be held on Thursday, 8 November 2001 at 10.00 am at the Summit Room, Level 2, Mandarin Oriental, Kuala Lumpur City Centre ("KLCC"), 50088 Kuala Lumpur for the following purposes: -

AGENDA

A. Ordinary Business

1. To receive and adopt the audited accounts, report of the Directors and the Auditors thereon for the year ended 31 May 2001; [Resolution 1]
2. To declare a final dividend of 4% less 28% income tax in respect of the year ended 31 May 2001; [Resolution 2]
3. To approve Directors' fees for the year ended 31 May 2001; [Resolution 3]
4. To re-elect Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak who retires pursuant to Para 7.28 of the Kuala Lumpur Stock Exchange Listing Requirements; [Resolution 4]
5. To re-elect the following Directors who retire pursuant to the Company's Articles of Association:
 - 5.1 Siew Ka Wei(Article 79) [Resolution 5]
 - 5.2 Y. Bhg. Tan Sri Dato' Dr. Lin See Yan (Article 86) [Resolution 6]
 - 5.3 Chieng Ing Huong (Article 86); [Resolution 7]
6. To re-elect the following Directors who retire pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next Annual General Meeting:
 - 6.1 Y.A.B.M. Raja Tun Mohar bin Raja Badiozaman [Resolution 8]
 - 6.2 Y. Bhg. Dato' Siew Nim Chee; [Resolution 9]
7. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration; [Resolution 10]

B. Special Business

8. To consider and if thought fit, to pass the following Ordinary Resolution: -
 "THAT pursuant to Section 132D of the Companies Act, 1965 and the Articles of Association of the Company, approval be and is hereby given to the Directors to offer and grant options to eligible employees and executive directors of the Company and its subsidiary companies ("the Group") pursuant to Ancom Berhad Employees' Share Option Scheme ("ESOS") which was approved at the Company's Extraordinary General Meeting held on 24 February 1999 and to allot and issue such new ordinary shares of RM1.00 each in the Company from time to time during the existence of the ESOS to the eligible employees and executive directors of the Group pursuant to their exercise of the options under the ESOS"
 [Resolution 11]
9. To consider and if thought fit, to pass the following Ordinary Resolution: -
 "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares of RM1.00 each in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may deem fit provided that the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten (10) per centum of the total issued capital of the Company and that such authority shall commence upon the passing of this resolution until the conclusion of the next annual general

Notice Of Annual General Meeting

AGENDA (cont'd)

meeting of the Company AND THAT the Directors are further authorised to make the necessary applications to the Kuala Lumpur Stock Exchange and to do all such things necessary and upon such terms and conditions as the Directors may in their discretion deem fit and expedient in the best interest of the Company for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution.”

[Resolution 12]

C. Other Ordinary Business

10. To transact any other business that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By order of the Board,

NANDITA K.K. CHOUDHURY
CHOO SE ENG
Company Secretaries

Kuala Lumpur
17 October 2001

NOTES: -

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company.
2. In the case of a corporate shareholder, the instrument appointing a proxy shall be under its Common Seal or its attorney.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, 50100 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.

EXPLANATORY NOTES

1. Re-election of Directors

The particulars of the Directors seeking re-election and their shareholding in the Company and its subsidiaries are as in the Annual Report.

2. Item 8 of the Agenda

The Resolution 11 proposed under item 8 of the Agenda, if passed, will empower the Directors to offer and grant options and issue new ordinary shares in the Company pursuant to the ESOS which was approved at the Extraordinary General Meeting held on 24 February 1999.

3. Item 9 of the Agenda

The Resolution 12 proposed under item 9 of the Agenda, if passed, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the issued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting.

Board Of Directors



YABM Raja Tun Mohar bin Raja Badiozaman - CHAIRMAN

Age 79, Malaysian, Non-executive Chairman. Appointed to the Board on 23 December 1992. Obtained a Bachelor of Arts Degree (Honours) in Economics from Cambridge University and a Diploma in Agricultural Economics from Oxford University, England. Joined the Malaysian Civil Service in 1938 and has since served in various capacities before being appointed as the Secretary General of the Finance Ministry in January 1971 and later Special Economic Advisor to the Prime Minister in December 1971 until retirement in 1988. Was the Chairman of Petroleum Nasional Berhad, Malaysia Airlines System Berhad, Tourist Development Corporation, Bank Islam Malaysia Berhad (now known as BIMB Holdings Berhad) and Pengurusan Danaharta Nasional Berhad. Currently is the Chairman of Nylex (Malaysia) Berhad, a director of Johan Holdings Berhad and YTL Power International Berhad.



Dato' Ahmad Johari bin Tun Abdul Razak - GROUP MANAGING DIRECTOR

Age 47, Malaysian, the Group Managing Director. Appointed on 27 November 1992 and became the Group Managing Director on 1 July 1994. A member of the Audit Committee. Obtained a law degree from the University of Kent, United Kingdom in 1975 and was called to the Bar of England and Wales in 1976. Admitted as an advocate and solicitor of the High Court of Malaya in 1977 and practised as an Advocate and Solicitor with Messrs. Shearn Delamore & Co. from 1979 to 1994. Currently is a director of Daiman Development Berhad, Hong Leong Industries Berhad and Nylex (Malaysia) Berhad and is the Chairman of Courts Mammoth Berhad.



Siew Ka Wei - DEPUTY GROUP MANAGING DIRECTOR

Age 46, Malaysian, the Deputy Group Managing Director. Appointed on 23 October 1985. Was appointed as the Group Deputy Managing Director on 17 October 1995. Holds a Bachelor of Science (Hons) degree in Chemical Engineering and subsequently a Master of Science degree in Operational Research from Imperial College, London in 1978. Has local and international working experience and is well-versed in the field of petrochemicals. Currently a director of Nylex (Malaysia) Berhad and Eastern & Oriental Berhad. A substantial shareholder of Ancom.



Dato' Siew Nim Chee - DIRECTOR/ADVISOR

Age 76, Malaysian, Non-independent Director. Appointed on 27 November 1992 and is currently the advisor to the Group. Holds a Bachelor of Arts Degree (Hons.) from the University of Malaya and a Master of Science in Industrial Labour Relations from Cornell University, USA. Was a lecturer in University of Malaya for 10 years and a Chief Economist in Bank Negara Malaysia for 5 years. Currently sits on the Board of UAC Berhad, Malaysian Oxygen Berhad, Johan Holdings Berhad, Asiatic Development Berhad, Jack International Ltd, Resorts World Berhad and Malaysia Smelting Corporation Berhad. A substantial shareholder of Ancom.

Board Of Directors

Tan Sri Dato' Dr. Lin See Yan - DIRECTOR

Age 62, Malaysian, Independent and Non-executive Director. Appointed on 30 October 2000. Holds a B.A. (Hons) from University of Malaya in Singapore in Economics and a Ph.D in Economics from Harvard University. Has a long and distinguished history of public services the latest being the Deputy Governor of Bank Negara Malaysia from 1980 to 1994. Was appointed the Executive Chairman of Pacific Bank Berhad and later its President and Chief Executive Officer in 1994 to 1997. Was Director and Chairman of the Executive Committee of Khazanah Nasional Berhad from 1994 to 2000. Currently is Pro-Chancellor of Universiti Sains Malaysia, Trustee, Malaysia University for Science and Technology, a Professor of Economics (Adjunct) at Universiti Utara Malaysia. Sits on the Boards of Kumpulan Guthrie Berhad, F&N Holdings Bhd, Bank Industri & Teknologi Malaysia Berhad, Cabot Malaysia, Great Eastern Holdings Co. Limited, Great Eastern Life Assurance Co. Ltd., Overseas Assurance Corp. Ltd, Straits Trading Co. Ltd. and P.T. Cabot Indonesia. Also, Chairman, Experts Group on Finance for Sustainable Development, UNCSD (New York) since 1994.



Datuk Haji Mohamed Al-Amin bin Haji Abdul Majid JP - DIRECTOR

Age 46, Malaysian, Non-independent and Non-executive Director. Appointed on 16 June 1997. Holds a Bachelor of Science (Civil Engineering) from University of Aston, Birmingham, England. Active in the fields of politics and voluntary organisations and had served as a Committee Member of Malaysian Institute of Engineers and as the Secretary of Badminton Association of Malaysia. Currently a director of KUB Malaysia Berhad and I Berhad.



Dato' Mohd Ismail bin Che Rus - DIRECTOR

Age 58, Malaysian, Independent and Non-executive Director. Appointed on 29 October 1999. Chairman of the Audit Committee. Started his career with the Royal Malaysian Police as an Inspector in 1962. Was promoted on numerous occasions before being appointed the Chief Police Officer for three states in Malaysia including the Metropolitan Police of Kuala Lumpur. Was holding the rank of Commissioner of Police with the appointment as the Director of Criminal Investigation Department prior to retirement. Currently a director and Chairman of the Audit Committee of Nylex (Malaysia) Berhad.



Chieng Ing Huong - DIRECTOR

Age 44, Malaysian, Independent Non-executive Director. Appointed on 23 August 2001. A member of the Audit Committee. Graduated from the University of New South Wales, Australia with a Bachelor of Commerce Degree in Accounting, Finance & Information Systems. Qualified as a Chartered Accountant and is a member of the Institute of Chartered Accountants in Australia and a Public Accountant registered with the Malaysian Institute of Accountants. Was the managing director of Equity & Property Investment Corporation Limited, Australia, a director of Hillgrove Gold NL, Australia and an executive director of OSK Holdings Berhad. Was the founder and currently a director and a substantial shareholder of Nationwide Express Courier Services Berhad, the Senior Vice President, Business Development of Hwang DBS Securities Berhad, the Chairman of Selangor Dredging Berhad and a director in Nylex (Malaysia) Berhad.



Board Of Directors

Chan Thye Seng - DIRECTOR

Age 45, Malaysian, Non-independent and Non-executive Director. Appointed on 19 October 1999. Graduated from the University College Cardiff with a Bachelor of Law (Hons) and practised as an Advocate and Solicitor for more than 13 years after being called to the Malaysian Bar in 1982. Currently the Chief Executive Officer of Pacific & Orient Berhad, a substantial shareholder of Ancom.

Notes :

1. Conflict of Interest

Other than Y Bhg Dato' Siew Nim Chee and Mr. Siew Ka Wei who are father and son, none of the other Director has any family relationship with other Directors or substantial shareholders.

YABM Raja Tun Mohar bin Raja Badiozaman is deemed interested in 8.1% equity held by Shamazdaso Holdings Sdn Bhd in OrganiGro Sdn Bhd, a 63.9%-owned subsidiary of Ancom.

Y Bhg Dato' Siew Nim Chee and Mr. Siew Ka Wei are deemed to have an indirect interest in 46.9% equity not already owned by Ancom in Malay Sino Technologies Sdn Bhd, a 50.1%-owned subsidiary of Ancom.

During the financial year, there were no business arrangements between the Directors and the Company or the Group in which any conflict of interest has arisen.

2. Conviction for Offences

None of the Directors has been convicted of offences within the past ten (10) years other than traffic offences, if any.

3. Attendance at Board Meetings

The attendance of the Directors at Board of Directors' Meeting is covered in the Statement of Corporate Governance.

Corporate Information

AUDIT COMMITTEE

Y. Bhg. Dato' Mohd Ismail bin Che Rus
Chairman, Independent Non-Executive Director

Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak
Member, Group Managing Director

Chieng Ing Huong
Member, Independent Non-Executive Director

SECRETARIES

Choo Se Eng
Nandita K K Choudhury

AUDITORS

BDO Binder
Public Accountants

SOLICITORS

Shearn Delamore & Co
Lee Hishammuddin

PRINCIPAL BANKERS

Alliance Merchant Bank Berhad
Bumiputra-Commerce Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Overseas Union Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad

SHARE REGISTRAR

Signet Share Registration Services Sdn. Bhd.
10th & 11th Floor
Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-21454337
Fax: 03-21415757

REGISTERED OFFICE

Suite 1005, 10th Floor
Wisma Hamzah Kwong Hing
No. 1, Leboh Ampang
50100 Kuala Lumpur
Tel: 03-20700644
Fax: 03-20726503

PRINCIPAL PLACE OF BUSINESS

102-1002, Block A
Pusat Dagangan Phileo Damansara 1
No. 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-76600008
Fax: 03-76600010

STOCK EXCHANGE LISTING

The Main Board of the
Kuala Lumpur Stock Exchange ("KLSE")

Statement Of Corporate Governance

The Board is committed to ensure that a high standard of corporate governance is practiced throughout the Company and its subsidiaries ("Group") in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders' value and the financial position of the Company and of the Group. The Board has always been mindful of its fiduciary duties entrusted on them by the Companies Act, 1965 as a principle guide in discharging its duties.

The Board will evaluate the status of the Group's corporate governance practices and procedures to adopt and implement the best practices as enshrined in the Code of Corporate Governance issued by the Finance Committee on Corporate Governance ("Code") wherever applicable in the best interest of the shareholders of the Company.

Set out below is the description on how the Group has applied the principles set out in the Code during the financial year.

BOARD OF DIRECTORS

Board Composition

The Board currently consists of 9 members, 3 of whom are Independent Non-Executive Directors. The composition of the Board reflects a balance of Executive and Non-Executive Directors with a mix of legal, technical, economics, accounting and business experiences that has been vital in steering the Group to its present form. The biographies of the Directors, as in pages 4 to 6 of the Annual Report, clearly demonstrate the skill, experience and depth of the Board of Directors in terms of strategies, performance and resources.

Board Meetings

The Board will normally meet quarterly, and on other occasions as and when required, to approve the quarterly and annual financial results and to review matters of importance. Notices are given for all meetings together with all the relevant board papers prior to the meetings for the Directors to study and evaluate the implications of the matters to be discussed. At the Board Meetings, the Group Managing Director or the Deputy Group Managing Director will explain to the Board the rationale of the matters to be discussed and the implications thereof on the Company. The Directors are free to discuss the merits of the matters in an open and unrestrictive manner.

All Directors have direct access to the advices and services of the joint Company Secretaries in furtherance of their duties. They may take independent advice whenever they deemed appropriate at the Company's expenses.

Duties and Responsibilities

There is clear segregation of responsibilities between the Chairman and the Group Managing Director and the Deputy Group Managing Director to ensure a balance of power and authority. The Chairman is responsible for the orderly conduct of the Board while the Group Managing Director and the Deputy Group Managing Director are responsible for the day to day running of the business and implementation of the Board's decisions and policies. The Non-Executive Directors and the Independent Non-Executive Directors play a significant role in ensuring that no significant decision and policies are controlled by an individual or minority group of directors. All Board's decisions are decided by a simple majority of votes of the Directors present in the Meeting. The presence of the Independent Directors are to safeguard the interest of the minority shareholders. The Group Managing Director and the Deputy Group Managing Director are subject to the control of the Board of Directors.

The Board did not appoint any independent director to whom concerns relating to the affairs of the Group will be directed to as the Board practices "open" approach where all such concerns can be directed to the Chairman or the Group Managing Director / Deputy Group Managing Director to take corrective action.

Statement Of Corporate Governance

Board Attendance

During the financial year, a total of three (3) Board Meetings were held. The attendance at the Board Meetings were as follows: -

	No. of meetings attended
Executive Directors	
Y Bhg Dato' Ahmad Johari bin Tun Abdul Razak	3
Siew Ka Wei	3
Y Bhg Dato' Siew Nim Chee	2
Y Bhg Datuk Haji Ismail bin Haji Hashim (resigned on 16/10/2000)	1
Non-Executive Directors	
YABM Raja Tun Mohar bin Raja Badiozaman	1
Y Bhg Tan Sri Dato' Dr. Lin See Yan* (appointed on 30/10/2000)	1
Y Bhg Datuk Mohamed Al-Amin bin Abdul Majid JP	2
Y Bhg Dato' Mohd Ismail bin Che Rus*	2
Chan Thye Seng	0
Aznam bin Dato' Mansor* (resigned on 25/5/2001)	2
Chieng Ing Huong* (appointed on 23/8/2001)	Not Applicable
* Independent Directors	

Audit Committee

The Audit Committee has revised its terms of reference to be in line with the KLSE Listing Requirements. The report of the Audit Committee is set out separately in the Annual Report.

Remuneration of Directors

The remuneration of the Executive Directors are determined based on the market rates commensurate with the experience, knowledge and professional skill of the Executive Directors. The overriding principal in setting the remuneration packages for the Executive Directors are to ensure the Company attracts and retains the Directors needed to run the Company successfully. The component parts of the remuneration were structured so as to link rewards to corporate and individual performance in the case of Executive Directors. For Non-Executive Directors, the level of remuneration reflects the amount paid by other comparable organisations adjusted for the experience and levels of responsibilities undertaken by the Non-Executive Directors concerned in the Company. In addition, the Company reimburse reasonable out-of-pocket expenses incurred by the Directors in the course of their duties as a Director of the Company.

The breakdown of the remuneration of the Directors during the financial year are as follows: -

	Executive Director RM	Non- Executive Director RM	Total RM
(a) Total remuneration: -			
Fees	372,959	147,933	520,892
Salaries	2,098,025	-	2,098,025
Benefits-in-kind	63,283	-	63,283
Other emoluments	-	161,708	161,708
	<u>2,534,267</u>	<u>309,641</u>	<u>2,843,908</u>

Statement Of Corporate Governance

	Executive Director	Non-Executive Director	Total
(b) Number of Directors whose remuneration falls into the following bands: -			
Less than RM50,000	–	5	5
RM100,000 to RM150,000	1	–	1
RM150,000 to RM200,000	–	1	1
RM400,000 to RM450,000	1	–	1
RM800,000 to RM850,000	1	–	1
RM1,150,000 to RM1,200,000	1	–	1
	4	6	10

Note : One (1) Executive Director and One (1) Non-Executive Director resigned from the Board during the year.

Nomination of Directors

All Directors are presently involved in the assessing, identifying and appointing new directors to the Board. In accordance with the Company's Articles of Association, all newly appointed Directors are subject to retirement and are entitled for re-election at the first annual general meeting after their appointment. All the Directors, except the Directors who have attained the age of 70, retire on rotational basis once every three years and are entitled to offer themselves for re-election at the Company's annual general meeting. None of the Executive Directors has a service contract which the notice period for termination is more than one year.

In the case of re-election or election of Directors at the annual general meeting, the notice of annual general meeting will state the name of the Directors seeking re-election or election with a brief description of his:

- Age
- Status (whether independent or non-independent)
- Relevant experience / qualifications
- List of directorships in other listed companies
- Date of appointment to the Board and Board Committee
- Details of his shareholding in the Company and its subsidiaries
- Details of his attendance at Board or Board Committee meetings

The motion to re-elect or elect Directors are voted on individually.

Remuneration and Nomination Committee

In accordance with the best practice recommended by the Code, the Board has established a Remuneration and Nomination Committee comprised Y Bhg Tan Sri Dato' Dr Lin See Yan and Y Bhg Dato' Mohd Ismail bin Che Rus, all of whom are Non-Executive Directors, on 24 September 2001. The Board had decided to combine the functions of the Remuneration Committee and the Nomination Committee into one "Remuneration and Nomination Committee".

The Remuneration and Nomination Committee will re-assess all the elements of the remuneration and recommend to the Board a framework of executive remuneration and its cost, and the remuneration package and the terms of employment of each Executive Director. It will be the ultimate responsibility of the entire Board to approve the remuneration of these Directors. The determination of the remuneration of the Non-Executive Directors will be a matter for the Board as a whole. Directors will not participate in decision on their own remuneration packages.

Statement Of Corporate Governance

The Remuneration and Nomination Committee will be responsible for making recommendations to the Board on all new Board and Board Committee appointments. The Committee would review the required mix of skills and experience of the Directors of the Board, in determining the appropriate Board balance and size of Non-Executive Directors. It will establish procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and the contribution of each individual Directors and Board Committee members.

SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONSHIP POLICY

The Board believes in clear communication with its shareholders. The annual reports and the quarterly announcements are the primary modes of communication to report on the Group's business, activities and financial performance to all its shareholders. Notice of annual general meeting and the financial statements and other related documents are sent out to the shareholders at least 14 days before the date of the meeting. The notice of annual general meeting is also advertised in a leading English newspaper at least 14 days before the date of the meeting. Each item of special business included in the notice of meeting will be accompanied by a full explanation of the effect of a proposed resolution to enable shareholders to make an informed judgement. In accordance with the KLSE Listing Requirements, the notice period is now changed to at least 21 days.

At each annual general meeting, the Group Managing Director will present a review of the Group's performance. Shareholders are given opportunities to ask questions at the annual general meeting where the Directors are available to discuss aspects of the Group's business activities and performance where necessary. The Board will provide written answers to any questions that cannot be readily answered at the meeting.

ACCOUNTING RECORDS, AUDIT AND INTERNAL CONTROL

In presenting the annual financial statements and the quarterly results announcements to the shareholders, the Directors aim to present a balanced and easy to understand assessment of the Group's performance and prospect. The annual financial statements and the quarterly results announcements are prepared in accordance with the requirements of the Companies Act, 1965, the KLSE Listing Requirements, and the standards approved by the Malaysian Accounting Standard Board.

A statement by the Directors of their responsibilities for preparing the financial statements is included in page 24 of the Annual Report.

The Board acknowledges their responsibilities for the Group's system of internal control which has been designed to meet the Group's particular needs and to manage and mitigate the risks to which the business of the Group are exposed. The Board recognizes that the system of internal control, by nature, can only provide reasonable but not absolute assurance against loss.

To assist the Board in ensuring the adequacy and integrity of the Group's internal control, the Board has appointed Messrs. Ernst & Young as the Group Internal Auditors to review the Group's internal control for a period of three (3) years covering the financial years commencing 1 June 2001 to 31 May 2004. The Group Internal Auditors will report to the Audit Committee. The Audit Committee will present its Statement on Internal Control in the next annual report.

Audit Committee Report

CONSTITUTION

On 2 July 1994, the Board of Directors resolved to establish a committee of the Board to be known as the Audit Committee ("Audit Committee").

OBJECTIVES

The objectives of the Audit Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to internal control, corporate accounting and reporting practices of the Company and its subsidiaries ("Group"). The Audit Committee will endeavour to adopt certain practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company's shareholders thereby strengthen the confidence of the public in the Group's reported results.

COMPOSITION

The members of the Audit Committee during the financial year were: -

1. Encik Aznam bin Dato' Mansor
(Chairman, Independent Non-Executive Director)
(Resigned on 25 May 2001)
2. Y Bhg Dato' Ahmad Johari bin Tun Abdul Razak
(Member, Group Managing Director)
3. Y Bhg Dato' Mohd Ismail bin Che Rus
(Member, Independent Non-Executive Director)

On 23 August 2001, Mr. Chieng Ing Huong, an Independent Non-Executive Director, was appointed an additional member of the Audit Committee. Mr Chieng is a member of the Malaysian Institute of Accountants. Y Bhg Dato' Mohd Ismail bin Che Rus was appointed the Chairman of the Audit Committee on 17 September 2001.

TERMS OF REFERENCE

On 30 July 2001, the Board resolved to adopt the following new Terms of Reference for the Audit Committee to be in line with the KLSE Listing Requirements.

Composition

The Audit Committee shall be appointed by the Board of Directors from amongst its members and shall comprise at least three (3) Directors. The majority of the members of the Audit Committee shall be Independent Non-Executive Directors.

At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or a person approved under Section 15.10(1)(c)(ii) of the KLSE Listing Requirements. No Alternate Director shall be appointed as a member of the Audit Committee.

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

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

Audit Committee Report

Functions

The Audit Committee shall discharge the following functions: -

1. Review the following and report same to the Board of Directors of the Company: -

- i. with the external auditors, the audit plan, the scope of work and ascertain that it will meet the needs of the Board, the shareholders and the authorities ;
- ii. with the external auditors, their evaluation of the quality, effectiveness and the integrity of the Group's systems of internal control ;
- iii. with the external auditors, their audit report including management letter on internal control weaknesses and the management's response thereof ;
- iv. the assistance given by the employees of the Company to the external auditors ;
- v. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work ;
- vi. the internal audit program, processes, the results of the internal audit program, processes and investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function ;
- vii. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on :
 - (a) changes in or implementation of major accounting policy changes ;
 - (b) significant and unusual events ;
 - (c) compliance with accounting standards and other legal requirements, and the going concern assumption; and
 - (d) the accuracy and adequacy of the information disclosed ;
- viii. any related party transactions and conflict of interest situations that may arise within the Group and with any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity ;
- ix. any letter of resignation from the external auditors of the Company ;
- x. whether there is a reason (supported by grounds) to believe that the Company's external auditors are not suitable for reappointment ;
- xi. nomination of external auditors and to fix their terms of appointment and remuneration ; and
- xii. any other matters as directed by the Board of Directors from time to time.

2. In discharging the above functions, the Audit Committee shall at the cost of the Company: -

- i. have the authority to investigate any matter within its terms of reference;
- ii. have the resources which are required to perform its duties;
- iii. have full and unrestricted access to any information pertaining to the Group;
- iv. have direct communication channels with the external auditors and persons carrying out the internal audit function;
- v. be able to obtain independent professional and other advices and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
- vi. be able to convene meeting with the external auditors excluding the attendance of the executive member of the Audit Committee, whenever deemed necessary.

Audit Committee Report

Meeting

The Audit Committee shall meet four (4) times a year although additional meetings may be called at any time upon the request of any members of the Audit Committee, the external auditors or the internal auditors and at the Chairman's discretion. The quorum for each meeting shall be two (2) members, all of whom must be Independent Directors. Agenda shall be sent to all members of the Audit Committee and any other persons who may be required to attend the meeting at least seven (7) days prior to the meeting unless such requirement is waived by the members in the meeting.

Decision of the Audit Committee shall be by a majority of vote. In the case of equality of vote, the Chairman, or if he is absent, the Chairman of the meeting elected from amongst the members attending the meeting, shall have a second and casting vote. The Audit Committee may invite other Directors and employees of the Company and its subsidiaries to attend any meeting as it deems fit.

Minutes

Minutes of each meeting, signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceedings thereat without any further proof of the fact stated thereof. The minutes shall be kept by the Secretary. Copies of the minutes shall be distributed to all members of the Audit Committee and the Board of Directors for information.

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The Audit Committee held four (4) meetings during the financial year with the Secretary in attendance. The Group Accountant were also present at all meetings and at two (2) of the meetings, the external auditors were present.

Y Bhg Dato' Ahmad Johari bin Tun Abdul Razak was present at all the four (4) meetings whilst Encik Aznam bin Dato' Mansor and Y Bhg Dato' Mohd Ismail bin Che Rus were present at three (3) meetings each.

During the financial year under review, the Audit Committee reviewed the audited accounts of the Company and of the Group for the financial year ended 31 May 2000 with the external auditors to ensure that the audited accounts were drawn up in accordance with the provisions of the Companies Act, 1965 and applicable standards approved by the Malaysian Accounting Standard Board. The Audit Committee also discussed the internal control weaknesses report from the external auditors and was satisfied that corrective actions have been undertaken by the management to overcome the weaknesses noted in the internal control of the Group. The Audit Committee was satisfied that there were no major breakdown in the internal control of the Group during the financial year. The auditors' remuneration for the financial year ended 31 May 2000 was also approved by the Audit Committee.

The statutory audit plan and scope of audit for the financial year ended 31 May 2001 was presented by the external auditors to the Audit Committee for approval prior to the commencement of the audit.

The Audit Committee also discussed and reviewed the Group's quarterly results announcements with the Group Accountant and the Secretary.

After each Audit Committee meeting, the Chairman reported to the Board on the proceeding conducted thereof and conveyed the Audit Committee's recommendations for the audited accounts and the quarterly results announcements as the case maybe to be adopted and approved by the Board for release to the KLSE.

Audit Committee Report

INTERNAL AUDIT FUNCTIONS

During the financial year under review, the Group did not have any internal audit functions. However, in 1997 to 1999, the Group outsourced the internal audit functions to Ernst & Young who have reported that the Group's internal control was satisfactory. For the financial year under review, the Audit Committee has relied on the reviews of the quarterly financial performance and discussions with the management and executive directors in discharging its functions. In one of the Audit Committee meetings, the Audit Committee discussed with the Auditors the management letter which highlighted issues noted during the statutory audit for the financial year ended 31 May 2000. The Audit Committee was satisfied with the state of the Group's internal control.

In cognizance with the best practices recommended by the Code and the requirements of the KLSE Listing Requirements, the Board resolved to appoint Ernst & Young as the Group's Internal Auditors for a period of 3 years covering the financial years 1 June 2001 to 31 May 2004.

Amongst the responsibilities of the Internal Auditors are: -

1. To assist in reviewing the adequacy, integrity and effectiveness of the Group's internal control system for the Board to make an accurate Internal Control Statement in the annual reports ;
2. To support the Audit Committee in identifying and evaluating the existing internal control system and consequently to determine the future requirements for internal control system and co-develop a prioritised action plan ;
3. To perform a risk assessment of the Group to identify the business processes within the Group that internal audit should focus on ;
4. To allocate audit resources to areas within the Group that provide the management and the Audit Committee with efficient and effective level of audit coverage.

Chairman's Statement



On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Accounts of the Group and of the Company for the financial year ended 31 May 2001.

PERFORMANCE

The Group achieved a turnover of RM761.8 million (2000 : RM710.7 million), higher by 7.2% as compared to the previous year. The consolidated profit before tax and exceptional items was RM33.9 million (2000 : RM27.8 million), an increase of 21.9% as compared to 2000. The consolidated earnings per share after exceptional items was 3.49 sen (2000 : 1.05 sen) while the net tangible assets per share was RM1.67 (2000 : RM1.68). There was no exceptional item during the financial year.

The Company recorded a higher turnover of RM19.3 million (2000 : RM16.0 million), an increase of 20.6% compared to 2000 while the profit before tax was RM6.2 million (2000 : RM5.1 million). The increase in profit before tax was due to the higher dividend payout by the subsidiaries during the financial year.

The Board proposes the payment of a final dividend of 4% less 28% income tax, a similar rate as the last financial year, subject to the approval by the shareholders of the Company at the Annual General Meeting.

REVIEW OF OPERATIONS

All the divisions recorded higher turnover during the financial year except the Oil & Gas Engineering Services division, the Property division and the Building Products division. The Agricultural and Industrial Chemicals division continued to be the main contributor in turnover for the Group, with a higher turnover of 19.4% as compared to the previous year. However, its profit before tax was lower by 44.1%. During the year, new competitors emerged in the market place and as a result, margins were affected.

Chairman's Statement



Malaysian Roofing Industries's light weighted colour metal roofs compliment the mixture of traditional and modern architectural design of the elegant Majlis Perbandaran Melaka building.

Bangunan Majlis Perbandaran Melaka yang mempunyai rekabentuk tradisional dan moden di komplimen dengan atap metal MRI bagi menyalakan kecanggihannya.

The Oil & Gas Engineering Services division recorded a lower turnover during the year. However, it made a small profit before tax during the year compared to a loss in the previous year. During the year, one of its units was awarded a contract to supply a hydraulic workover rig to Petronas Carigali Sdn Bhd ("PCSB") for a duration of 5 years. The rig, which was constructed at a cost of US\$2.7 million, is currently deployed in PCSB's oil field in the South China Sea.

The Shipping division recorded a similar level of turnover as the previous year. It made a small profit before tax during the year against a loss in the previous year. MT Zainab, a ship which incurred substantial repair costs in the past due to frequent breakdowns, was disposed of in the beginning of the year. The disposal proved effective as it resulted in better scheduling and higher utilisation of the Group's remaining three (3) ships. Idle times thus were reduced.

In view of the prevailing weak property market, further development on the Group's property in Taman Meranti Jaya has been deferred. Nevertheless, preparatory work is being undertaken to launch the development of new terrace houses when the market improves.

The IT division, whose 12-month's results were included in the current year, performed up to expectation. During the year, the division was further expanded through acquisitions as mentioned in the financial statements.

On Nylex (Malaysia) Berhad Group, its results over 12 months was included compared to only 9 months in 2000. The Engineering division, the main contributor of turnover in Nylex Group, recorded a higher turnover than the previous year. Its profit before tax was correspondingly higher.

Chairman's Statement



MT Norella leaving the dry-docking in Singapore after a complete overhaul and with a new coat of paint.

MT Norella, dengan lapisan cat baru sedang meninggalkan tempat limbungan di Singapura selepas menjalani membaik-pulih.

The Polymer division recorded higher turnover and profit before tax arising from the strong demand for its higher premium polymer products both locally and overseas.

However, the Building Products division was affected by the slow down in the construction sector. It recorded a significantly lower turnover and a higher loss before tax as a result of the lower demand for the division's metal roof tiles, produced by Nylex's units in Malaysia and Indonesia, and the glasswool insulation products, produced by Nylex's unit in the Philippines. The glasswool insulation products were further hit by the depressed selling prices as a result of excess supply in the regional market.

PROSPECTS

Barring unforeseen circumstances, the Board of Directors is cautiously optimistic about the performance of the Group for the next financial year.

CHANGES IN BOARD OF DIRECTORS

Y Bhg Tan Sri Dato' Dr. Lin See Yan and Mr. Chieng Ing Huong joined the Board on 30 October 2000 and 23 August 2001 respectively. With their wealth of knowledge and experience, the Board is confident that the Group will benefit from their guidance and advice. Mr. Chieng was also appointed as a member of the Audit Committee on 23 August 2001. Y Bhg Dato' Mohd Ismail bin Che Rus was appointed the Chairman of the Audit Committee on 17 September 2001.

Chairman's Statement

Encik Aznam bin Dato' Mansor resigned as a Director and the Chairman of the Audit Committee during the year. On behalf of the Board, I wish to record the Board's appreciation for his invaluable contributions to the Group.

APPRECIATION

The Board would like to take this opportunity to thank all our valued customers, bankers, business associates, all regulatory authorities and shareholders for their continued support to the Group.

The Board would also like to express its great appreciation to the management and staff for their hard work, contribution and dedication.



YABM RAJA TUN MOHAR BIN RAJA BADIOZAMAN
Chairman

1 October 2001
Kuala Lumpur

Wholly owned and managed by Petrodril, the Hydraulic Workover Rig "Gait 1" is currently contracted to Petronas Carigali Sdn Bhd to carry out offshore well workover and services.

Dimiliki dan diurus sepenuhnya oleh Petrodril, perlengkapan "Hydraulic Workover Rig - Gait 1" ketika ini dikontrakkan kepada Petronas Casigali Sdn Bhd untuk melaksanakan kerja-kerja operasi baik pulih telaga di luar pantai.

Penyata Pengerusi



Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Akaun Beraudit bagi Kumpulan dan Syarikat untuk tahun kewangan berakhir 31 Mei 2001.

PRESTASI

Kumpulan mendapat perolehan sebanyak RM761.8 juta (2000: RM710.7 juta), kenaikan sebanyak 7.2% jika dibandingkan dengan tahun sebelumnya. Keuntungan sebelum cukai yang disatukan dan perkara luar biasa adalah sebanyak RM33.9 juta (2000: RM27.8 juta), peningkatan sebanyak 21.9% berbanding tahun 2000. Perolehan sesaham yang disatukan selepas perkara luar biasa adalah RM3.49 sen (2000: 1.05 sen) manakala aset ketara bersih sesaham adalah sebanyak RM1.67 (2000: RM1.68). Tidak ada sebarang perkara luar biasa sepanjang tahun kewangan.

Syarikat mencatatkan perolehan yang lebih tinggi sebanyak RM19.3 juta (2000: RM16.0 juta), kenaikan sebanyak 20.6% berbanding tahun 2000 manakala keuntungan sebelum cukai adalah sebanyak RM6.5 juta (2000: RM5.1 juta). Kenaikan keuntungan sebelum cukai adalah hasil dari pembayaran dividen yang lebih tinggi oleh subsidiari semasa tahun kewangan.

Lembaga mencadangkan pembayaran dividen akhir sebanyak 4% ditolak cukai pendapatan sebanyak 28%, iaitu kadar yang sama seperti tahun kewangan yang lepas, tertakluk pada kelulusan para pemegang saham Syarikat di Mesyuarat Agung Tahunan.

ULASAN OPERASI

Semua bahagian mencatatkan perolehan yang lebih tinggi pada tahun kewangan melainkan bahagian Perkhidmatan Kejuruteraan Minyak & Gas, bahagian Hartanah dan bahagian Produk Bangunan. Bahagian Bahan Kimia Pertanian dan Industri terus menjadi penyumbang utama bagi perolehan Kumpulan dengan perolehan yang lebih tinggi sebanyak 19.4% berbanding tahun sebelumnya. Walaubagaimana pun, keuntungan sebelum cukainya adalah lebih rendah sebanyak 44.1%. Semasa tempoh laporan, banyak pesaing baru yang timbul dalam pasaran dan memberikan kesan ke atas keuntungan.

Penyata Pengerusi



Spraying of AMMO Super, a herbicide formulated by Agro-Chemical Division, for control of weeds in oil palm nursery.

Semburan AMMO Super sejenis racun rumput yang dikeluarkan oleh Bahagian Kimia Pertanian, untuk mengawal pertumbuhan pelbagai jenis rumput rumput di tapak semaian kelapa sawit.

Bahagian Perkhidmatan Kejuruteraan Minyak & Gas mencatatkan perolehan yang lebih rendah. Walaubagaimana pun, ia berjaya mendapat sedikit keuntungan pada tahun laporan berbanding dengan kerugian yang dialami pada tahun sebelumnya. Semasa tahun laporan, salah satu dari unitnya dianugerahkan kontrak untuk membekalkan sebuah pelantar hidraulik kepada Petronas Carigali Sdn Bhd ("PCSB") bagi tempoh 5 tahun. Pelantar yang dibina dengan kos sebanyak US\$2.7 juta, kini digunakan di kawasan minyak PCSB di Laut China Selatan.

Bahagian Perkapalan mencatatkan perolehan yang sama berbanding tahun sebelumnya. Ia mendapat sedikit keuntungan sebelum cukai pada tahun laporan berbanding kerugian pada tahun lalu. MT Zainab, kapal yang mengalami kos memperbaiki yang tinggi akibat sering mengalami kerosakan telah pun dijual pada awal tahun. Penjualannya merupakan langkah yang menguntungkan kerana ia membolehkan penjadualan yang lebih baik dan penggunaan yang lebih tinggi bagi tiga (3) buah kapal hakmilik Kumpulan yang tinggal. Oleh itu, waktu kapal tidak beroperasi telah dapat dikurangkan.

Memandangkan pasaran hartanah adalah lemah, pembangunan di hartanah milik Kumpulan di Taman Meranti Jaya telah ditangguhkan. Walupun demikian, kerja-kerja persediaan sedang diambil untuk pelancaran pembangunan rumah teres apabila pasaran pulih kelak.

Bahagian IT, yang mana keputusan 12 bulannya termasuk dalam tahun semasa menunjukkan prestasi seperti yang dijangka. Sepanjang tempoh, bahagian IT telah diperbesarkan menerusi pengambil alihan seperti yang disebutkan dalam penyata kewangan.

Keputusan 12 bulan telah diambil kira bagi Kumpulan Nylex (Malaysia) Berhad berbanding dengan hanya 9 bulan yang diambil kira pada tahun 2000. Bahagian Kejuruteraan yang merupakan penyumbang perolehan utama dalam Kumpulan Nylex mencatatkan perolehan yang lebih tinggi berbanding tahun sebelumnya. Keuntungan sebelum cukainya juga turut lebih tinggi.

Penyata Pengerusi



Thermal Spray Coating System activity performed by MPE Lindung for steel corrosion protection in oil and gas industries.

Aktiviti Sistem Salutan Sembur Haba diwujudkan oleh MPE Lindung untuk perlindungan hakisan keluli dalam industri minyak dan gas.

Bahagian Polimer mencatatkan perolehan dan keuntungan sebelum cukai yang lebih tinggi hasil dari permintaan yang lebih kukuh bagi produk polimer berpremium tinggi sama ada bagi pasaran tempatan mahupun luar negeri.

Walaupun bagaimanapun, bahagian Produk Bangunan mengalami kesan kegawatan sektor pembinaan. Ia mencatatkan perolehan yang jauh lebih rendah dan kerugian sebelum cukai yang lebih tinggi akibat permintaan rendah bagi jubin atap logam yang dikeluarkan oleh unit Nylex di Malaysia dan Indonesia, serta bagi produk penyalut gentian kaca yang dikeluarkan oleh unit Nylex di Filipina. Produk penyalut gentian kaca seterusnya menerima kesan kejatuhan harga jualan yang disebabkan oleh bekalan yang berlebihan di pasaran serantau.

PROSPEK

Tanpa keadaan yang diluar jangkaan, Lembaga Pengarah dengan berhati-hatinya adalah optimistik di atas prestasi Kumpulan untuk tahun kewangan yang akan datang.

PERTUKARAN DALAM LEMBAGA PENGARAH

Y. Bhg. Tan Sri Dato' Dr. Lin See Yan dan En. Chieng Ing Houng masing-masing menyertai Lembaga Pengarah pada 30 Oktober 2000 dan 23 Ogos 2001. Dengan pengetahuan dan pengalaman mereka yang luas, Lembaga yakin Kumpulan akan mendapat manfaat dari bimbingan dan nasihat mereka. En. Chieng juga dilantik sebagai ahli Jawatankuasa Audit pada 23 Ogos 2001. Y. Bhg Dato' Mohd Ismail bin Che Rus telah dilantik sebagai Pengerusi Jawatankuasa Audit pada 17 September 2001.

Penyata Pengerusi



Moving along with technology, the Information Technology Division believes that trading on-line is the more effective and efficient way of doing business in the new millennium.

Dengan tekad untuk menuju ke arah kecemerlangan dalam bidang Informasi Teknologi, Bahagian Teknologi Maklumat percaya yang perniagaan melalui internet merupakan cara yang terbaik untuk milenium ini.

Encik Aznam bin Dato' Mansor bersara sebagai Pengarah dan Pengerusi Jawatankuasa Audit dalam tempoh laporan. Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan Lembaga atas sumbangan berharga beliau kepada Kumpulan.

PENGHARGAAN

Pihak Lembaga ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada semua pelanggan yang kami hargai, bank-bank, rakan kongsi perniagaan, pihak-pihak berkuasa dan para pemegang saham atas sokongan berterusan mereka kepada Kumpulan.

Pihak Lembaga juga ingin merakamkan penghargaan kami kepada pihak pengurusan dan para pekerja atas usaha keras serta sumbangan dan dedikasi mereka.

YABM RAJA TUN MOHAR BIN RAJA BADIOZAMAN

Pengerusi

1 Oktober 2001

Kuala Lumpur

Directors' Responsibility Statement

The following statement, which should be read in conjunction with the Auditors' Report set out on page 34 of the Annual Report, is made with a view to distinguishing the respective responsibilities of the Directors and of the Auditors in relation to the financial statements presented in this Annual Report.

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

The Directors are responsible for ensuring the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements of the Company and of the Group comply with the Companies Act, 1965 and the standards set by the Malaysian Accounting Standard Board.

The Directors, having prepared the financial statements, have requested the Auditors to take whatever steps, undertake inspections, make enquiries they consider to be appropriate for the purpose of enabling them to give their audit report.

In the opinion of the Directors, the Company has applied the appropriate accounting policies and standards consistently in preparing the financial statements as set out in pages 35 to 76 of this Annual Report.

Financial Statements

Directors' Report	26
Statement By Directors	33
Statutory Declaration	33
Report Of The Auditors	34
Balance Sheets	35
Income Statements	37
Statements Of Changes In Equity	38
Cash Flow Statements	41
Notes To The Cash Flow Statements	43
Notes To The Financial Statements	46

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding and management company, incorporated and domiciled in Malaysia.

The principal activities of the subsidiary companies are disclosed in Note 35 to the financial statements.

There have been no significant changes in the nature of the activities of the Group during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit after taxation	18,856,329	2,706,710
Minority interests	(14,670,397)	-
Profit attributable to shareholders of the Company	4,185,932	2,706,710
Retained profits brought forward		
As previously reported	45,185,865	1,205,916
Prior years' adjustment	(310,684)	-
As restated	44,875,181	1,205,916
Profits available for appropriation	49,061,113	3,912,626
Appropriation: -		
Proposed final dividend of 4%, less income tax	(3,423,663)	(3,423,663)
Increase in dividend paid for dividend proposed in previous financial year	(3,362)	(3,362)
Retained profits carried forward	45,634,088	485,601

DIVIDEND

Since the end of the previous financial year, the Company had, on 22 December 2000, paid a final dividend of 4%, less income tax, amounting to RM3,469,764 for the financial year ended 31 May 2000 instead of RM3,466,402 as proposed in the Directors' Report for that financial year. The additional final dividend paid of RM3,362 was due to the allotment of 115,000 new ordinary shares of RM1 each pursuant to Ancom Berhad Employees' Share Option Scheme ("ESOS") which were entitled to the final dividend subsequent to the end of the previous financial year.

The directors proposed a final dividend of 4%, less income tax, amounting to RM3,423,663 in respect of the financial year ended 31 May 2001 subject to the approval of the Company's shareholders.

Directors' Report

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from 120,361,195 ordinary shares of RM1 each to 120,476,195 ordinary shares of RM1 each by an allotment of 115,000 new ordinary shares of RM1 each pursuant to the ESOS at the option price of RM1.476 per ordinary share.

The Company did not issue any debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 24 February 1999, the shareholders approved the implementation of an ESOS for the benefits of eligible employees and executive directors of the Group. The ESOS became effective on 7 April 1999 when the last of the requisite approvals was obtained.

The salient features of the ESOS are as follows: -

- (a) The maximum number of new shares of the Company which may be offered under the Scheme shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (b) The ESOS shall be in force for a period of 5 years from 7 April 1999 to 6 April 2004.
- (c) In order to qualify for participation in the ESOS, the eligible employees must have attained the age of at least eighteen years and is a confirmed employee with at least one year of continuous service with any company in the Group, including service during probation periods, if any.
- (d) Eligible employees who may be considered for participation in the ESOS shall be those who fall within any of the following categories. Subject to the minimum of 1,000 new shares, the maximum allowable allotment of new shares that may be offered to any employee under the ESOS shall be the amount set opposite their respective categories: -

Categories of eligible employees	Maximum allowable allotment of new shares per eligible employee
Executive Director	150,000
Division Head (Grade 1)	100,000
General/Senior Manager (Grades 1-4)	70,000
Manager (Grades 5-6)	50,000
Executive 1 (Grades 7-8)	30,000
Executive 2 (Grades 9-12)	18,000
Management Support & Operative (Grades 13-15)	12,000

The maximum number of new shares that may be offered to an eligible employee in accordance with the terms of this ESOS shall be based on the category and length of service completed by the eligible employee.

Directors' Report

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (cont'd)

- (e) The option price for each new share shall be the average of the mean market quotation of the shares of the Company as shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the 5 preceding market days immediately prior to the date of offer or the last transacted price of the shares of the Company on the market day immediately prior to the date of offer, whichever is higher and in no event should be lower than the par value of the shares of the Company.
- (f) Any share option exercised shall be in multiples of and not less than 1,000 shares and in accordance with the limits set out in the table below: -

Number of shares comprise in option granted	Maximum percentage of option exercisable in each particular year of the ESOS				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 20,000	100%	-	-	-	-
20,000 to less than 100,000	40%*	30%	30%**	-	-
100,000 and above	20%	20%	20%	20%	20%

* 40% or 20,000 shares whichever is higher

** 30% or the remaining number of shares

Year 1 shall commence from the date of the coming into force of the date of offer and the subsequent years shall be the anniversary of the previous year. Options exercisable in a particular year but not exercised may be carried forward to the following year for exercise and shall not be taken into account in determining the limits set out in the table above but shall be subject to the option period and the ESOS remaining in force. Any option unexercised or unexercisable due to the limits set out in the table above after the expiration of the option period would automatically lapse and be of no effect.

- (g) The new shares to be allotted upon any exercise of an option will upon issue and allotment rank pari passu in all respects with the then existing issued ordinary shares of the Company.

The employees to whom the options have been granted shall not be entitled to participate in any other share option or similar scheme administered by any other company in the Group.

The movements in the unissued shares under the ESOS which have been granted and their exercise price per share during the financial year were as follows: -

	Options over Ordinary Shares of RM1 each				
	Balance at 1.6.2000	Granted	Exercised	Forfeited	Balance at 31.5.2001
Number of unissued shares under the ESOS at an exercise price of:					
- RM1.476 per share	2,055,000	-	(115,000)	(36,000)	1,904,000
- RM3.68 per share	931,000	-	-	(112,000)	819,000
- RM1.470 per share	-	714,000	-	-	714,000

SHARE BUY-BACK

At the Annual General Meeting held on 16 October 2000, the shareholders of the Company by an ordinary resolution authorised the directors to buy back the Company's own shares based on the following terms: -

- (i) The number of shares to be purchased shall not exceed 12,045,520 ordinary shares of RM1 each, being 10% of the paid-up share capital of the Company.

Directors' Report

SHARE BUY-BACK (cont'd)

- (ii) The amount to be utilised shall not exceed the total retained profits and share premium of the Company as at 31 May 2000 of RM1,205,916 and RM75,038,686 respectively.
- (iii) The directors may retain the shares so purchased as treasury shares as defined under Section 67A of the Companies Act, 1965 and may resell such treasury shares in a manner they deemed fit in accordance with the Companies Act, 1965 and the applicable guidelines of the Kuala Lumpur Stock Exchange.

During the financial year, the details of share buy-back were as follows: -

	No. of shares	Lowest RM	Highest RM	Average RM	Total consideration RM
January 2001	519,000	1.44	1.68	1.5719	815,792.70
February 2001	210,000	1.58	1.67	1.6178	339,743.10
March 2001	354,000	1.41	1.62	1.5035	532,232.10
April 2001	413,000	1.36	1.54	1.4206	586,712.60
May 2001	103,000	1.49	1.66	1.5543	160,090.30
	<u>1,599,000</u>				<u>2,434,570.80</u>

All the shares so purchased during the financial year were retained as treasury shares as defined in the Companies Act, 1965. None of the treasury shares were resold during the financial year.

DIRECTORS

The directors who have held office since the date of the last report are as follows: -

YABM Raja Tun Mohar bin Raja Badiozaman	(Chairman)
Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak	(Group Managing Director)
Siew Ka Wei	(Group Deputy Managing Director)
Y. Bhg. Dato' Siew Nim Chee	(Advisor)
Y. Bhg. Datuk Haji Mohamed Al-Amin bin Haji Abdul Majid, JP	
Chan Thye Seng	
Y. Bhg. Dato' Mohd Ismail bin Che Rus	
Y. Bhg. Tan Sri Dato' Dr Lin See Yan	(Appointed on 30.10.2000)
Chieng Ing Huong	(Appointed on 23.8.2001)
Y. Bhg. Datuk Haji Ismail bin Haji Hashim	(Resigned on 16.10.2000)
Aznam bin Dato' Mansor	(Resigned on 25.5.2001)

In accordance with Para. 7.28 of the KLSE Listing Requirements and Article 79 of the Company's Articles of Association, Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak and Siew Ka Wei retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

YABM Raja Tun Mohar bin Raja Badiozaman and Y. Bhg. Dato' Siew Nim Chee retire in accordance with Section 129(2) of the Companies Act, 1965. The Board recommends that YABM Raja Tun Mohar bin Raja Badiozaman and Y. Bhg. Dato' Siew Nim Chee be re-appointed as directors of the Company pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting.

In accordance with Article 86 of the Company's Articles of Association, Y. Bhg. Tan Sri Dato' Dr Lin See Yan and Chieng Ing Huong retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' Report

DIRECTORS' INTERESTS

Except as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 which is stated below, no other directors who held office at the end of the financial year had any beneficial interests in the ordinary shares of the Company and related corporations during the financial year ended 31 May 2001: -

Shares of the Company	Number of Ordinary Shares of RM1 each				Balance at 31.5.2001
	Balance at 1.6.2000	Bought	Options exercised	Sold	
Direct Interest					
YABM Raja Tun Mohar bin Raja Badiozaman	369,738	-	-	-	369,738
Y. Bhg. Dato’ Ahmad Johari bin Tun Abdul Razak	499,126	-	-	-	499,126
Siew Ka Wei	4,578,000	218,000	-	-	4,796,000
Y. Bhg. Dato’ Siew Nim Chee	846,000	-	-	-	846,000
Y. Bhg. Tan Sri Dato’ Dr Lin See Yan	-	100,000	-	-	100,000
Indirect Interest					
Siew Ka Wei	11,472,853	548,574	-	-	12,021,427
Y. Bhg. Dato’ Siew Nim Chee	15,518,427	453,000	-	-	15,971,427
Chan Thye Seng	14,448,489	551,000	-	-	14,999,489
Shares of Nylex (Malaysia) Berhad					
Direct Interest					
Y. Bhg. Dato’ Siew Nim Chee	1,000	-	-	-	1,000
Indirect Interest					
Siew Ka Wei	1,000	-	-	-	1,000
Chieng Ing Huong	-	28,000	-	-	28,000

Indirect interests represent shares held by connected persons and/or by companies in which the directors and/or connected persons are entitled to exercise or control the exercise of not less than 15% of the voting rights in the companies.

The following directors have been granted share options under the ESOS: -

	----- Options over Ordinary Shares of RM1 each -----			Balance at 31.5.2001
	Balance at 1.6.2000	Granted	Exercised	
Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak	150,000	-	-	150,000
Siew Ka Wei	120,000	-	-	120,000
Y. Bhg. Dato' Siew Nim Chee	80,000	-	-	80,000

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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 any directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted to Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak, Mr. Siew Ka Wei and Y. Bhg. Dato' Siew Nim Chee pursuant to the ESOS which remain unexercised at the end of the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps: -
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (c) The directors are not aware of any circumstances: -
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (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

Directors' Report

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd)

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

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

AUDITORS

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

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

.....
YABM Raja Tun Mohar bin Raja Badiozaman

.....
Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak

Kuala Lumpur
 24 September 2001

Statement By Directors

In the opinion of the directors, the financial statements set out on pages 35 to 76 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 May 2001 and of their results and cash flows for the financial year then ended.

On behalf of the Board,

.....
YABM Raja Tun Mohar bin Raja Badiozaman

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Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak

Kuala Lumpur
 24 September 2001

Statutory Declaration

I, Y. Bhg. Dato' Ahmad Johari Bin Tun Abdul Razak, being the director primarily responsible for the financial management of Ancom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 35 to 76 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) **Y.Bhg Dato' Ahmad Johari bin Tun Abdul Razak**
 Petaling Jaya, Selangor Darul)
 Ehsan this 24 September 2001)

Before me: -

Zainal Abidin bin Hamdan
 Pesuruhjaya Sumpah (B149)
 Malaysia

Report Of The Auditors

To The Members Of Ancom Berhad

We have audited the financial statements set out on pages 35 to 76. The preparation of the financial statements is the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion: -

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 May 2001 and of their results and cash flows for the financial year then ended; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 35 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

Balance Sheets

As At 31 May 2001

		Group		Company	
	NOTE	2001 RM	2000 RM	2001 RM	2000 RM
ASSETS EMPLOYED					
FIXED ASSETS	4	285,529,571	281,899,346	28,865,046	28,786,766
DEVELOPMENT PROPERTIES	5	26,557,583	26,176,878	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	6	-	-	263,847,207	225,493,164
INVESTMENT IN ASSOCIATED COMPANIES	7	16,848,471	10,305,139	3,853,925	49,000
OTHER INVESTMENTS - At Cost	8	44,348,856	42,103,730	40,698,856	38,453,606
INTANGIBLE ASSETS	9	12,896,783	9,942,037	-	-
GOODWILL ARISING ON CONSOLIDATION	10	54,271,606	54,136,801	-	-
CURRENT ASSETS					
Development properties	5	3,398,416	5,536,114	-	-
Inventories	11	139,950,022	113,288,857	-	-
Debtors	12	262,877,034	275,110,420	916,318	1,427,380
Amounts owing from subsidiary companies	13	-	-	2,818,233	30,715,813
Amounts owing from associated companies	14	1,365,487	2,166,672	-	-
Tax recoverable		3,886,636	1,917,292	1,426,716	1,598,503
Short term investments		20,000	-	-	-
Short term deposits	15	30,531,490	66,090,589	266,329	-
Cash and bank balances		23,616,577	28,430,619	8,224	78,142
		465,645,662	492,540,563	5,435,820	33,819,838
LESS: CURRENT LIABILITIES					
Creditors	16	170,190,266	214,930,882	1,158,760	1,084,264
Amounts owing to subsidiary companies	13	-	-	41,595,518	29,760,470
Amounts owing to associated companies	14	8,049,577	8,088,332	-	-
Hire-purchase and lease creditors	21	1,432,207	1,290,106	257,694	125,471
Short term borrowings	17	227,385,723	179,683,198	29,796,577	22,911,833
Proposed dividend		3,423,663	3,466,402	3,423,663	3,466,402
Provision for taxation		3,412,139	6,382,836	-	-
		413,893,575	413,841,756	76,232,212	57,348,440
NET CURRENT ASSETS/ (LIABILITIES)					
		51,752,087	78,698,807	(70,796,392)	(23,528,602)
		492,204,957	503,262,738	266,468,642	269,253,934

Balance Sheets

As At 31 May 2001

	NOTE	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
FINANCED BY					
SHARE CAPITAL	18	120,476,195	120,361,195	120,476,195	120,361,195
RESERVES	19	145,765,752	146,796,595	127,690,975	128,409,344
		266,241,947	267,157,790	248,167,170	248,770,539
LESS: COST OF TREASURY SHARES		(2,454,964)	-	(2,454,964)	-
SHAREHOLDERS' FUNDS		263,786,983	267,157,790	245,712,206	248,770,539
MINORITY INTERESTS		154,981,204	156,493,274	-	-
DEFERRED AND LONG TERM LIABILITIES	20	73,436,770	79,611,674	20,756,436	20,483,395
		492,204,957	503,262,738	266,468,642	269,253,934

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

Income Statements

For The Financial Year Ended 31 May 2001

		Group		Company	
	NOTE	2001 RM	2000 RM	2001 RM	2000 RM
OPERATING REVENUE	24	761,815,359	710,694,771	19,344,761	15,977,691
COST OF SALES		(615,294,495)	(577,115,849)	-	-
GROSS PROFIT		146,520,864	133,578,922	19,344,761	15,977,691
OTHER OPERATING INCOME		6,810,467	7,281,463	386,905	342,397
SELLING AND DISTRIBUTION COSTS		(43,155,921)	(41,695,078)	-	-
ADMINISTRATION EXPENSES		(48,721,683)	(42,088,368)	(7,253,121)	(5,949,620)
OTHER OPERATING EXPENSES		(8,855,839)	(11,528,794)	-	-
PROFIT FROM OPERATIONS		52,597,888	45,548,145	12,478,545	10,370,468
FINANCE COSTS		(18,665,401)	(17,767,965)	(6,260,262)	(5,298,801)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	25	33,932,487	27,780,180	6,218,283	5,071,667
EXCEPTIONAL ITEMS	26	-	(27,363,141)	-	-
OPERATING PROFIT AFTER EXCEPTIONAL ITEMS		33,932,487	417,039	6,218,283	5,071,667
SHARE OF RESULTS OF ASSOCIATED COMPANIES		758,405	1,636,688	-	-
PROFIT BEFORE TAXATION		34,690,892	2,053,727	6,218,283	5,071,667
TAXATION	27	(15,471,589)	(4,602,058)	(3,511,573)	(1,577,167)
- Group		(15,471,589)	(4,602,058)	(3,511,573)	(1,577,167)
- Associated companies		(362,974)	(464,301)	-	-
PROFIT/(LOSS) AFTER TAXATION		18,856,329	(3,012,632)	2,706,710	3,494,500
MINORITY INTERESTS		(14,670,397)	4,257,421	-	-
PROFIT FOR THE YEAR		4,185,932	1,244,789	2,706,710	3,494,500
EARNINGS PER ORDINARY SHARE	30	3.49 sen	1.05 sen		
DIVIDEND PER SHARE (sen)					
Proposed final dividend of 4 sen					
(2000: 4 sen), less tax		2.88 sen	2.88 sen		

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

Statements of Changes In Equity
For The Financial Year Ended 31 May 2001

GROUP	Share capital RM	Share premium RM	Merger reserve RM	Revaluation reserve RM	Capital reserve RM	Foreign exchange reserve RM	Treasury shares RM	Capital redemption reserve RM	Retained profits RM	Total RM
BALANCE AS AT 31 MAY 1999	116,761,195	73,365,021	1,282,044	6,995,138	2,349,307	(949,304)	-	4,917,000	47,533,887	252,254,288
PRIOR YEARS' ADJUSTMENT	-	-	-	-	-	-	-	-	(389,775)	(389,775)
RESTATED BALANCE	116,761,195	73,365,021	1,282,044	6,995,138	2,349,307	(949,304)	-	4,917,000	47,144,112	251,864,513
CURRENCY TRANSLATION DIFFERENCES	-	-	-	-	-	(1,641,589)	-	-	-	(1,641,589)
REVALUATION OF LAND AND BUILDINGS	-	-	-	13,472,783	-	-	-	-	-	13,472,783
VALUATION EXPENSES	-	-	-	(26,251)	-	-	-	-	-	(26,251)
SHARE ISSUE EXPENSES	-	(39,935)	-	-	-	-	-	-	-	(39,935)
NET GAINS AND LOSSES NOT RECOGNISED IN INCOME STATEMENT	-	(39,935)	-	13,446,532	-	(1,641,589)	-	-	-	11,765,008
ISSUE OF SHARES UNDER ESOS	3,600,000	1,713,600	-	-	-	-	-	-	-	5,313,600
AMORTISATION OF FOREIGN EXCHANGE RESERVES	-	-	-	-	-	483,600	-	-	-	483,600
NET PROFIT FOR THE FINANCIAL YEAR	-	-	-	-	-	-	-	-	1,244,789	1,244,789
PROPOSED FINAL DIVIDEND OF 4% LESS TAX	-	-	-	-	-	-	-	-	(3,466,402)	(3,466,402)
UNDER PROVISION OF PROPOSED FINAL DIVIDEND IN PREVIOUS YEAR	-	-	-	-	-	-	-	-	(47,318)	(47,318)
	-	-	-	-	-	-	-	-	(3,513,720)	(3,513,720)
BALANCE AS AT 31 MAY 2000	120,361,195	75,038,686	1,282,044	20,441,670	2,349,307	(2,107,293)	-	4,917,000	44,875,181	267,157,790

Statements of Changes In Equity

For The Financial Year Ended 31 May 2001

	Share capital RM	Share premium RM	Merger reserve RM	Revaluation reserve RM	Capital reserve RM	Foreign exchange reserve RM	Treasury shares RM	Capital redemption reserve RM	Retained profits RM	Total RM
GROUP										
SHARE ISSUE EXPENSES	-	(52,794)	-	-	-	-	-	-	-	(52,794)
CURRENCY TRANSLATION DIFFERENCES	-	-	-	-	-	(2,275,296)	-	-	-	(2,275,296)
NET GAINS AND LOSSES NOT RECOGNISED IN INCOME STATEMENT	-	(52,794)	-	-	-	(2,275,296)	-	-	-	(2,328,090)
ISSUE OF SHARES UNDER ESOS	115,000	54,740	-	-	-	-	-	-	-	169,740
PURCHASE OF COMPANY'S OWN SHARES	-	-	-	-	-	-	(2,454,964)	-	-	(2,454,964)
AMORTISATION OF FOREIGN EXCHANGE RESERVES	-	-	-	-	-	483,600	-	-	-	483,600
NET PROFIT FOR THE FINANCIAL YEAR	-	-	-	-	-	-	-	-	4,185,932	4,185,932
PROPOSED FINAL DIVIDEND OF 4% LESS TAX	-	-	-	-	-	-	-	-	(3,423,663)	(3,423,663)
UNDER PROVISION OF PROPOSED FINAL DIVIDEND IN PREVIOUS YEAR	-	-	-	-	-	-	-	-	(3,362)	(3,362)
	-	-	-	-	-	-	-	-	(3,427,025)	(3,427,025)
BALANCE AS AT 31 MAY 2001	120,476,195	75,040,632	1,282,044	20,441,670	2,349,307	(3,898,989)	(2,454,964)	4,917,000	45,634,088	263,786,983

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

Statements of Changes In Equity

For The Financial Year Ended 31 May 2001

COMPANY	Share capital RM	Share premium RM	Merger reserve RM	Revaluation reserve RM	Capital redemption reserve RM	Treasury shares RM	Retained profits RM	Total RM
BALANCE AS AT 31 MAY 1999	116,761,195	73,365,021	32,494,629	6,937,575	4,917,000	-	1,225,136	235,700,556
SHARE ISSUE EXPENSES	-	(39,935)	-	-	-	-	-	(39,935)
REVALUATION OF LAND AND BUILDINGS	-	-	-	7,815,538	-	-	-	7,815,538
NET GAIN AND LOSSES NOT RECOGNISED IN INCOME STATEMENT	-	(39,935)	-	7,815,538	-	-	-	7,775,603
ISSUE OF SHARES UNDER ESOS	3,600,000	1,713,600	-	-	-	-	-	5,313,600
NET PROFIT AFTER TAXATION	-	-	-	-	-	-	3,494,500	3,494,500
PROPOSED FINAL DIVIDEND OF 4%, LESS TAX	-	-	-	-	-	-	(3,466,402)	(3,466,402)
UNDERPROVISION OF PROPOSED FINAL DIVIDEND IN PREVIOUS YEAR	-	-	-	-	-	-	(47,318)	(47,318)
	-	-	-	-	-	-	(3,513,720)	(3,513,720)
BALANCE AS AT 31 MAY 2000	120,361,195	75,038,686	32,494,629	14,753,113	4,917,000	-	1,205,916	248,770,539
ISSUE OF SHARES UNDER ESOS	115,000	54,740	-	-	-	-	-	169,740
SHARE ISSUE EXPENSES	-	(52,794)	-	-	-	-	-	(52,794)
NET LOSS NOT RECOGNISED IN INCOME STATEMENT	-	(52,794)	-	-	-	-	-	(52,794)
REPURCHASE OF COMPANY'S OWN SHARES	-	-	-	-	-	(2,454,964)	-	(2,454,964)
NET PROFIT AFTER TAXATION	-	-	-	-	-	-	2,706,710	2,706,710
PROPOSED FINAL DIVIDEND OF 4%, LESS TAX	-	-	-	-	-	-	(3,423,663)	(3,423,663)
UNDERPROVISION OF PROPOSED FINAL DIVIDEND IN PREVIOUS YEAR	-	-	-	-	-	-	(3,362)	(3,362)
	-	-	-	-	-	-	(3,427,025)	(3,427,025)
BALANCE AS AT 31 MAY 2001	120,476,195	75,040,632	32,494,629	14,753,113	4,917,000	(2,454,964)	485,601	245,712,206

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

Cash Flow Statements

For The Financial Year Ended 31 May 2001

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	34,690,892	2,053,727	6,218,283	5,071,667
Adjustments for: -				
Amortisation of intangible assets	5,835,980	4,188,967	-	-
Amortisation of foreign exchange losses	483,600	483,600	-	-
Depreciation of fixed assets	25,144,571	29,524,862	811,253	537,468
Dividend income (gross)	(7,244,255)	(2,756,953)	(12,688,466)	(9,371,228)
Fixed assets written off	112,770	14,331	18,163	7,607
Fixed assets written down	-	3,259,009	-	-
Gain on disposal of fixed assets	(825,953)	(493,515)	(331,315)	(282,700)
(Gain)/Loss on disposal of investments	(55,210)	651,803	(55,210)	651,803
Preliminary and pre-operating expenditure written off	292,642	-	-	-
Provision for retirement benefits	1,157,000	845,538	-	-
Provision for doubtful debts	1,980,666	256,024	-	-
Loss on disposal of investment in an associated company	160,334	-	-	-
Interest expense	17,969,914	17,208,540	6,225,980	5,274,575
Interest income	(2,112,179)	(914,639)	(380,023)	(823,540)
Deferred expenditure written off	-	2,260,424	-	-
Revaluation deficit	-	14,080	-	-
Goodwill realised on disposal of a subsidiary company	-	2,431,982	-	-
Goodwill realised on partial write off in value of a subsidiary company	-	356,691	-	-
Loss on partial disposal of a subsidiary company	51,012	-	-	-
Bad debts written off	443,281	1,042,301	388,511	-
Translation adjustment	(4,931,000)	-	-	-
Loss on disposal of subsidiary companies	-	19,055,035	-	-
Share of results in associated companies	(758,405)	(1,636,688)	-	-
Operating profit before working capital changes	72,395,660	77,845,119	207,176	1,065,652
(Increase)/Decrease in inventories	(26,661,166)	626,305	-	-
Decrease/(Increase) in debtors	9,880,655	(44,049,447)	467,601	(146,387)
(Decrease)/Increase in creditors	(54,003,706)	12,599,659	74,496	(191,824)
Increase in development properties expenditure	1,756,996	2,635,651	-	-
Cash generated from operations	3,368,439	49,657,287	749,273	727,441
Retirement benefits paid	(642,143)	(838,105)	-	-
Interest received	2,112,179	914,639	380,023	823,540
Dividend received	7,094,083	2,412,860	10,133,722	7,001,207
Tax paid	(16,429,643)	(8,607,115)	(685,042)	(235,395)
Interest paid	(17,969,914)	(17,208,540)	(6,225,980)	(5,274,575)
Dividend paid	(3,469,764)	(3,410,040)	(3,469,764)	(3,410,040)
Net cash (used in)/from operating activities	(25,936,763)	22,920,986	882,232	(367,822)

Cash Flow Statements

For The Financial Year Ended 31 May 2001

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Withdrawal/(Placement) of short term deposits pledged with a licensed bank	4,287,458	(5,534,098)	(266,329)	-
Proceeds from disposal of investments	1,083,334	8,228,107	1,083,210	8,228,107
Proceeds from partial disposal of a subsidiary company	20,000	-	2	(26,251)
Disposal of subsidiary companies (Note A)	-	57,066,953	-	-
Proceeds from sale of fixed assets	11,364,976	3,251,060	461,052	400,685
Acquisition of subsidiary companies (Note B)	508,722	(272,714,847)	-	(65,102,927)
Purchase of additional shares in existing subsidiary companies	(1,036,255)	(11,948,718)	(6,029,045)	-
Purchase of fixed assets (Note C)	(42,457,257)	(13,934,300)	(535,433)	(2,004,281)
Purchase of shares in associated companies	(5,030,174)	(2,141,732)	(3,804,925)	(3,057,032)
Purchase of investments	(3,293,250)	(3,057,032)	(3,273,250)	-
Purchase of intangible assets	(8,402,863)	(1,199,268)	-	-
Net cash used in investing activities	(42,955,309)	(241,983,875)	(12,364,718)	(61,561,699)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net advances from subsidiary companies	-	-	11,835,048	17,241,602
Net (repayments to)/advances from subsidiary companies	-	-	(4,772,470)	972,830
Proceeds from issue of shares to minority interests	620,000	52,790,636	-	-
Proceeds from shares issued under the ESOS	116,946	5,273,665	116,946	5,273,665
Proceeds from term loans	8,524,749	100,000,000	3,662,050	20,000,000
Purchase of Company's own shares	(2,454,964)	-	(2,454,964)	-
Repayment of hire-purchase creditors	(1,899,908)	(2,131,410)	(196,736)	(196,115)
Net drawdown of bank borrowings	71,657,711	102,637,507	2,600,000	1,600,000
Dividends paid to minority interests	(548,900)	-	-	-
Repayment of term loans	(60,912,601)	(5,803,772)	-	-
Net cash from financing activities	15,103,033	252,766,626	10,789,874	44,891,982
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(53,789,039)	33,703,737	(692,612)	(17,037,539)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	71,434,206	37,730,469	(2,233,691)	14,803,848
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (Note D)	17,645,167	71,434,206	(2,926,303)	(2,233,691)

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

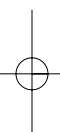
Notes To The Cash Flow Statements

For The Financial Year Ended 31 May 2001

A. DISPOSAL OF SUBSIDIARY COMPANIES IN 2000

Net assets disposed of: -

	Group 2000 RM
Fixed assets	64,301,948
Intangible assets	-
Inventories	31,662,000
Debtors	21,466,000
Cash and bank balances	2,948,901
Creditors	(14,182,309)
Provision for retirement benefits	(3,088,651)
Short term bank borrowings	(22,237,000)
Provision for taxation	(263,000)
Deferred taxation	(1,537,000)
	<hr/>
	79,070,889
Loss on disposal of subsidiary companies	(19,055,035)
	<hr/>
Proceeds from disposal of subsidiary companies	60,015,854
Less: Cash and cash equivalents of subsidiary companies disposed of	(2,948,901)
	<hr/>
Cash inflow on disposal, net of cash disposed of	<u>57,066,953</u>



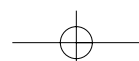
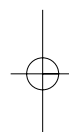
Notes To The Cash Flow Statements

For The Financial Year Ended 31 May 2001

B. ACQUISITION OF SUBSIDIARY COMPANIES

Net assets acquired: -

	Group	
	2001 RM	2000 RM
Fixed assets	72,596	240,449,212
Investments	-	4,706,659
Intangible assets	6,505	9,848,044
Inventories	-	123,470,572
Trade debtors	458,349	155,525,882
Other debtors	22,709	27,259,318
Fixed deposits	550,000	1,200,000
Cash and bank balances	161,512	27,200,400
Trade creditors	(202,203)	(84,917,970)
Other creditors	(776,229)	(44,057,726)
Hire-purchase creditors	-	(183,331)
Short term bank borrowings	-	(118,481,086)
Amounts owing to related companies	-	(6,247,643)
Provision for taxation	-	(1,251,803)
Provision for retirement benefits	-	(5,709,227)
Deferred taxation	-	(4,115,555)
Minority interests	(146,054)	(160,712,961)
Net assets acquired	147,185	163,982,785
Goodwill on acquisition	55,605	18,651,376
Total purchase price	202,790	182,634,161
(Add)/Less: Cash and cash equivalents of subsidiary companies acquired	(711,512)	90,080,686
Cash (inflow)/outflow on acquisition, net of cash and cash equivalents acquired	(508,722)	272,714,847



Notes To The Cash Flow Statements

For The Financial Year Ended 31 May 2001

C. PURCHASE OF FIXED ASSETS

During the financial year, the Group acquired fixed assets with an aggregate cost of RM44,605,993 (2000: RM16,009,685) of which RM2,148,736 (2000: RM2,075,385) were acquired by means of hire-purchase and lease arrangements. Cash payments of RM42,457,257 (2000: RM13,934,300) were made to purchase the fixed assets.

During the financial year, the Company acquired fixed assets with an aggregate cost of RM1,037,433 (2000: RM2,452,281) of which RM502,000 (2000: RM835,000) were acquired by means of hire-purchase and lease arrangements. Cash payments of RM535,433 (2000: RM2,004,281) were made to purchase the fixed assets.

D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts: -

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Bank overdrafts	(34,736,571)	(17,033,215)	(2,934,527)	(2,311,833)
Short term deposits	30,531,490	66,090,589	266,329	-
Cash and bank balances	23,616,577	28,430,619	8,224	78,142
	19,411,496	77,487,993	(2,659,974)	(2,233,691)
Less: Short term deposits pledged with a licensed bank	(1,766,329)	(6,053,787)	(266,329)	-
	17,645,167	71,434,206	(2,926,303)	(2,233,691)

Notes To The Financial Statements

31 May 2001

1. PRINCIPAL ACTIVITIES

The Company is an investment holding and management company.

The principal activities of the subsidiary companies are disclosed in Note 35 to the financial statements.

There have been no significant changes in the nature of the activities of the Group during the financial year.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

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

3.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies made up to the end of the financial year. Inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. The Company adopts both the acquisition and merger method of consolidation.

When the acquisition method is adopted, the difference between the purchase price and the fair value of the attributable net assets of subsidiary companies at the date of acquisition is reflected in the financial statements as goodwill or reserve on consolidation. Goodwill on consolidation is stated at cost and is written down only when the directors are of the opinion that there is a permanent diminution in its value. The results of the subsidiary companies acquired or disposed of are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal.

Acquisition of subsidiary companies which meet the criteria for merger accounting under the Malaysian Accounting Standards 2, Accounting for Acquisition and Merger are accounted for using merger accounting principles. Where the merger method is used, the excess of the cost of investment over the nominal value of the share capital of the subsidiary company is treated as merger reserve arising on consolidation. The results of subsidiary companies acquired are accounted for on a full year basis and the comparative figures are restated accordingly.

3.3 Associated Companies

Associated companies are those companies in which the Group has a long term equity interest of not less than 20% and not more than 50% of the equity and in which it exercises significant influence over the financial and operating policies through Board representation.

Premium or reserve arising on acquisition represents the difference between the cost of investment and the Group's share of the value of net assets of the associated companies at the date of acquisition.

Notes To The Financial Statements

3.3 Associated Companies (cont'd)

The Group's share of results and reserves of associated companies acquired or disposed of are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal. The Group's interest in associated companies is stated at cost plus adjustments to reflect changes in the Group's share of the net assets of the associated companies.

3.4 Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation, less accumulated depreciation.

The land and buildings will be revalued at regular intervals of at least once in every five years. Where market conditions indicate that the carrying values of revalued properties differ materially from the market values, additional revaluation will be carried out in those intervening years.

Long leasehold land and improvements to long leasehold land are amortised over the lease period of 53-99 years. The mining lease has been fully amortised. Ships are depreciated over 12-19 years after taking into account their estimated residual values. Building and plant and machinery under construction and freehold land are not depreciated. All other fixed assets are depreciated on the straight line basis over their estimated useful lives at the following annual rates:-

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

3.5 Development Properties and Income Recognition

Development properties are stated at cost less any provision for permanent diminution in value plus attributable profit to the development work performed, and less progress billings and provision for foreseeable losses, if any. Development properties consists of cost of land acquired under development and all incidental development expenditure incurred in relation to the property development including interest charges directly related to the financing of the development.

Profit from sale of development properties is recognised on the percentage of completion method.

3.6 Inventories

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

3.7 Bad and Doubtful Debts

Known bad debts are written off and provision is made for debts where recoverability is considered doubtful.

3.8 Expenditure Carried Forward

In previous years, all expenses incurred prior to commencement of business operations have been carried forward under preliminary and pre-operating expenses and are amortised evenly over five years when the respective company commences operation.

Notes To The Financial Statements

3.8 Expenditure Carried Forward (cont'd)

During the year, the Group changed its accounting policy whereby all expenses incurred prior to commencement of business operations will be charged to income statement as and when incurred.

Material preliminary and pre-operating expenses brought forward from year 2000 will be adjusted as prior years' adjustment.

Technical know-how obtained for the manufacture of certain products of a subsidiary company is amortised over a period of twenty years commencing from the financial year when commercial production and operating revenue commences.

Trademarks and patents are amortised over ten years.

Ship maintenance expenses incurred by the subsidiary companies are amortised over the period of the ship's next drydocking cycle ranging from one to five years.

3.9 Deferred Taxation

Deferred taxation is provided under the liability method at the current taxation rate in respect of all material timing differences except where it is reasonably probable that such timing differences will not crystallise in the foreseeable future. Deferred tax benefits are recognised in the financial statements only when there are reasonable assurance of their realisation.

3.10 Provision for Retirement Benefits

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

3.11 Voyage Accounting

The results of all voyages, completed and uncompleted, up to the balance sheet date are included in the operating profit for the financial year. For voyages which remained uncompleted as at the balance sheet date, the freight receivable for cargoes loaded onto the ship up to the balance sheet date and their corresponding discharging costs are accrued in the income statement.

3.12 Foreign Currency Transactions and Translations

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange prevailing on transaction dates. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange prevailing on that date.

Foreign exchange differences arising from the translation of long term foreign currency loan is taken to foreign exchange reserve in the balance sheet. These unrealised foreign exchange differences will be deferred and charged to the income statement over the remaining term of the loan.

All other gains or losses on foreign exchange are taken up in the income statement.

Notes To The Financial Statements

3.12 Foreign Currency Transactions and Translations (cont'd)

The closing rates used in the translation of foreign currencies are as follows: -

	2001 RM	2000 RM
(i) USD1.00	3.80	3.80
(ii) SGD1.00	2.20	2.20

3.13 Investments

Investments in subsidiary companies, associated companies and other investments are stated at cost less provision for permanent diminution in value, if any.

3.14 Research and Development Expenditure

Research and development expenditure are written off to the income statement as and when incurred except that development expenditure relating to specific projects with commercial viability and for which there is a clear indication of the marketability of the products being developed, is carried forward. Such expenditure is amortised over the period in which the benefits are expected to be derived commencing in the period in which the related sales are first made.

Development costs incurred in respect of software products are stated at cost less accumulated amortisation. These are amortised based on a straight line basis over the estimated economic life of the products upon commencement of related sales.

3.15 Assets Acquired Under Hire-Purchase and Lease Agreements

Assets financed by hire-purchase agreements and leasing arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as fixed assets and the corresponding obligations are treated as liabilities. The fixed assets capitalised are depreciated on the same basis as that of the Group's fixed assets.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire-purchase and lease liabilities.

3.16 Revenue Recognition

Revenue from sale of goods and rendering of services are recognised upon the delivery of goods and customers' acceptance, and performance of services.

Revenue relating to long term contracts are accounted for under the percentage of completion method; the stage of completion is measured by reference to the proportion of actual costs incurred to-date to the estimated total costs for each contract.

Dividend income, interest income and rental income are recognised on an accrual basis in accordance with the substance of the relevant agreement.

Freight receivable is recognised for cargoes loaded onto vessels up to the balance sheet date.

3.17 Cash and Cash Equivalents

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

4. FIXED ASSETS

Notes To The Financial Statements

Group 2001	Balance at 1.6.2000 RM	Additions RM	Disposals RM	Subsidiary companies acquired RM	Exchange fluctuation RM	Written off RM	Reclassi- fication RM	Balance at 31.5.2001 RM	Net book value at 31.5.2001 RM	Net book value at 31.5.2000 RM
Cost/Valuation										
Freehold land and buildings										
- at 2000 valuation	9,680,000	-	-	-	(386,000)	-	-	9,294,000	9,236,167	9,672,367
Freehold land, at cost	8,287,945	-	-	-	-	-	-	8,287,945	8,287,945	8,287,945
Long leasehold land and buildings										
- at 1985 valuation	8,241,000	-	-	-	-	-	-	8,241,000	8,038,000	8,156,000
- at 2000 valuation	33,180,000	50,084	-	-	-	-	-	33,230,084	32,650,273	33,098,015
- at cost	6,871,149	540,326	-	-	24,000	-	-	7,435,475	6,686,178	6,743,658
Buildings										
- at 1985 valuation	3,301,000	-	-	-	-	-	-	3,301,000	2,811,000	3,134,000
- at cost	42,087,180	1,268,850	-	-	(1,033,000)	-	15,000	42,338,030	40,178,413	40,782,478
Leasehold improvements	322,336	-	-	-	-	-	-	322,336	1,605	21,903
Plant, machinery and equipment	159,584,187	26,693,164	(1,201,153)	-	(6,449,000)	(3,082,775)	2,907,845	178,452,268	128,060,864	117,733,373
Plant, machinery and equipment under lease and hire-purchase	3,980,275	-	-	-	-	-	-	3,980,275	2,763,597	3,161,624
Motor vehicles	7,010,238	2,425,056	(2,047,952)	-	(345,000)	-	(30,866)	7,011,476	3,441,121	3,940,395
Motor vehicles under hire-purchase	2,402,939	2,217,213	(481,271)	-	-	-	(76,134)	4,062,747	3,726,323	1,812,948
Office equipment, fixtures and fittings	11,801,510	9,203,324	(246,675)	65,161	(877,000)	(662,514)	99,003	19,382,809	14,018,089	7,788,862
Office equipment, fixtures and fittings under lease and hire-purchase	7,553	168,488	-	-	-	-	(7,553)	168,488	153,923	5,602
Building, plant and machinery under construction	6,577,997	2,023,716	-	-	(5,000)	(2,660)	(2,906,345)	5,687,708	5,687,708	6,577,997
Mining lease	2,326,149	-	-	-	-	-	-	2,326,149	-	-
Ships	38,071,954	-	(9,975,000)	-	-	-	-	28,096,954	18,914,012	30,096,159
Renovation	987,015	15,772	(9,675)	22,093	-	(15,900)	(950)	998,355	874,353	886,020
	<u>344,720,427</u>	<u>44,605,993</u>	<u>(13,961,726)</u>	<u>87,254</u>	<u>(9,071,000)</u>	<u>(3,763,849)</u>	<u>-</u>	<u>362,617,099</u>	<u>285,529,571</u>	<u>281,899,346</u>

Notes To The Financial Statements

4. FIXED ASSETS (cont'd)

Group 2001	Balance at 1.6.2000 RM	Charge for the financial year RM	Disposals RM	Subsidiary companies acquired RM	Exchange fluctuation RM	Written off RM	Reclassi- fication RM	Balance at 31.5.2001 RM
Accumulated Depreciation								
Freehold land and buildings								
- at 2000 valuation	7,633	50,200	-	-	-	-	-	57,833
Freehold land, at cost	-	-	-	-	-	-	-	-
Long leasehold land and buildings								
- at 1985 valuation	85,000	118,000	-	-	-	-	-	203,000
- at 2000 valuation	81,985	497,826	-	-	-	-	-	579,811
- at cost	127,491	619,806	-	-	2,000	-	-	749,297
Buildings								
- at 1985 valuation	167,000	323,000	-	-	-	-	-	490,000
- at cost	1,304,702	701,915	-	-	(304,000)	-	457,000	2,159,617
Leasehold improvements	300,433	20,298	-	-	-	-	-	320,731
Plant, machinery and equipment	41,850,814	15,516,361	(1,104,689)	-	(2,765,000)	(3,034,082)	(72,000)	50,391,404
Plant, machinery and equipment under lease and hire-purchase	818,651	398,027	-	-	-	-	-	1,216,678
Motor vehicles	3,069,843	1,783,661	(1,053,754)	-	(204,000)	-	(25,395)	3,570,355
Motor vehicles under hire-purchase	589,991	838,857	(1,051,819)	-	-	-	(40,605)	336,424
Office equipment, fixtures and fittings	4,012,648	3,031,344	(210,993)	11,062	(548,000)	(615,142)	(316,199)	5,364,720
Office equipment, fixtures and fittings under lease and hire-purchase	1,951	15,320	-	-	-	-	(2,706)	14,565
Building, plant and machinery under construction	-	-	-	-	-	-	-	-
Mining lease	2,326,149	-	-	-	-	-	-	2,326,149
Ships	7,975,795	1,207,147	-	-	-	-	-	9,182,942
Renovation	100,995	22,809	(1,448)	3,596	-	(1,855)	(95)	124,002
	62,821,081	25,144,571	(3,422,703)	14,658	(3,819,000)	(3,651,079)	-	77,087,528

Notes To The Financial Statements

4. FIXED ASSETS (cont'd)

Company	Balance at 1.6.2000 RM	Additions RM	Disposals RM	Written off RM	Balance at 31.5.2001 RM	Net book value at 31.5.2001 RM	Net book value at 31.5.2000 RM
2001							
Cost/Valuation							
Long leasehold land and buildings							
- at 2000 valuation	26,800,000	-	-	-	26,800,000	26,357,214	26,736,745
Motor vehicles	755,887	-	(751,587)	-	4,300	-	111,455
Motor vehicles under hire-purchase	835,000	810,448	-	-	1,645,448	1,274,147	788,667
Office equipment, fixtures and fittings	654,571	224,138	(34,774)	(30,293)	813,642	527,876	430,508
Renovation	770,637	2,847	(1,100)	-	772,384	705,809	719,391
	<u>29,816,095</u>	<u>1,037,433</u>	<u>(787,461)</u>	<u>(30,293)</u>	<u>30,035,774</u>	<u>28,865,046</u>	<u>28,786,766</u>

	Balance at 1.6.2000 RM	Charge for the financial year RM	Disposals RM	Written off RM	Balance at 31.5.2001 RM
Accumulated Depreciation					
Long leasehold land and buildings					
- at 2000 valuation	63,255	379,531	-	-	442,786
Motor vehicles	644,432	2,746	(642,878)	-	4,300
Motor vehicles under hire-purchase	46,333	324,968	-	-	371,301
Office equipment, fixtures and fittings	224,063	88,587	(14,754)	(12,130)	285,766
Renovation	51,246	15,421	(92)	-	66,575
	<u>1,029,329</u>	<u>811,253</u>	<u>(657,724)</u>	<u>(12,130)</u>	<u>1,170,728</u>

Certain land and buildings of the Group and of the Company were revalued by the directors based on a valuation carried out in 2000 by an independent firm of professional valuers using the open market value method. The carrying amount of the revalued assets of certain subsidiary companies that would have been carried at cost less accumulated depreciation cannot be determined from available records.

Certain freehold land, long leasehold land and buildings, plant, machinery and equipment, and ships of the Group costing RM53,932,926 (2000: RM53,700,291) have been charged as securities for banking facilities granted to the Group as disclosed in Notes 17 and 22 to the financial statements.

Notes To The Financial Statements

5. DEVELOPMENT PROPERTIES

	Group	
	2001 RM	2000 RM
Freehold land - at cost	10,770,638	10,770,638
- at valuation	-	877,201
Development expenditure	62,871,588	63,014,736
	73,642,226	74,662,575
Less: Long term portion	(26,557,583)	(26,176,878)
	47,084,643	48,485,697
Add: Attributable profit recognised	21,241,283	21,260,740
	68,325,926	69,746,437
Less: Progress billings	(64,927,510)	(64,210,323)
Short term portion included under current assets	3,398,416	5,536,114

A development property costing RM5,854,009 (2000: RM5,770,091) is charged to a licensed bank as security for bank overdraft facility granted to a subsidiary company.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2001 RM	2000 RM
Unquoted shares - at cost	263,847,207	225,493,164

The details of the subsidiary companies are disclosed in Note 35 to the financial statements.

7. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Unquoted shares - at cost	15,011,509	8,950,491	3,853,925	49,000
Group's share of post acquisition results	1,836,962	1,354,648	-	-
	16,848,471	10,305,139	3,853,925	49,000
The Group's investment in associated companies is represented by: -				
Group's share of net assets	16,848,471	10,305,139		

The details of the associated companies are disclosed in Note 35 to the financial statements.

Notes To The Financial Statements

8. OTHER INVESTMENTS - At Cost

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Long term				
- quoted shares in Malaysia	33,080,199	30,834,949	33,080,199	30,834,949
- quoted shares outside Malaysia	7,402,079	7,402,079	7,402,079	7,402,079
- unquoted investments	3,866,578	3,866,702	216,578	216,578
	<u>44,348,856</u>	<u>42,103,730</u>	<u>40,698,856</u>	<u>38,453,606</u>
Market value				
- quoted shares in Malaysia	15,963,835	32,969,220	15,963,835	32,969,220
- quoted shares outside Malaysia	<u>4,482,796</u>	<u>5,201,560</u>	<u>4,482,796</u>	<u>5,201,560</u>

Investment in quoted shares amounting to RM27,464,154 (2000: Nil) have been pledged to a financial institution as security for a short term loan granted to the Company.

9. INTANGIBLE ASSETS

	Group	
	2001 RM	2000 RM
Trademarks and patents	137,500	147,304
Preliminary expenses	37,832	47,092
Pre-operating expenses	362,908	480,073
Technical know-how	293,870	251,505
Ship maintenance expenses	6,738,918	9,027,350
Development expenditure	<u>12,856,733</u>	<u>17,443,211</u>
	20,427,761	27,396,535
Less: Accumulated amortisation	(7,238,336)	(15,194,074)
Ship maintenance expenses written off	-	(2,260,424)
Preliminary and pre-operating expenses written off	<u>(292,642)</u>	<u>-</u>
	<u>12,896,783</u>	<u>9,942,037</u>
Included in pre-operating expenses is the following: -		
Auditors' remuneration	-	4,000

Notes To The Financial Statements

10. GOODWILL ARISING ON CONSOLIDATION

	Group	
	2001 RM	2000 RM
As at 1 June	54,136,801	39,742,951
Arising from acquisition of: -		
- subsidiary companies	55,605	10,100,677
- additional shares in subsidiary companies	87,255	7,083,056
Disposal of subsidiary companies	-	(2,433,192)
Goodwill realised on partial write-off in value of a subsidiary company	-	(356,691)
Partial disposal of a subsidiary company	(8,055)	-
As at 31 May	<u>54,271,606</u>	<u>54,136,801</u>

11. INVENTORIES

	Group	
	2001 RM	2000 RM
Raw materials	64,990,387	59,313,995
Packing materials	138,541	195,163
Work-in-progress	34,225,419	12,894,509
Finished goods	40,351,383	37,454,023
Consumables	244,292	3,431,167
	<u>139,950,022</u>	<u>113,288,857</u>

Included in the above is the following inventories carried at net realisable value: -

	Group	
	2001 RM	2000 RM
Raw materials	-	42,157

Notes To The Financial Statements

12. DEBTORS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade debtors	235,921,934	238,007,734	-	-
Less: Provision for doubtful debts	(4,340,768)	(4,139,584)	-	-
	231,581,166	233,868,150	-	-
Other debtors	25,760,710	36,803,379	651,780	1,171,278
Deposits	1,754,202	1,589,228	151,956	151,920
Prepayments	4,010,316	2,849,663	112,582	104,182
	31,525,228	41,242,270	916,318	1,427,380
Less: Provision for doubtful debts	(229,360)	-	-	-
	31,295,868	41,242,270	916,318	1,427,380
	262,877,034	275,110,420	916,318	1,427,380

13. AMOUNTS OWING FROM/TO SUBSIDIARY COMPANIES

The amounts owing from/to subsidiary companies represent balances arising from advances and payments made on behalf of/by the subsidiary companies which are unsecured and have no fixed terms of repayment. The advances bear interest ranging from 3% to 8% (2000: 3% to 8%) per annum.

14. AMOUNTS OWING FROM/TO ASSOCIATED COMPANIES

The amounts owing from/to associated companies represent balances arising from normal trade transactions which are unsecured, interest-free (2000: bears interest at 10% per annum) and have no fixed terms of repayment.

15. SHORT TERM DEPOSITS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Short term deposits with: -				
- licensed banks	22,336,381	63,576,632	266,329	-
- licensed financial institutions	8,195,109	2,513,957	-	-
	30,531,490	66,090,589	266,329	-

Included in the short term deposits of the Group are amounts totalling RM1,766,329 (2000: RM6,053,787) which have been pledged to licensed banks for banking facilities granted to the Group.

Notes To The Financial Statements

16. CREDITORS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade creditors	112,964,098	107,188,846	-	-
Other creditors	38,983,975	93,627,418	653,178	688,734
Accruals	18,061,937	13,996,362	505,582	395,530
Amounts due to directors of subsidiary companies	180,256	118,256	-	-
	<u>170,190,266</u>	<u>214,930,882</u>	<u>1,158,760</u>	<u>1,084,264</u>

17. SHORT TERM BORROWINGS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Unsecured				
Export credit refinancing	-	1,183,000	-	-
Bankers' acceptances	26,479,000	37,921,000	-	-
Trust receipts and bills payable	915,761	28,816,940	-	-
Revolving credits	151,968,000	43,432,349	23,200,000	20,600,000
Bank overdrafts	32,090,003	7,821,130	2,934,527	2,311,833
	<u>211,452,764</u>	<u>119,174,419</u>	<u>26,134,527</u>	<u>22,911,833</u>
Secured				
Bankers' acceptances	913,000	293,000	-	-
Bank overdrafts	2,646,568	9,212,085	-	-
Trust receipts	611,249	745,060	-	-
Revolving credits	300,000	800,000	-	-
Short term loan	3,662,050	-	3,662,050	-
Long term loans				
- current portion (Note 22)	7,800,092	49,458,634	-	-
	<u>15,932,959</u>	<u>60,508,779</u>	<u>3,662,050</u>	<u>-</u>
	<u>227,385,723</u>	<u>179,683,198</u>	<u>29,796,577</u>	<u>22,911,833</u>

Certain bankers' acceptances, bank overdrafts, trust receipts and revolving credits of the Group are secured by a fixed charge over the freehold land and buildings of certain subsidiary companies as disclosed in Note 4 to the financial statements and guaranteed by the Company.

The short term loan of the Company is secured by a fixed charge over the short term deposit and certain quoted investments of the Company as disclosed in Note 8 to the financial statements.

The short term borrowings bear interest ranging from 2.9% to 9.55% (2000: 3.2% to 9.3%) per annum.

The contractual terms of the long term loans are disclosed in Note 22 to the financial statements.

Notes To The Financial Statements

18. SHARE CAPITAL

	Group and Company	
	2001 RM	2000 RM
Ordinary shares of RM1 each: -		
Authorised	500,000,000	500,000,000
Issued and Fully Paid: -		
As at 1 June	120,361,195	116,761,195
Issue of shares under ESOS	115,000	3,600,000
As at 31 May	120,476,195	120,361,195

During the financial year, the issued and paid-up share capital of the Company was increased from 120,361,195 ordinary shares of RM1 each to 120,476,195 ordinary shares of RM1 each by an allotment of 115,000 new ordinary shares of RM1 each pursuant to Ancom Berhad Employees' Share Option Scheme ("ESOS") at the option price of RM1.476 per share.

During the financial year, the Company repurchased 1,599,000 of its issued ordinary shares from the open market. The shares repurchased are being held as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965.

19. RESERVES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
i) Non-distributable				
Share premium	75,040,632	75,038,686	75,040,632	75,038,686
Merger reserve/relief	1,282,044	1,282,044	32,494,629	32,494,629
Revaluation reserve arising from revaluation of land and buildings	20,441,670	20,441,670	14,753,113	14,753,113
Capital reserve	2,349,307	2,349,307	-	-
Foreign exchange reserve	(3,898,989)	(2,107,293)	-	-
Capital redemption reserve	4,917,000	4,917,000	4,917,000	4,917,000
ii) Distributable				
Retained profits	45,634,088	44,875,181	485,601	1,205,916
	145,765,752	146,796,595	127,690,975	128,409,344

Notes To The Financial Statements

20. DEFERRED AND LONG TERM LIABILITIES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Hire-purchase and lease creditors (Note 21)	1,726,247	1,619,521	471,279	298,238
Long term loans (Note 22)				
- secured	65,799,669	76,528,979	20,000,000	20,000,000
Deferred taxation (Note 23)	2,170,854	(1,812,969)	285,157	185,157
Provision for retirement benefits	3,740,000	3,276,143	-	-
	<u>73,436,770</u>	<u>79,611,674</u>	<u>20,756,436</u>	<u>20,483,395</u>

21. HIRE-PURCHASE AND LEASE CREDITORS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Minimum hire-purchase and lease payments				
- not later than one year	1,701,686	1,576,090	323,932	139,020
- later than one year and not later than five years	1,971,046	1,852,588	517,429	378,280
	<u>3,672,732</u>	<u>3,428,678</u>	<u>841,361</u>	<u>517,300</u>
Less: Future interest charges	(514,278)	(519,051)	(112,388)	(93,591)
Present value of hire-purchase and lease liabilities	<u>3,158,454</u>	<u>2,909,627</u>	<u>728,973</u>	<u>423,709</u>
Repayable as follows: -				
- not later than one year included under current liabilities	1,432,207	1,290,106	257,694	125,471
- later than one year and not later than five years included under long term liabilities	1,726,247	1,619,521	471,279	298,238
	<u>3,158,454</u>	<u>2,909,627</u>	<u>728,973</u>	<u>423,709</u>

Notes To The Financial Statements

22. LONG TERM LOANS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Secured				
As at 31 May	73,599,761	125,987,613	20,000,000	20,000,000
Repayable within the next twelve months (Note 17)	(7,800,092)	(49,458,634)	-	-
Repayable after the next twelve months (Note 20)	65,799,669	76,528,979	20,000,000	20,000,000

Other than disclosed in Note 4 to the financial statements, the long term loans of the Group and of the Company are further secured by: -

- i) a fixed and floating charge over all the assets of a subsidiary company;
- ii) deed of assignment over rental proceeds derived from lease of chemical tank farm of a subsidiary company;
- iii) quoted shares in a subsidiary company;
- iv) certain short term deposits of the Group; and
- v) guarantee by all the shareholders of a subsidiary company.

The long term loans bear interest ranging from 5.75% to 8.375% (2000: 6.00% to 8.90%) per annum.

The long term loans are repayable in monthly, semi-annual and bi-annual instalments within a period not exceeding 7 years.

Notes To The Financial Statements

23. DEFERRED TAXATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
As at 1 June	(1,812,969)	1,205,781	185,157	148,157
Transfer (to) / from income statements (Note 27)	3,898,849	(5,597,778)	100,000	37,000
Deferred taxation of subsidiary companies acquired	-	4,115,555	-	-
Deferred taxation of subsidiary company disposed of	-	(1,536,527)	-	-
Exchange differences	84,974	-	-	-
As at 31 May	2,170,854	(1,812,969)	285,157	185,157
Represented by: -				
- Deferred taxation	12,548,854	8,058,534	285,157	185,157
- Future income tax benefits	(10,378,000)	(9,871,503)	-	-
	2,170,854	(1,812,969)	285,157	185,157

The tax effects of the surplus on revaluation of the freehold and long leasehold land and buildings have not been recognised in the financial statements as the Group has no intention of disposing of the revalued assets in the foreseeable future.

As at 31 May 2001, the amount of timing differences of the Group which are not recognised in the financial statements are as follow: -

	2001 RM	2000 RM
Timing differences in respect of: -		
Excess of tax capital allowances over book depreciation of fixed assets	(4,868,494)	(3,415,060)
Unabsorbed capital allowances and unutilised tax losses	35,207,368	35,726,023
Others	275,000	(23,000)
	30,613,874	32,287,963

Notes To The Financial Statements

24. OPERATING REVENUE

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Sale of goods	722,087,560	668,731,758	-	-
Rendering of services	33,418,450	35,269,740	6,078,272	5,584,923
Rental income	2,528,133	2,933,742	198,000	198,000
Interest income	301,765	417,490	380,023	823,540
Dividend income	781,751	1,361,528	12,688,466	9,371,228
Property development	2,697,700	1,980,513	-	-
	<u>761,815,359</u>	<u>710,694,771</u>	<u>19,344,761</u>	<u>15,977,691</u>

Notes To The Financial Statements

25. OPERATING PROFIT

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
The operating profit is arrived at after charging/(crediting): -				
Amortisation of foreign exchange losses	483,600	483,600	-	-
Amortisation of intangible assets	5,835,980	4,188,967	-	-
Auditors' remuneration: -				
- current year	747,127	718,487	15,000	15,000
- over provision in prior years	(1,800)	(3,410)	-	-
Bad debts written off	443,281	1,042,301	388,511	-
Directors' remuneration: -				
- fees	520,892	339,500	139,375	109,500
- other emoluments	2,259,733	2,480,580	1,686,233	1,378,080
- underprovision of other emoluments in prior year	250,000	-	-	-
Depreciation of fixed assets	25,144,571	29,524,862	811,253	537,468
Fixed assets written off	112,770	14,331	18,163	7,607
Interest expense on: -				
- bank overdrafts	3,639,447	587,506	201,074	208,352
- term loans	12,561,736	14,276,356	1,262,882	2,093,636
- others	1,768,731	2,344,678	4,762,024	2,972,587
Loss on disposal of investment in an associated company	160,334	-	-	-
Loss on disposal of a subsidiary company	51,012	-	-	-
Provision for doubtful debts	1,980,666	1,264,414	-	-
Preliminary and pre-operating expenses written off	292,642	-	-	-
Rental of: -				
- land and premises	3,637,135	6,443,673	187,518	208,310
- others	686,106	130,043	-	-
Unrealised loss on foreign exchange	27,958	56,324	-	-
Provision for retirement benefits	1,157,000	845,538	-	-
Revaluation deficit	-	14,080	-	-
Dividend (gross) from unquoted subsidiary companies	-	-	(11,906,715)	(8,009,700)
Dividend (gross) from investment in quoted shares: -				
- in Malaysia	(558,782)	(964,528)	(558,278)	(964,528)
- outside Malaysia	(223,473)	(397,000)	(223,473)	(397,000)
Dividend (gross) from investment in unquoted shares	(6,462,000)	(1,107,047)	-	-
Dividend (gross) from associated companies	-	(288,378)	-	-
Gain/(Loss) on disposal of investments	(55,210)	651,803	(55,210)	651,803
Gain on disposal of fixed assets	(825,953)	(493,515)	(331,315)	(282,700)
Gain on foreign exchange	(1,461,157)	(382,916)	(380)	(648)
Interest income	(2,112,179)	(914,639)	(380,023)	(823,540)
Provision for doubtful debts no longer required	-	(1,008,390)	-	-
Rental income from: -				
- subsidiary companies	-	-	(198,000)	(198,000)
- others	(3,022,610)	(3,007,527)	-	-

Notes To The Financial Statements

25. OPERATING PROFIT (cont'd)

The estimated monetary value of benefits-in-kind received by certain directors of the Group amounted to RM63,283 (2000: RM21,000).

26. EXCEPTIONAL ITEMS

	Group
	2000
	RM
Loss on disposal of a subsidiary company	19,065,040
Gain on disposal of a subsidiary company	(10,005)
Goodwill realised on disposal of a subsidiary company	2,431,982
Goodwill realised on partial write-off in value of a subsidiary company	356,691
Deferred expenditure written off	2,260,424
Fixed assets written down	3,259,009
	<u>27,363,141</u>

27. TAXATION

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Current taxation: -				
- current year's provision				
- Malaysia	10,545,293	9,567,930	2,226,000	1,580,000
- Foreign	546,341	450,000	-	-
- under/(over) provision in prior years	481,106	181,906	1,185,573	(39,833)
	<u>11,572,740</u>	<u>10,199,836</u>	<u>3,411,573</u>	<u>1,540,167</u>
Transfer to/(from) deferred taxation (Note 23)	3,898,849	(5,597,778)	100,000	37,000
	<u>15,471,589</u>	<u>4,602,058</u>	<u>3,511,573</u>	<u>1,577,167</u>

The tax charge of the Group in 2001 and 2000 reflects an effective tax rate which is higher than the statutory rate due mainly to the non-availability of group relief where tax losses of certain subsidiary companies cannot be set-off against the taxable profits of other subsidiary companies.

Notes To The Financial Statements

28. PRIOR YEARS' ADJUSTMENT

Group

The prior years' adjustment represents the retrospective effect of the change in accounting policy for expenditure carried forward referred to in Note 3.8 to the financial statements. Accordingly, the Group's retained profits as at 31 May 2000 and 31 May 1999 have been restated to adjust for the cumulative effects of the change for the periods prior to 2000 and 1999 of RM310,684 and RM389,775 respectively for the Group.

Comparative information have also been restated to conform with the changed accounting policy. This change in accounting policy has increased the net profit attributable to shareholders for the financial year of the Group by RM189,954 (2000: RM79,091).

The effects of this change in accounting policy on the Group's financial statements can be summarised as follows: -

	As previously reported RM	Effect of change in policy RM	As restated RM
Retained profits at 1 June 1999	47,533,887	(389,775)	47,144,112
Net profit for the financial year ended 31 May 2000	(2,348,022)	79,091	(2,268,931)
Retained profits at 1 June 2000	45,185,865	(310,684)	44,875,181

29. DIVIDEND

	Group and Company	
	2001 RM	2000 RM
Proposed final dividend of 4% (2000: 4%), less income tax	3,423,663	3,466,402
Increase in dividend paid for dividend proposed in previous year in relation to the allotment of shares pursuant to the ESOS	3,362	47,318
	3,427,025	3,513,720

30. EARNINGS PER ORDINARY SHARE

The earnings per ordinary share is calculated based on the Group's profit after taxation and minority interests of RM4,185,932 (2000: RM1,244,789) and the weighted average number of 120,009,362 (2000: 118,678,112) ordinary shares in issue during the year.

The fully-diluted earnings per share based on the assumed conversion of the share options granted under the ESOS is antidilutive.

Notes To The Financial Statements

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group	
	2001 RM	2000 RM
Sales to: -		
- Fernz Timber Protection Sdn. Bhd.	1,118,816	1,012,710
- Ancom Kimia Sdn. Bhd.	45,771	-
Purchases from Ancom Kimia Sdn. Bhd.	97,883,731	85,422,133
Management fee receivable from ChemResources China (Agencies) Limited	22,500	-
Commission paid and payable to Fernz Timber Protection Sdn. Bhd.	494,557	494,121
Interest received and receivable from Ancom Kimia Sdn. Bhd.	-	14,093
Insurance premium paid to Pacific & Orient Insurance Co. Berhad	1,019,484	892,832

These transactions are entered into in the ordinary course of business and have been established under negotiated terms.

The relationships between the Group/Company and the related parties other than that stated below, are disclosed in Note 35 to the financial statements.

Identity of related party

Relationship with the Group

Pacific & Orient Insurance Co. Berhad

A company in which a director of Ancom Berhad has a substantial indirect shareholding

66

32. CAPITAL COMMITMENTS

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

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Authorised and contracted for	16,948,570	7,587,482	9,790,000	-
Authorised but not contracted for	5,891,108	6,868,750	-	-
	22,839,678	14,456,232	9,790,000	-
Analysed as follows: -				
- Fixed assets	12,299,677	14,456,232	-	-
- Investments	10,540,001	-	9,790,000	-
	22,839,678	14,456,232	9,790,000	-

Notes To The Financial Statements

33. CONTINGENT LIABILITIES - Unsecured

Company

As at 31 May 2001, the Company has given corporate guarantee amounting to RM45,895,029 (2000: RM34,889,440) to licensed banks, finance companies and a leasing company for credit facilities granted to certain subsidiary companies.

Group

As at 31 May 2001, the Group has outstanding contingent liabilities arising from certain subsidiary companies which are contingently liable: -

- (i) for a claim of approximately RM Nil (2000: RM137,700) by a third party for services rendered to a subsidiary company. The directors of the subsidiary company are of the opinion that the claim has no merit and, accordingly, no provision has been made in the financial statements;
- (ii) up to the extent of RM Nil (2000: RM140,000) to a licensed bank for a banker's guarantee issued in favour of a state authority on behalf of another subsidiary company for the fulfilment of obligations in respect of filling and levelling its mining lease; and
- (iii) up to the extent of RM Nil (2000: RM3,942,000) to a licensed bank for corporate guarantee and letter of guarantee given for bank credit facilities granted to associated companies.

34. SEGMENTAL INFORMATION

The segmental information, excluding inter-group transactions and balances, are as follows: -

	Operating Revenue		Profit/(Loss Before Taxation		Total Assets Employed	
	2001 RM	2000 RM	2001 RM	2000 RM	2001 RM	2000 RM
Major segment by industry: -						
Investment holding	1,080,516	1,784,139	(4,941,365)	(3,966,425)	96,085,861	91,201,204
Agricultural and industrial chemicals	312,813,746	262,042,899	10,261,671	18,372,515	163,926,358	157,808,001
Oil and gas services	41,729,266	43,753,444	288,728	(3,507,341)	62,473,752	54,607,033
Shipping	9,797,628	9,040,188	6,220	(8,051,835)	27,580,595	36,568,037
Property development	2,697,700	4,276,713	4,909	(255,789)	38,516,835	40,566,408
Information technology	7,923,900	339,456	2,682,378	9,998	16,028,208	2,884,734
Polymer	109,917,603	85,715,335	16,029,000	8,742,159	148,378,000	194,032,028
Engineering	238,595,000	212,112,498	17,302,000	15,139,997	305,868,000	272,600,550
Packaging	-	36,946,214	-	(24,189,079)	-	83,366,634
Building products	37,260,000	54,683,885	(7,655,000)	(1,865,771)	57,645,000	(6,698,794)
Others	-	-	(46,054)	(11,390)	(26,077)	40,162
	761,815,359	710,694,771	33,932,487	417,039	916,476,532	926,975,997
Group share of results of associated companies	-	-	758,405	1,636,688	-	-
	761,815,359	710,694,771	34,690,892	2,053,727	916,476,532	926,975,997

Notes To The Financial Statements

34. SEGMENTAL INFORMATION (cont'd)

2001	Operating Revenue	Profit/(Loss) Before Taxation	Total Assets Employed
	RM	RM	RM
Major segment by geographical region: -			
Malaysia	618,573,684	45,095,066	722,034,348
Singapore	24,743,675	616,602	15,979,678
Philippines	21,833,000	(8,495,000)	42,861,000
Other countries	96,665,000	(3,284,181)	135,601,506
	761,815,359	33,932,487	916,476,532
Group share of results of associated companies	-	758,405	-
	761,815,359	34,690,892	916,476,532

2000

Major segment by geographical region: -

Malaysia	590,729,750	10,946,961	733,087,699
Singapore	19,407,503	615,506	18,598,691
Philippines	23,528,462	(4,412,648)	53,222,586
Other countries	77,029,056	(6,732,780)	122,067,021
	710,694,771	417,039	926,975,997
Group share of results of associated companies	-	1,636,688	-
	710,694,771	2,053,727	926,975,997

Notes To The Financial Statements

35. SUBSIDIARY AND ASSOCIATED COMPANIES

Details of subsidiary companies are as follows: -

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2001	2000	
Ancom Crop Care Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of agricultural chemical products
Polytensides Sdn. Bhd.	Malaysia	100%	100%	Manufacture of agricultural products and chemicals
Timber Preservatives Sdn. Bhd.	Malaysia	51%	51%	Manufacture and distribution of timber preservatives and chemicals
Sun Chemicals Sdn. Bhd.	Malaysia	100%	100%	Formulation and repacking of agricultural chemicals
Ancom Overseas Ventures Sdn. Bhd. (formerly known as A.P. Industrial Chemicals Corp. Sdn. Bhd.)	Malaysia	100%	100%	Investment holding company
Fermpro Sdn. Bhd.	Malaysia	100%	100%	Manufacture and trading of ethanol and other related chemical products
Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	100%	100%	Trading in petroleum based products and industrial chemicals
Kumpulan Kesuma Sdn. Bhd.	Malaysia	100%	100%	Manufacture of sealants and adhesive products
Wedon Sdn. Bhd.	Malaysia	100%	100%	Trading in sealants and adhesive products
Ancom-ChemQuest Terminals Sdn. Bhd.	Malaysia	51%	51%	Build, own, operate and manage chemical tank farm
Ancom Energy & Services Sdn. Bhd.	Malaysia	55%	55%	Supply of goods and services to oil and gas industry
Elderberry Sdn. Bhd.	Malaysia	100%	100%	Ship-owning and ship-operating
Synergy Concepts Sdn. Bhd.	Malaysia	100%	100%	Ship-owning and ship-operating
Synergy Point Sdn. Bhd.	Malaysia	100%	100%	Ship-owning and ship-operating

Notes To The Financial Statements

35. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2001	2000	
Synergy Tanker Sdn. Bhd.	Malaysia	100%	100%	Ship-owning and ship-operating
Ancom Ship Management Sdn. Bhd.	Malaysia	100%	100%	Ship management
WorldSOL.com Sdn. Bhd.	Malaysia	100%	50.1%	Provision of business to business exchange portal services, portal development services, web and multimedia design and other related services
* Syarikat Wandeerfull Sdn. Bhd.	Malaysia	100%	100%	Investment holding, dealing in and subletting of land
* Bullion Mining and Developments Sendirian Berhad	Malaysia	100%	100%	Property development and investment holding
* Rhodemark Development Sdn. Bhd.	Malaysia	50.1%	50.1%	Investment holding
+ Ancom (Hong Kong) Limited	Hong Kong	100%	100%	Investment holding
* Malay Sino Technologies Sdn. Bhd.	Malaysia	50.1%	50.1%	Trading of computer hardware and software and rendering of IT related consulting services
Subsidiary companies of Ancom Crop Care Sdn. Bhd.				
<i>OrganiGro Sdn. Bhd.</i>	<i>Malaysia</i>	<i>77.45%</i>	<i>100%</i>	<i>Production and trading of organic fertilizers</i>
<i>Ancom Garden Products Sdn. Bhd.</i>	<i>Malaysia</i>	<i>100%</i>	<i>100%</i>	<i>Distributing garden products</i>
<i>Consolidated Specialties Sdn. Bhd.</i>	<i>Malaysia</i>	<i>100%</i>	<i>100%</i>	<i>Trading in industrial textile chemicals</i>
* <i>Ancom do Brasil Ltda</i>	<i>Brazil</i>	<i>99.99%</i>	<i>99.99%</i>	<i>Dormant</i>
+ <i>Ancom Argentina S.A.</i>	<i>Argentina</i>	<i>99.99%</i>	<i>99.99%</i>	<i>Dormant</i>
* <i>Ancom Australia Pty. Ltd.</i>	<i>Australia</i>	<i>100%</i>	<i>100%</i>	<i>Dormant</i>
* <i>Malancom Agrochemicals (Pty.) Limited</i>	<i>South Africa</i>	<i>100%</i>	<i>100%</i>	<i>Dormant</i>

Notes To The Financial Statements

35. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2001	2000	
Subsidiary companies of Ancom Energy & Services Sdn. Bhd.				
Tubex Sdn. Bhd.	Malaysia	55%	55%	Provide threading and ancillary services
Akra Engineering Sdn. Bhd.	Malaysia	53.1%	53.1%	Manufacture of steel structures for oil and gas industries and other related maintenance and engineering services
AES Mayak Sdn. Bhd.	Malaysia	55%	55%	Dormant
Petrodril (Malaysia) Sdn. Bhd.	Malaysia	33%	44%	Provision of drilling rigs and workover services, and supply of drilling related equipment
Material Performance Engineering Sdn. Bhd.	Malaysia	49.5%	49.5%	Investment holding, trading of anodes and cathodic protection equipment and provision of technical training services
Indah Segar Sdn. Bhd.	Malaysia	55%	49.5%	Technical and consulting services in the field of corrosion protection, material design, evaluation and environment engineering related work activities
Subsidiary company of Material Performance Engineering Sdn. Bhd.				
MPE Lindung Sdn. Bhd.	Malaysia	49.5%	49.5%	Manufacture and supply of anodes and cathodic protection equipment
Subsidiary company of Perusahaan Kimia Gemilang Sdn. Bhd.				
* Dynamic Chemical Trading Pte. Ltd.	Singapore	100%	100%	Trading in industrial chemicals

Notes To The Financial Statements

35. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2001	2000	
Subsidiary companies of Syarikat Wandeerfull Sdn. Bhd.				
* Wandeerfull Industries Sdn. Bhd.	Malaysia	100%	100%	Dormant
* Wandeerfull Property & Development Sdn. Bhd.	Malaysia	70%	70%	Property development
Subsidiary company of Wandeerfull Property & Development Sdn. Bhd.				
* Wandeerfull Mining Sdn. Bhd.	Malaysia	70%	70%	Dormant
Subsidiary companies of Rhodemark Development Sdn. Bhd.				
* Nylex (Malaysia) Berhad	Malaysia	26%	26%	Manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other plastic products, including geotextiles and prefabricated sub-soil drainage systems
Norwood Sdn. Bhd.	Malaysia	50.1%	50.1%	Dormant
Subsidiary companies of Nylex (Malaysia) Berhad				
* Tamco Corporate Holdings Sdn. Berhad	Malaysia	26%	26%	Design, manufacture, supply, installation, commissioning and maintenance of equipment and systems of power distribution
* Nycon Manufacturing Sdn. Bhd.	Malaysia	26%	26%	Manufacture and marketing of rotomoulded bulk containers
* Malaysian Roofing Industries Sdn. Bhd.	Malaysia	18.2%	13.3%	Manufacture and marketing of metal roofing tiles and ceiling panels

Notes To The Financial Statements

35. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2001	2000	
* <i>Asia Pacific Insulation Corporation</i>	<i>Philippines</i>	26%	26%	<i>Manufacture and marketing of glasswool insulation products</i>
* <i>Zonson Sports (Malaysia) Sdn. Bhd.</i>	<i>Malaysia</i>	20.8%	20.8%	<i>Manufacture and marketing of quality golf bags</i>
* <i>Tamco (Singapore) Pte. Ltd.</i>	<i>Singapore</i>	26%	26%	<i>Trading and contracting in electrical engineering products</i>
* <i>Tamco Electrical & Electronics (Malaysia) Sdn. Bhd.</i>	<i>Malaysia</i>	26%	26%	<i>Trading and contracting in electrical engineering products</i>
* <i>Tamco Electrical & Electronics (Singapore) Pte. Ltd.</i>	<i>Singapore</i>	26%	26%	<i>Trading and contracting in electrical engineering products</i>
* <i>Tamco Electrical & Electronics (Hong Kong) Limited</i>	<i>Hong Kong</i>	26%	26%	<i>Trading and contracting in electrical engineering products</i>
* <i>Tamco (Malaysia) Sdn. Berhad</i>	<i>Malaysia</i>	26%	26%	<i>Dormant</i>
* <i>Tamco Industries Sdn. Berhad</i>	<i>Malaysia</i>	26%	26%	<i>Dormant</i>
* <i>TEE Power & Engineering Sdn. Bhd.</i>	<i>Malaysia</i>	26%	26%	<i>Dormant</i>
* <i>Asia Pacific Insulation Development Corporation</i>	<i>Philippines</i>	26%	26%	<i>Property holding company</i>
* <i>Asia Pacific Insulation Trading Corporation</i>	<i>Philippines</i>	26%	26%	<i>Trading in fibreglass and other related products</i>
* <i>PT Indomalay Ekatana Roofing Industries</i>	<i>Indonesia</i>	12.7%	9.3%	<i>Manufacture and marketing of metal roofing tiles</i>
* <i>Universal Motor Kontrol Pty. Limited</i>	<i>Australia</i>	26%	26%	<i>Design and manufacture of electrical motor control centres</i>
* <i>Kontrol Sales Pty. Limited</i>	<i>Australia</i>	26%	26%	<i>Sales of electrical motor control centres and other related equipment</i>

Notes To The Financial Statements

35. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2001	2000	
* PT Kontrol Ragam Indonesia	Indonesia	26%	20.8%	Design and manufacture of electrical motor control centres
* Universal Motor Kontrol Hong Kong Limited	Hong Kong	26%	26%	Sales of electrical motor control centres and other related equipment
* Tamco Shanghai Switchgear Company Limited	China	26%	26%	Manufacture and marketing of switchgear and related products
* Tamco Gulf Enterprises Sdn. Berhad	Malaysia	26%	26%	Dormant
* Tamco Static Systems (Far East) Limited	Hong Kong	26%	26%	Dormant
Subsidiary companies of Malay Sino Technologies Sdn. Bhd.				
* I-Enterprise Online.Com Sdn. Bhd.	Malaysia	25.55%	-	Provision of I.T. services
* HSO Business Systems Sdn. Bhd.	Malaysia	25.15%	-	Trading of computer hardware and software and the rendering of I.T. related consulting services
* HSO Business Solutions Sdn. Bhd.	Malaysia	25.15%	-	Dormant

* Subsidiary companies not audited by BDO Binder or member firms of BDO International.

+ Subsidiary companies audited by a member firm of BDO International.

Details of associated companies are as follows: -

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2001	2000	
Direct: -				
* Fernz Timber Protection (M) Sdn. Bhd.	Malaysia	49%	49%	Trading in timber wood preservative and other chemical products

Notes To The Financial Statements

35. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2001	2000	
* E-Cop.Net Surveillance Sdn. Bhd. (formerly known as E-Bytes Products Sdn. Bhd.)	Malaysia	37%	-	Providing network services in electronic and internet security protection
<i>Indirect: -</i>				
Ancom Kimia Sdn. Bhd.	Malaysia	30%	30%	Distributor of petroleum based products and industrial chemicals
* Vision IP Services Sdn. Bhd.	Malaysia	20%	-	Providing call centre services
* Transmare - Chemie (Singapore) Pte. Ltd.	Singapore	20%	20%	Distributor of printing ink solvent and industrial chemicals
* ChemResources China (Agencies) Limited	Hong Kong	48.65%	40%	Distributor of printing ink solvent and industrial chemicals
* Transmare - Chemie Handelsgesellschaft mbH	Germany	20%	20%	Distributor of printing ink solvent and industrial chemicals
* ChemResources China Coating Limited	Hong Kong	-	30%	Investment holding
+ Ancom Philippines Inc.	Philippines	39.6%	39.6%	Dormant
* Hikmat Ikhlas Sdn. Bhd.	Malaysia	12.75%	12.75%	Trading and contracting in electrical engineering products
* Suistulin Sdn. Bhd.	Malaysia	7.8%	7.8%	Trading and marketing in switchgear and related products
* Tamco Chongqing Switchgear Company Limited	China	13%	13%	Manufacturing and sale of switchgear and related products

* Associated companies not audited by BDO Binder or member firms of BDO International.

+ Associated company audited by a member firm of BDO International.

Notes To The Financial Statements

36. EMPLOYEES AND STAFF COSTS

The number of employees including Executive Directors at the end of the financial year, and staff costs for the financial year, are as follows: -

	Group		Company	
	2001	2000	2001	2000
Number of employees	2,206	2,109	30	36
Staff costs (RM)	79,527,474	76,902,734	2,592,755	2,519,490

37. SIGNIFICANT EVENTS

- (a) Malay Sino Technologies Sdn. Bhd., a subsidiary of the Company, had,
- on 29 September 2000, acquired 51 ordinary shares of RM1 each representing 51% equity interest in i-Enterprise Online.com Sdn. Bhd. ("i-EOL") for RM102,000 cash. i-EOL is principally involved in the development of IT architecture design and provision of IT consultancy services.
 - on 1 December 2000, acquired 100,790 ordinary shares of RM1 each representing 50.19% equity interest in HSO Business Systems Sdn. Bhd. ("HSO") at par for cash. HSO is principally involved in IT project implementation consultancy.
- (b) On 29 September 2000, WorldSOL.com Sdn. Bhd. ("WorldSOL"), a wholly-owned subsidiary of the Company, had entered into an agreement to subscribe for 1,500,000 new ordinary shares of RM1 each representing 33.3% equity interest in Vision IP Service Sdn. Bhd. ("VIPS") at par for cash. VIPS is principally involved in the provision of Internet Call Centre Services. As at 31 May 2001, WorldSOL had subscribed and paid for 749,999 new ordinary shares in VIPS.
- (c) On 9 February 2001, the Company entered into a joint venture agreement with E-Cop. Net Pte. Ltd. of Singapore to set up a joint venture company, E-Cop.Net Surveillance Sdn. Bhd. ("E-Cop"), to provide 24x7 internet security surveillance services.

As at 31 May 2001, the Company had subscribed for 2,250,000 ordinary shares of RM1 each or 37% equity interest in E-Cop for RM3,800,000 cash.

38. COMPARATIVE FIGURES

The financial statements for the current financial year are presented in accordance with the requirements of Malaysian Accounting Standards Board - MASB 1 "Presentation of Financial Statements". Comparative figures have been re-presented to conform with the new requirements, where necessary.

Other Information

1. Material contracts involving directors'/major shareholders' interests

- (a) On 29 February 2000, the Company entered into a Conditional Share Sale Agreement with Chandran A/L A Perumal and Quek Lay Kheng ("Vendors") for the acquisition by the Company of 1,002,000 ordinary shares of RM1.00 each representing 50.1% equity interest in Malay Sino Technologies Sdn Bhd ("MST"), for a total cash consideration of RM9,680,000.

As at to date, the Company has paid a total of RM3,500,000 to the Vendors leaving the balance of RM6,180,000 to be paid progressively over 3 financial period/years ending 31 May 2003 in such amount equivalent to the proportion of profit before tax for the relevant financial period/year to the guaranteed aggregate profit before tax for the 3 financial period/years ("Profit Guarantee") within 10 business days of the completion of the audited accounts of MST for each of the financial period/years ending 31 May 2001, 2002 and 2003. The Profit Guarantee is RM12,318,000.

Y Bhg Dato' Siew Nim Chee and Mr. Siew Ka Wei is the father-in-law and the brother-in-law of Quek Lay Kheng respectively. They are the father and brother respectively of a director in MST.

YABM Raja Tun Mohar bin Raja Badiozaman, Chairman of the Company, is also the Chairman and a director of MST.

- (b) On 5 May 2000, the Company entered into a Shareholders' Agreement with Chandran A/L A Perumal, Quek Lay Kheng and the Estate of Tan Sri Dato' Mohd Yusof bin Abdul Rahman to regulate their rights as shareholders in MST in a manner contained therein.
- (c) On 20 March 2000, the Company entered into a Conditional Joint Venture Agreement with Fermpro Sdn Bhd ("Fermpro", a wholly owned subsidiary of the Company), Bernas Dominals Sdn Bhd ("Bernas Dominals"), Bio-Organic Systems and Services Sdn Bhd ("BOSS") and Shamazdaso Holdings Sdn Bhd ("Shamazdaso") to set up a joint venture to carry out the manufacturing, trading and distribution of organic fertilisers through OrganiGro Sdn Bhd ("OrganiGro").

The Company subsequently transferred its entire shareholding of 1,530,000 ordinary shares of RM1.00 each made up of 51% equity in OrganiGro to its wholly-owned subsidiary, Ancom Crop Care Sdn Bhd ("ACC") at par for cash. Fermpro also transferred its entire shareholding of 600,000 ordinary shares of RM1.00 each made up of 20% equity in OrganiGro to ACC at par for cash.

On 13 July 2001, the abovementioned Conditional Joint Venture Agreement was terminated mutually by the parties to the agreement and a new Conditional Joint Venture Agreement was entered into on the same day between ACC, Bernas Dominals, BOSS, Shamazdaso and MWL Holdings Sdn Bhd ("MWL") wherein MWL will subscribe for 333,333 new ordinary shares of RM1.00 each or 10% equity in OrganiGro at par for cash. As a result of the subscription of shares by MWL, ACC's shareholding in OrganiGro was reduced from 71% to 63.9%.

YM Raja Nor Mazli binti Raja Mohar, a director and substantial shareholder of Shamazdaso and the managing director of OrganiGro, is the daughter of YABM Raja Tun Mohar bin Raja Badiozaman, the Chairman of the Company. She is also a director of Fermpro.

Shamazdaso currently holds a total of 270,000 ordinary shares of RM1.00 each or 8.1% equity in OrganiGro.

Other Information

2. The amount of options, warrants or convertible securities exercised during the financial year

During the financial year,

- (i) a total of 714,000 options were granted under Ancom Berhad Employees' Share Option Scheme ("ESOS") to eligible employees of the Group at an exercise price of RM1.470 per ordinary share; and
- (ii) a total of 115,000 options granted under the ESOS were exercised at an exercise price of RM1.476 per ordinary share.

3. Status of utilisation of proceeds raised from corporate proposal

The total proceeds of RM169,740 from the issue of 115,000 new ordinary shares of RM1.00 each in the Company from the exercise of the ESOS was used for working capital purposes.

4. Sanctions and/or penalties

There was no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant authorities.

5. Non-audit fee

There was no non-audit fee paid to the external auditors for the financial year.

List Of Properties

As at 31 May 2001

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2001 RM
Ancom Berhad				
1. Q.T. (R) 4353 Mukim of Damansara Daerah Klang Selangor Darul Ehsan	Unexpired leasehold interest of 67 years (Expiring on 10.4.2068)	2.22 hectares	Office and factory buildings Age of buildings: - approximately 31 years	12,564,238
2. P.T. 4227 and P.T. 4228 Mukim of Kapar Daerah Klang Selangor Darul Ehsan	Unexpired leasehold interest of 85 years (Expiring on 9.6.2086)	5.37 hectares	Office and factory buildings Age of buildings: - approximately 10 years	13,792,976
Fermpro Sdn Bhd				
1. H.S (M) 748 Lot 1113 Mukim of Chuping Perlis	Unexpired leasehold interest of 45 years (Expiring on 22.11.2046)	1.62 hectares	Office and factory buildings Age of buildings: - approximately 13 years	2,030,169
2. H.S. (M) 1804 Plot 3 & 4 P.T. 924A Mukim of Chuping Perlis	Unexpired leasehold interest of 58 years (Expiring on 7.2.2059)	2.43 hectares	Spent molasses treatment pond	999,748
3. H.S. (M) 1803 P.T.2978 Mukim of Chuping Perlis	Unexpired leasehold interest of 58 years (Expiring on 7.2.2059)	0.81 hectare	Vacant land (Land office is in the process of issuing land title deed)	331,149
Akra Engineering Sdn Bhd				
1. Lot 118 Senawang Industrial Estate, Seremban Negeri Sembilan Darul Khusus	Unexpired leasehold interest of 72 years (Expiring on 22.3.2073)	0.81 hectare	Building with covered workshop Age of building: - approximately 26 years	3,263,141
Perusahaan Kimia Gemilang Sdn Bhd				
1. Lot 279, Sec. 63 Town of Kuala Lumpur	Freehold	0.26 hectare	Two storey bungalow Age of building: - approximately 39 years	5,989,500

List Of Properties

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2001 RM
Perusahaan Kimia Gemilang Sdn Bhd (cont'd)				
2. Lot 1219 and 1220 Mukim 12 Seberang Perai Selatan Pulau Pinang	Freehold	0.12 hectare	1 ¹ / ₂ storey semi-detached factory Age of building: - approximately 7 years	560,667
Material Performance Engineering Sdn Bhd				
1. Lot 1908 Daerah Klang Selangor Darul Ehsan	Freehold	0.38 hectare	Office and factory buildings Age of buildings: - approximately 6 years	2,477,250
Bullion Mining and Developments Sendirian Berhad				
1. Apartment 8E Kayangan Apartments Genting Highlands Pahang	Freehold	2,086 sq. ft	Apartment Age of building: - approximately 22 years	348,250
2. Shoplot No. 1.30 First Floor Wisma Cosway Kuala Lumpur	Freehold	428 sq. ft.	Shoplot Age of building: - approximately 25 years	258,700
Nylex (Malaysia) Berhad				
1. Q.T. (R) 32 Persiaran Selangor Section 15 Shah Alam Industrial Estate Shah Alam Selangor Darul Ehsan	Unexpired leasehold interest of 69 years (Expiring on 19.7.2070)	2.93 hectares	Office and factory buildings Age of buildings: - approximately 30 years	18,635,798
2. H.S. (D) 209 Persiaran Selangor Section 15 Shah Alam Industrial Estate Shah Alam Selangor Darul Ehsan	Unexpired leasehold interest of 74 years (Expiring on 10.2.2075)	1.21 hectares	Warehouse, factory and vacant land Age of buildings: - approximately 21 years	

List Of Properties

				Net Book Value As At 31 May 2001 RM
Location	Tenure	Land Area	Descriptions	
Tamco Corporate Holdings Sdn Berhad				
1. H.S. (D) 7524 2A, Jalan 13/2 46200 Petaling Jaya Selangor Darul Ehsan	Unexpired leasehold interest of 57 years (Expiring on 20.7.2058)	1.31 hectares	Office and factory buildings) Age of buildings: -) approximately 16 to 26 years)	22,287,428
2. H.M. 30892 Lot 24, Mukim of Kapar Daerah Klang Selangor Darul Ehsan	Freehold	2.75 hectares	Office and factory buildings) Age of buildings: -) approximately 9.5 years)	
Malaysian Roofing Industries Sdn Bhd				
1. H.S. (D) 33792 Lot 12 Nilai Industrial Estate 71800 Nilai Negeri Sembilan Darul Khusus	Unexpired leasehold interest of 43 years (Expiring on 18.6.2044)	2.17 hectares	Office and factory buildings) Age of buildings: -) approximately 17 years)	2,597,737
Asia Pacific Insulation Development Corporation (formerly known as ACI Philippines Development, Inc.)				
1. TCT No. 293777 (Lot 1509 F-1) Barrio Real Calamba, Laguna Philippines	Unexpired leasehold interest of 15 years (Expiring in December 2016)	3.12 hectares	Administration building, factory office, plant and vacant lot) Age of buildings: -) approximately 26 years)	2,279,838 (PHP 31,408,872)
2. TCT No. 293778 (Lot 1509 F-2) Calamba, Laguna Philippines	Unexpired leasehold interest of 15 years (Expiring in December 2016)	1.01 hectares	Factory, warehouse and vacant lot) Age of buildings: -) approximately 12 years)	
3. TCT No. 293780 & TCT No. 293779 (Lot 1509 F-5 and C-2) Barrio Real Calamba, Laguna Philippines	Unexpired leasehold interest of 15 years (Expiring in December 2016)	0.04 hectare	Right of way))))))	

List Of Properties

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2001 RM	
Universal Motor Kontrol Pty Limited					
1. V9922 /510 31, Kitchen Road Dandenong Australia	Freehold	0.04 hectare	Factory) Age of building: -) approximately) 16 years))	4,016,056 (A\$ 2,096,381)	
2. V 9922 /509 Lot 29, Kitchen Road Dandenong Australia	Freehold	0.04 hectare	Factory) Age of building: -) approximately) 7 years))		
3. V 10363 / 524 Lot 11, Nissan Drive Dandenong Australia	Freehold	0.61 hectare	Vacant))))		
Tamco Shanghai Switchgear Company Ltd					
1. 1997-000180 You Ai Village Tangwan Town Minhang District Shanghai, China	Unexpired leasehold interest of 44 years (Expiring on 2.10.2045)	1.25 hectares	Office and) factory buildings) Age of buildings: -) approximately) 8 years))		
2. 1997-000181 No.379 Jianchuan Road Tangwan Town Minhang District Shanghai, China	Unexpired leasehold interest of 44 years (Expiring on 2.10.2045)	2.09 hectares	Office and) factory buildings) Age of buildings: -) approximately) 8 years))		
Zonson Sports (Malaysia) Sdn Bhd					
1. H.S. (D) 27690 Lot 13260 Jalan Hj. Abd. Manan Mukim of Kapar Daerah Klang Selangor Darul Ehsan	Freehold	1.20 hectares	Office and) factory buildings) Age of buildings: -) approximately) 12 years)	4,011,705	

Analysis of Shareholding

As At 10 September 2001

No. Of Holders Of Each Class Of Equity Securities

Class of shares : Ordinary shares of RM1.00 each.
Total no. of shares issued : 120,486,195
No. of holders : 10,098

Distribution Schedule

<i>Holdings</i>	<i>No. of Holders</i>	<i>Total Holdings</i>	<i>%</i>
Less than 1,000	500	238,414	0.20
1,000 to 10,000	8,835	23,974,608	20.23
10,001 to 100,000	685	17,173,338	14.62
100,001 to less than 5% of issued shares	75	56,173,338	47.41
5% and above of issued shares	3	20,778,882	17.54
	10,098	118,493,195	100.00
Treasury shares	-	1,993,000	-
	10,098	120,486,195	100.00

Substantial Shareholders As Per The Register Of Substantial Shareholders

<i>Name</i>	<i>Direct</i>		<i>Indirect</i>	
	<i>No. of shares</i>	<i>%</i>	<i>No. of shares</i>	<i>%</i>
Dato' Siew Nim Chee	846,000	0.71	14,671,427 ^(a)	12.38
Siew Ka Wei	4,121,000	3.48	11,396,427 ^(b)	9.62
Pacific & Orient Berhad	11,499,489	9.70	3,500,000 ^(c)	2.95
Chan Thye Seng	-	-	14,999,489 ^(d)	12.66
The Straits Trading Company Limited	-	-	6,525,000 ^(e)	5.51
Lembaga Tabung Haji	6,423,893	5.42	-	-

Notes :

- (a) Held by Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Siew Ka Wei, Siew Ka Kheong, Young Ka Mun and Quek Lay Kheng.
(b) Held by Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Dato' Siew Nim Chee, Siew Ka Kheong, Young Ka Mun and Quek Lay Kheng.
(c) Held by Pacific & Orient Insurance Co. Berhad.
(d) Held by Pacific & Orient Berhad and Pacific & Orient Insurance Co. Berhad.
(e) Held by Sword Investments Pte Ltd and Baxterley Holdings Pte Ltd.

Directors' Shareholding As Per the Register of Directors' Shareholdings

<i>Name</i>	<i>Direct</i>		<i>Indirect</i>	
	<i>No. of shares</i>	<i>%</i>	<i>No. of shares</i>	<i>%</i>
Raja Tun Mohar bin Raja Badiozaman	20,791	0.02	348,947 ^(a)	0.29
Tan Sri Dato' Dr Lin See Yan	100,000	0.08	-	-
Dato' Siew Nim Chee	846,000	0.71	14,671,427 ^(b)	12.38
Dato' Ahmad Johari bin Tun Abdul Razak	499,126	0.42	-	-
Siew Ka Wei	4,121,000	3.48	11,396,427 ^(c)	9.62
Datuk Haji Mohamed Al-Amin bin Haji Abdul Majid, JP	-	-	-	-
Chan Thye Seng	-	-	14,999,489 ^(d)	12.66
Dato' Mohd Ismail bin Che Rus	-	-	-	-
Chieng Ing Huong	-	-	-	-

Notes :

- (a) Held by Toh Puan Norella Binti Talib.
(b) Held by Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Siew Ka Wei, Siew Ka Kheong, Young Ka Mun and Quek Lay Kheng.
(c) Held by Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Dato' Siew Nim Chee, Siew Ka Kheong, Young Ka Mun and Quek Lay Kheng.
(d) Held by Pacific & Orient Berhad and Pacific & Orient Insurance Co. Berhad.

Analysis of Shareholding

As At 10 September 2001

Thirty Largest Shareholders As Per Record of Depositors

<i>Name</i>	<i>No. of shares</i>	<i>%</i>
1. Pacific & Orient Berhad	11,499,489	9.70
2. Lembaga Tabung Haji	6,423,893	5.42
3. Mayban Nominees (Asing) Sdn Bhd - Sword Investments Private Limited	5,965,500	5.03
4. Malaysia Nominees (Tempatan) Sendirian Berhad - Silver Dollars Sdn Bhd	5,595,655	4.73
5. OUB Nominees (Tempatan) Sdn Bhd - Siew Ka Wei	4,389,000	3.70
6. Pacific & Orient Insurance Co. Berhad	3,500,000	2.95
7. Tee Kim Chan	3,500,000	2.95
8. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	3,316,000	2.80
9. UMB Nominees (Tempatan) Sendirian Berhad - Eastern & Oriental Berhad	3,305,000	2.79
10. Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Nim Chee & Sons Sdn Bhd	2,371,698	2.00
11. Citicorp Nominees (Asing) Sdn Bhd - CIB Lux Union Investment Management SA for Unidynamicfonds Asia	1,778,000	1.50
12. Amanah Raya Nominees (Tempatan) Sdn Bhd - Kuala Lumpur Index Fund	1,540,000	1.30
13. Malaysia Nominees (Tempatan) Sendirian Berhad - Tan Sri Dato' Thong Yaw Hong	1,500,000	1.27
14. Universal Trustee (Malaysia) Berhad - BHLB Pacific Emerging Companies Growth Fund	1,442,000	1.22
15. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustee Berhad for Kuala Lumpur Industry Fund	1,000,000	0.84
16. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustee Berhad for Amanah Saham Wanita	989,000	0.83
17. Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Ka Wei	898,000	0.76
18. Amanah Raya Nominees (Tempatan) Sdn Bhd - Kuala Lumpur Growth Fund	888,000	0.75
19. Lim Chui Kui @ Lim Chooi Kui	821,236	0.69
20. Foo Yong	815,000	0.69
21. Ng Wing Kong	798,141	0.67
22. HSBC Nominees (Asing) Sdn Bhd - HSBC Secs Sg for Howe Yoon Chong	650,130	0.55
23. Malaysia Nominees (Tempatan) Sendirian Berhad - Astro (M) Sdn Bhd	575,650	0.49
24. Siew Nim Chee & Sons Sdn Bhd	575,500	0.49
25. Mayban Nominees (Asing) Sdn Bhd - Baxterley Holdings Private Limited	559,500	0.47
26. OUB Nominees (Tempatan) Sdn Bhd - Tan Sri Dato' Nasruddin bin Mohamed	504,672	0.43
27. RHB Nominees (Tempatan) Sdn Bhd - ING Barings South East Asia Ltd for Lim Beng Keat	503,000	0.42
28. Libra Asia Securities Limited	490,000	0.41
29. Employees Provident Fund Board	450,000	0.38
30. TA Nominees (Tempatan) Sdn Bhd - Seow Kaik Chee @ Siew Nim Chee	440,000	0.37



ANCOM BERHAD

(8440-M)

Proxy Form

I / We, of
being a member /members of the Company, hereby appoint Mr. / Ms. / Mrs. / Madam
 of
 or failing whom the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the 32nd Annual General Meeting of the Company to be held on Thursday, 8 November 2001 at 10.00 am at the Summit Room, Level 2, Mandarin Oriental, Kuala Lumpur City Centre ("KLCC"), 50088 Kuala Lumpur or at any adjournment thereof and to vote as indicated below:

Item	Description of Resolutions	Resolution No.	For	Against
1.	To adopt Accounts and Reports	1		
2.	To approve a final dividend of 4% less 28% income tax	2		
3.	To approve Directors' fees	3		
4.	To re-elect Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak who retires pursuant to Para 7.28 of the Kuala Lumpur Stock Exchange Listing Requirements	4		
5.	To re-elect the following Directors who retire pursuant to the Company's Articles of Association:			
	Siew Ka Wei (Article 79)	5		
	Y.Bhg Tan Sri Dato' Dr. Lin See Yan (Article 86)	6		
	Chieng Ing Huong (Article 86)	7		
6.	To re-elect the following Directors who retire pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the next Annual General Meeting:			
	Y. A. B. M Raja Tun Mohar bin Raja Badiozaman	8		
	Y. Bhg. Dato' Siew Nim Chee	9		
7.	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration	10		
8.	To approve the issue of new ordinary shares pursuant to the ESOS	11		
9.	To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965	12		

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

Dated this day of 2001.

No. of shares held

[Signature / Common Seal of shareholder(s)]

[*Delete if not applicable]

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company.
2. In the case of a corporate shareholder, the instrument appointing a proxy shall be under its Common Seal or its attorney.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, 50100 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.

THEN FOLD HERE

THEN FOLD HERE

Affix
Stamp

ANCOM BERHAD (8440-M)
Registered Office:-
Suite 1005, 10th Floor
Wisma Hamzah-Kwong Hing
No. 1, Leboh Ampang
50100 Kuala Lumpur

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