ANCOM BERHAD

(8440-M)
Incorporated in Malaysia

TOGETHER WE CAN
MAKE A DIFFERENCE

ANNUAL REPORT 2009

cover rationale

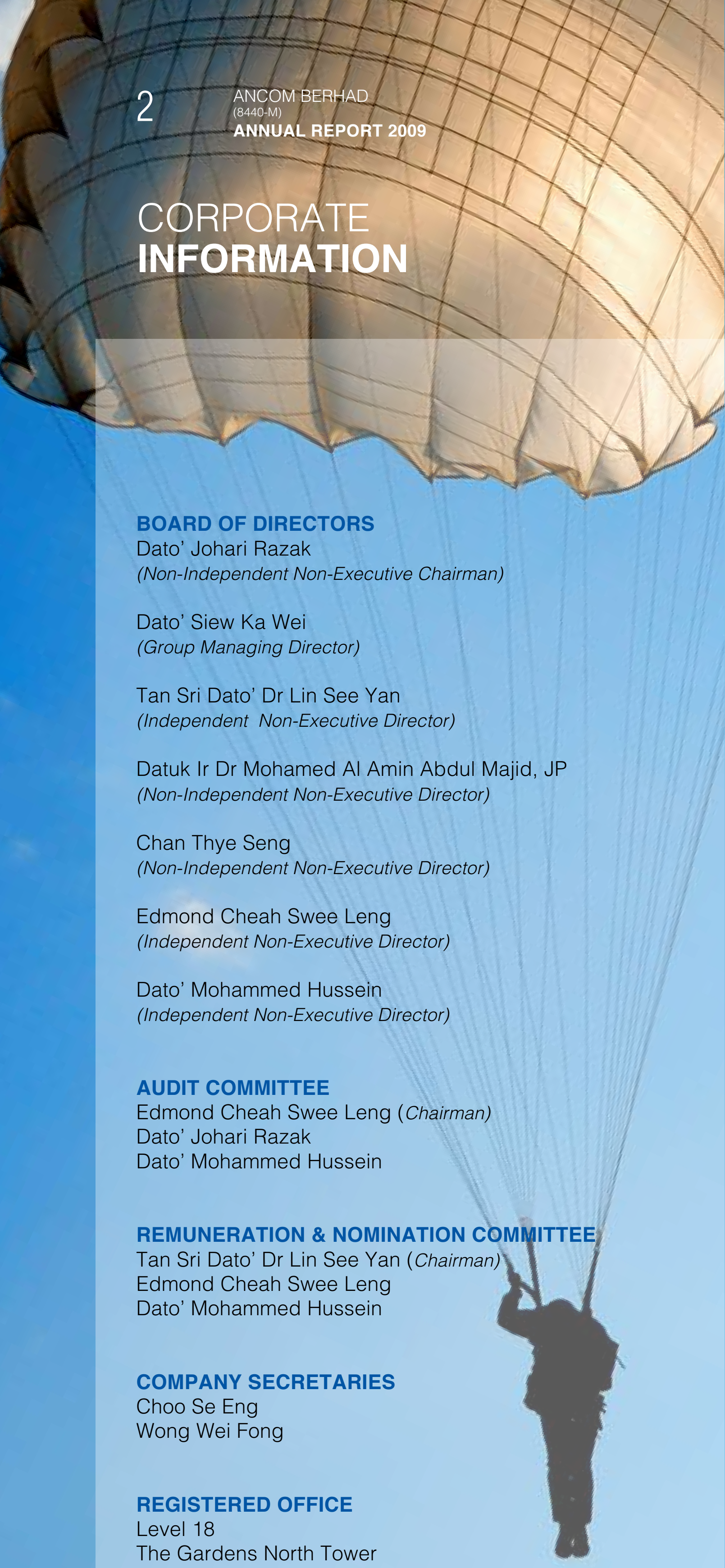
Team skydiving is a challenging sport that requires skill, courage and teamwork to excel. Only with proper support, encouragement and the full co-operation of its team members, that a unit can create a unified, successful formation.

The Ancom Berhad ("Ancom") Annual Report 2009 cover depicts a team of skydivers jumping off an aircraft with the help of one another. It effectively communicates the "Together We Can Make A Difference" tagline.

The underlying success of Ancom is in its people. Therefore, the skydivers represent the team members of Ancom working cohesively in achieving a consistent goal. Incorporating vales of teamwork emphasizing on trust, integrity and empathy to provide its customers with high quality products and services.

contents


United
as ONE



CORPORATE INFORMATION

BOARD OF DIRECTORS
Dato' Johari Razak
(Non-Independent Non-Executive Chairman)

Dato' Siew Ka Wei
(Group Managing Director)

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

Datuk Ir Dr Mohamed Al Amin Abdul Majid, JP
(Non-Independent Non-Executive Director)

Chan Thye Seng
(Non-Independent Non-Executive Director)

Edmond Cheah Swee Leng
(Independent Non-Executive Director)

Dato' Mohammed Hussein
(Independent Non-Executive Director)

AUDIT COMMITTEE
Edmond Cheah Swee Leng (*Chairman)*
Dato' Johari Razak
Dato' Mohammed Hussein

REMUNERATION & NOMINATION COMMITTEE
Tan Sri Dato' Dr Lin See Yan (*Chairman)*
Edmond Cheah Swee Leng
Dato' Mohammed Hussein

COMPANY SECRETARIES
Choo Se Eng
Wong Wei Fong

REGISTERED OFFICE
Level 18
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : (603) 2264 8888
Fax : (603) 2282 2733

BUSINESS ADDRESS
102-1002 Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7660 0008
Fax : (603) 7660 0010

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

AUDITORS
BDO Binder, Chartered Accountants

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
- Industrial Products Sector

PRINCIPAL BANKERS
CIMB Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITORS
Shearn Delamore & Co

DOMICILE
Malaysia

FIVE-YEAR
GROUP FINANCIAL HIGHLIGHTS

	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000
Sales	**1,650,935**	2,391,168	2,096,920	1,205,514	1,101,600
Profit/(Loss) before tax					
- continued operations	**15,090**	31,241	61,998	27,230	580
- discontinued operations	**(25,498)**	146,224	-	-	-
	(10,408)	177,465	61,998	27,230	580
Profit/(Loss) after tax					
- continued operations	**8,707**	19,310	54,072	13,603	(12,431)
- discontinued operations	**(25,498)**	147,710	-	-	-
	(16,791)	167,020	54,072	13,063	(12,431)
Effective percentage rate of tax - %	**42***	6	13	50	2,243
Net (loss)/earnings for Ancom shareholders	**(6,648)**	55,256	26,050	4,261	130
Assets Employed					
Fixed assets	**227,729**	237,216	280,018	275,746	297,569
Investments	**16,268**	37,343	55,185	50,494	38,580
Other non-current assets	**102,923**	81,844	76,328	48,744	57,721
Current assets	**533,635**	891,323	858,248	628,916	604,589
Total assets	**880,555**	1,247,726	1,269,779	1,003,900	998,459
Financed by					
Share capital	**218,956**	202,338	201,857	201,857	201,857
Reserves	**109,905**	152,565	106,095	90,870	90,514
Less : Treasury Shares, at cost	**(2,073)**	(1,408)	(3,708)	(9,206)	(6,762)
Ancom shareholders' interests	**326,788**	353,495	304,244	283,521	285,609
Minority shareholders' interests	**107,763**	152,151	154,253	135,860	133,248
Total shareholders' funds and minority interests	**434,551**	505,646	458,497	419,381	418,857
Non-current liabilities	**56,003**	90,835	168,588	117,544	163,538
Current liabilities	**390,001**	651,245	642,694	466,975	416,064
Total funds employed	**880,555**	1,247,726	1,269,779	1,003,900	998,459
Shareholders' Interests					
(Loss)/Earnings per share – sen	**(3.07)**	27.70	13.50	2.24	0.06
Gross dividend per share – sen	**18**	5	5	5	5
Net assets per share – RM	**1.51**	1.75	1.55	1.50	1.48
Depreciation & amortisation	**21,285**	31,436	31,451	34,220	30,882
Interest expense	**15,761**	25,129	23,161	16,012	16,853

* In respect of continued operations

LIST OF **PRINCIPAL OFFICES**

ANCOM BERHAD – *Corporate Office*
102-1002, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7660 0008
Fax : (603) 7660 0010

ANCOM-CHEMQUEST TERMINALS SDN BHD
Jeti Petrokimia, West Port
42920 Pulau Indah
Port Klang
Selangor Darul Ehsan
Malaysia
Tel : (603) 3101 1372
Fax : (603) 3101 1461

ANCOM CROP CARE SDN BHD
Lot 5, Section 15, Persiaran Selangor
40000 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : (603) 5519 4022
Fax : (603) 5510 3888

ANCOM ELECTRICAL (MALAYSIA) SDN BHD
(formerly known as Tamco Electrical (Malaysia) Sdn Bhd)
No.35 Persiaran Industri
Bandar Sri Damansara
52200 Kuala Lumpur
Malaysia
Tel : (603) 6276 8732
Fax : (603) 6272 1137

ANCOM ENERGY & SERVICES SDN BHD
702, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7660 0055
Fax : (603) 7660 0056

ANCOM SYSTEMS (SINGAPORE) PTE LTD
(formerly known as Tamco Systems (Singapore) Pte Ltd)
No.5 Penjuru Close
3rd Floor
Singapore 608600
Tel : (65) 6862 3777
Fax : (65) 6862 8628

CHEMRESOURCES CHINA (AGENCIES) LIMITED
Room C, 26th Floor Capitol Centre Tower II
28 Jardine's Crescent, Causeway Bay
Hong Kong SAR
Tel : (852) 2736 7868
Fax : (852) 2736 3056

CKG CHEMICALS PTE LTD
133, New Bridge Road
#25-02, Chinatown Point
Singapore 059413
Tel : (65) 6737 2219
Fax : (65) 6235 6342

FERMPRO SDN BHD
202, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

FOCUS MEDIA NETWORK SDN BHD
502, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7956 1713
Fax : (603) 7956 2676

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

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

LIST OF PRINCIPAL OFFICES *(cont'd)*

MERU UTAMA SDN BHD
Suite E13-21, Block E, Plaza Mont Kiara
No.2 Jalan Kiara
50480 Kuala Lumpur
Malaysia
Tel : (603) 6201 1488
Fax : (603) 6201 8633

MSTI CORPORATION SDN BHD
No. 56-1 & 56-2
Jalan Puteri 5/2, Bandar Puteri
47100 Puchong
Selangor Darul Ehsan
Malaysia
Tel : (603) 8063 1677
Fax : (603) 8063 1977

NYLEX (MALAYSIA) BERHAD
Lot 16, Persiaran Selangor
Section 15, 40200 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : (603) 5519 1706
Fax : (603) 5510 0008

NYLEX SPECIALTY CHEMICALS SDN BHD / SPECIALITY PHOSPHATES (MALAYSIA) SDN BHD
Lot 593 & 624, Persiaran Raja Lumu
Kawasan Perusahaan Pandamaran
42000 Port Klang
Selangor Darul Ehsan
Malaysia
Tel : (603) 3168 8282
Fax : (603) 3168 5711

PENGANGKUTAN COGENT SDN BHD
72 Jalan Molek 2/1
Taman Molek
81100 Johor Bharu
Johor
Malaysia
Tel : (607) 353 5321
Fax : (607) 353 5609

PERUSAHAAN KIMIA GEMILANG SDN BHD
302, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

POINT CAST (M) SDN BHD
502, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7956 1713
Fax : (603) 7956 2676

REDBERRY MEDIA SDN BHD
502, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7956 1713
Fax : (603) 7956 2676

REDBERRY OUTDOORS SDN BHD / REDBERRY OUTDOORS PRODUCTIONS SDN BHD
3A02, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7960 0155
Fax : (603) 7960 7155

SINSENMOH TRANSPORTATION PTE LTD
32 Tanjung Penjuru, Jurong Town
Singapore 609028
Tel : (65) 6264 8488
Fax : (65) 6898 1588

TAMCO CORPORATE HOLDINGS BERHAD
802, Blok A
Pusat Dagangan Phileo Damansara I
No.9 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya,
Selangor Darul Ehsan
Malaysia
Tel : (603) 7660 0008
Fax : (603) 7660 5006

VISION IP SERVICES SDN BHD
Level 14, Menara Aik Hua
6 Changkat Raja Chulan
50200 Kuala Lumpur
Tel : (603) 2718 4222
Fax : (603) 2031 2028

CORPORATE **STRUCTURE**

As At 31 May 2009

ANCOM BERHAD

- 100% **RHODEMARK DEVELOPMENT SDN. BHD.**
- 100% **ANCOM CROP CARE SDN. BHD.**
  - 100% Polytensides Sdn. Bhd.
  - 100% Ancom Bioscience Sdn. Bhd.
  - 84.1% ChemResources China (Agencies) Ltd.
  - 51% Timber Preservatives Sdn. Bhd.
  - 49% Nufarm Technologies (M) Sdn. Bhd.
- 75.2% **SYNERGY TRANS-LINK SDN. BHD.**
  - 51% Ancom-ChemQuest Terminals Sdn. Bhd.
  - 100% SinSenMoh Transportation Pte. Ltd.
  - 100% Pengangkutan Cogent Sdn. Bhd.
- 100% **REDBERRY SDN. BHD.**
  - 100% RedBerry Events Sdn. Bhd.
  - 100% RedBerry Outdoors Sdn. Bhd.
    - 100% RedBerry Outdoors Productions Sdn. Bhd.
  - 85.5% Focus Media Network Sdn. Bhd.
  - 51% RedBerry Animation Sdn. Bhd.
  - 49% RedBerry Media Sdn. Bhd.
  - 100% Point Cast (M) Sdn. Bhd.
- 54.9% **MERU UTAMA SDN. BHD.**
- 77% **WHEEL SPORT MANAGEMENT SDN. BHD.**
- 100% **VISION IP SERVICES SDN. BHD.**
- 45% **MSTI CORPORATION SDN. BHD.**
- 97.3% **IENTERPRISE ONLINE SDN. BHD.**
- 50.2% **ANCOM ENERGY & SERVICES SDN. BHD.**
  - 96.6% Akra Engineering Sdn. Bhd.
- 100% **ANCOM OVERSEAS VENTURES SDN. BHD.**
  - 100% Syarikat Wandeerfull Sdn. Bhd.
    - 30% Wandeerfull Industries Sdn. Bhd.

Note: Only major companies are shown in this Corporate Structure.

CORPORATE **STRUCTURE**
As At 31 May 2009 *(cont'd)*

36.2% — TAMCO CORPORATE HOLDINGS BERHAD

60%	Decom Limited
100%	Ancom Systems (Singapore) Pte. Ltd.
	100% Ancom Electrical & Environmental (S) Pte. Ltd.
	100% Ancom Electrical (Hong Kong) Ltd.
100%	Ancom Electrical (Malaysia) Sdn. Bhd.
35%	Hikmat Ikhlas Sdn. Bhd.
66.7%	Ancom Components (M) Sdn. Bhd.
49%	Tamco Chongqing Switchgear Co. Ltd.

21.2% / **27%** — NYLEX (MALAYSIA) BERHAD

100%	Nycon Manufacturing Sdn. Bhd.
100%	Nylex Polymer Marketing Sdn. Bhd.
100%	PT Nylex Indonesia
100%	Perusahaan Kimia Gemilang Sdn. Bhd.
	90% Dynamic Chemical Trading Pte. Ltd.
	51% Perusahaan Kimia Gemilang (Vietnam) Company Ltd.
	51% PT PKG Lautan Indonesia
	30% Ancom Kimia Sdn. Bhd.
100%	Fermpro Sdn. Bhd.
100%	Kumpulan Kesuma Sdn. Bhd.
100%	Wedon Sdn. Bhd.
100%	CKG Chemicals Pte. Ltd.
100%	Nylex Specialty Chemical Sdn. Bhd.
51%	Speciality Phosphates (Malaysia) Sdn. Bhd.
70%	Malaysian Roofing Industries Sdn. Bhd.
	70% PT Indomalay Ekatana Roofing Industries

BOARD OF DIRECTORS

DATO' JOHARI RAZAK
Aged 55, Malaysian,
Non-Independent Non-Executive Chairman

Dato' Johari joined the Board on 27 November 1992. He was appointed the Group Managing Director on 2 July 1994 and the Executive Chairman on 30 July 2003. He was re-designated to his present position on 1 August 2007. He is currently a member of the Audit Committee.

Dato' Johari graduated from University of Kent, United Kingdom with a Bachelor of Law degree and qualified as a Barrister-at-Law from Lincoln's Inn. Presently, he is the Managing Partner of a leading law firm in Malaysia; Director of Hong Leong Industries Berhad, British American Tobacco (Malaysia) Berhad, Deutsche Bank (Malaysia) Berhad and Daiman Golf Berhad; Chairman of Daiman Development Berhad; Deputy Chairman of Nylex (Malaysia) Berhad and an adjunct Professor of Law of Universiti Teknologi Mara.

DATO' SIEW KA WEI
Aged 54, Malaysian,
Group Managing Director / Chief Operating Officer

Dato' Siew joined the Board on 23 October 1985. He was appointed the Deputy Group Managing Director/Chief Operating Officer on 17 October 1995 and assumed his present position on 30 July 2003.

Dato' Siew graduated with a Bachelor of Science (Hons) degree in Chemical Engineering and a Master of Science degree in Operational Research from the Imperial College of Science, Technology and Medicine, London, United Kingdom. He has extensive working experience in the field of petrochemicals locally and internationally for more than 20 years. He was the Chairman of the Malaysian Charter of the Young Presidents Organisation ("YPO"), an international grouping of more than 8,500 chief executive officers of major companies over the world, and was a director of the International Board of Directors of YPO. He is currently the Group Managing Director of Nylex (Malaysia) Berhad and the Deputy Chairman of Tamco Corporate Holdings Berhad.

Dato' Siew is a substantial shareholder of the Company.

BOARD OF **DIRECTORS** *(cont'd)*

TAN SRI DATO' DR LIN SEE YAN
Aged 70, Malaysian,
Independent and Non-Executive Director

Tan Sri Dato' Dr. Lin joined the Board on 30 October 2000 and is currently the Chairman of the Remuneration and Nomination Committee.

Tan Sri Dato' Dr Lin graduated from the University of Malaya in Singapore and received three degrees, including a PhD in economics from Harvard University. He is a Chartered Statistician British Chartered Scientist and an independent strategic and financial consultant.

Tan Sri Dato' Dr. Lin has a long and distinguished history of service with the Government of Malaysia and the private sector in various posts. He was Chairman/President and Chief Executive Officer of the Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. After his retirement, he continues to serve actively in a diversified range of public, charitable, educational, financial, industrial and commercial institutions both locally and abroad.

He is currently the Regional Director for Asia; Harvard Alumni Association at Harvard University; the Governor for Asian Institute of Management, Manila; the President for Harvard Club of Malaysia; a Member of Asian Shadow Financial Regulatory Committee, Prime Minister's National Innovation Council, MHE Select Committees on major critical issues on Higher Education; a Trustee for MAKNA (National Cancer Council); Malaysian Economic Association Foundation, Prime Minister's Exchange Fellowship Program Malaysia and others.

Tan Sri Dato Dr Lin is currently a Director of Fraser & Neave Holdings Berhad, Genting Berhad, Genting Malaysia Berhad, Wah Seong Corporation Berhad, JobStreet Corporation Berhad and KrisAssets Holdings Berhad. He also sits on the boards of a number of public listed and private businesses in Singapore, Indonesia and Hong Kong.

BOARD OF DIRECTORS *(cont'd)*

DATUK IR DR MOHAMED AL AMIN ABDUL MAJID, JP

Aged 54, Malaysian,
Non-Independent and Non-Executive Director

Datuk Ir Dr Al Amin joined the Board on 16 June 1997. He qualified with a Diploma in Technology from Oxford College of Further Education and holds a degree in Bachelor of Science in Civil Engineering from the University of Aston, Birmingham, United Kingdom. He is a Corporate Member of the Institute of Engineers Malaysia ("IEM") and is a professional Engineer. He has extensive experience in business and corporate management which includes serving as Chairman for Gabongan Pemborong Bumiputera Berhad since 1988 and Zurich Insurance (M) Berhad since 1989. Currently, he is the Executive Chairman of Country View Berhad; Chairman of Nylex (Malaysia) Berhad, the Small Medium Industries Development Corporation ("SMIDEC") and the Chemical Industries Council of Malaysia ("CICM").

Datuk Ir Dr Al Amin is also a shareholder/director in several private companies which are involved in a wide range of businesses such as construction, investment, distributorship, general trading and project management.

DATO' MOHAMMED HUSSEIN

Aged 59, Malaysian,
Independent and Non-Executive Director

Dato' Mohammed join the Board on 16 October 2009. He was appointed as member of the Audit Committee and Remuneration and Nomination Committee on the same day.

Dato' Mohammed graduated with a Bachelor of Commerce (Accounting) degree from the University of Newcastle, Australia in 1970 and has completed the Advanced Management Program at Harvard Business School, USA in 2003. He spent 31 years with the Maybank Group and held various management positions including Head of Corporate Banking, Head of Malaysian Operations, Managing Director of Aseambankers Malaysia Berhad and, prior to his retirement in January 2008, was Executive Director / Chief Financial Officer of Maybank.

Currently, Dato Mohammed is the Chairman of Quill Capital Trust; a Director of Hap Seng Consolidated Berhad, MCB Bank Limited (listed on the Karachi Stock Exchange), Danajamin Nasional Berhad, CapitaCommercial Trust Management Limited, PT Maybank Indocorp, University Malaysia Kelantan and several other private limited companies.

BOARD OF DIRECTORS *(cont'd)*

EDMOND CHEAH SWEE LENG

Aged 55, Malaysian,
Independent and Non-Executive Director

Mr. Cheah joined the Board on 30 August 2005. He is currently the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

Mr. Cheah is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants and Association of Chartered Accountants, England & Wales. He is also a Certified Financial Planner.

Mr. Cheah's professional experience has been in the fields of merchant banking, corporate and financial advisory, portfolio and investment management, unit trust management and financial planning. He was formerly the Chief Executive Officer / Executive Director and a member of the Investment Committee of Public Mutual Berhad, a former Council Member and Chairman of the Secretariat of the Federation of Malaysian Unit Trust Managers ("FMUTM"), a former Task Force Member on Islamic Finance for the Labuan Offshore Financial Services Authority ("LOFSA"), a former member on the Securities Market Consultation Panel in Bursa Malaysia Securities Berhad and a founder member and a past President of the Financial Planning Association of Malaysia ("FPAM").

Mr. Cheah is currently the Chairman of Adventa Berhad and Director of Nylex (Malaysia) Berhad, an Investment Committee Member and Director of MAAKL Mutual Berhad and Treasurer for the Society for the Prevention of Cruelty to Animals ("SPCA").

CHAN THYE SENG

Aged 53, Malaysian,
Non-Independent and Non-Executive Director

Mr. Chan joined the Board on 19 October 1999. Mr. Chan graduated with a Bachelor of Law (Hons.) degree from University College Cardiff, United Kingdom. He had 13 years experience as a practicing lawyer, after having been called to the Bar at Middle Temple in 1980 and the Malaysian Bar in 1992.

Mr. Chan was previously on the Boards of the Kuala Lumpur Commodities Exchange and Malaysian Futures Clearing Corporation Sdn Bhd. He is currently the Managing Director / Chief Executive Officer of Pacific & Orient Berhad ("P&O") and Pacific & Orient Insurance Co. Berhad.

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

Note:

1. *There are no family relationship amongst the Directors and substantial shareholders of the Company.*
2. *Other than certain Related Party Transactions as discloded in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.*
3. *None of the Director has been convicted for any offence other than tracffic offences (if any) within the past ten (10) years.*
4. *Please refer page 18 - Statement on Corporate Governance of this Annual Report for the Directors' meeting attendance records.*
5. *Please refer to page 41 to 42 - Directors' Report of this Annual Report for the Directors' securities holdings in the Company and its related corporations.*

CHAIRMAN'S **STATEMENT**

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT TO YOU THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE GROUP AND OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MAY 2009 ("FY2009").

PERFORMANCE

The global financial crisis since the second half of the calendar year 2008 has had a considerable adverse impact on the Group's performance during FY2009. The Group recorded a 19% lower turnover of RM1,650.9 million in FY2009 as compared to RM2,043.9 million achieved in the last financial year. Consequently, profit before tax ("PBT") for the continuing business declined by 51% to RM15.1 million as compared to RM31.2 million last year. After accounting for income tax, and losses attributable to the discontinuing business of RM25.5 million as explained below, the Group reported a loss after tax of RM16.8 million compared with a profit after tax ("PAT") of RM167.0 million last year.

The net loss attributable to shareholders, after minority interests, was RM6.7 million (2008: net profit of RM55.3 million). Consolidated net loss per share was 3.07 sen (2008: profit of 27.70 sen) while the consolidated net assets per share was RM1.51 as at the end of FY2009 (2008: RM1.75).

REVIEW OF OPERATIONS

The financial crisis reduced demands in all sectors of the economy. The Group's operations in FY2009 were inescapably affected by the ensuing lower prices and rates of the Group's products and services, resulting in lower turnover and lower profit margins. This was evidenced in the Group's main contributors of turnover and profits, namely, the Agricultural and Industrial Chemicals division, the Polymer division and the Logistic division which all reported lower turnover and PBT in FY2009 as compared to the last financial year.

CHAIRMAN'S **STATEMENT** *(cont'd)*

However, due to higher delivery of jobs in FY2009, the Engineering division recorded a higher turnover and a PBT as compared with a loss before tax in the last financial year.

The Media division reported higher turnover as compared to the last financial year as most of its units have just commenced operation in the previous financial year. However, the division recorded heavier losses due to the high start-up expenses and insufficient sales despite the higher turnover by some of its units. Due to the financial crisis, advertisers hold back their advertising spending during the financial year and this had an adverse impact on the results of the division.

As mentioned earlier, the Group incurred a charge of RM25.5 million in relation to a claim by the purchasers of the switchgear business for the shortfall in net asset value on the completion date as verified by a firm of independent auditors. The shortfall arose due to additional provisions of doubtful debts and obsolete inventories in the switchgear business taken over by the purchasers. This additional charge of RM25.5 million was shown as loss attributable to discontinuing business in FY2009. As a result, the total gain from the disposal of the switchgear business has been re-adjusted from RM147.7 million as reported last year to RM122.2 million.

DIVIDEND

The Board of Directors has proposed a final dividend of 1.5 sen, less income tax, for the financial year ended 31 May 2009, subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held on 26 November 2009.

MAJOR CORPORATE DEVELOPMENT

As mentioned last year, Tamco Corporate Holdings Berhad ("Tamco"), a subsidiary listed on the MESDAQ Market (now known as ACE Market) of Bursa Malaysia Securities Berhad ("Bursa Securities"), has become an affected listed issuer pursuant to paragraph 2.1 of Guidance Note No 3 ("GN3") of the Bursa Securities Listing Requirements for MESDAQ Market. The securities of Tamco was suspended from trading on Bursa Securities subsequent to FY2009 pending the injection of a viable business. Tamco is currently evaluating new businesses for injection to further improve its financial performance and to uplift itself from being an affected issue under GN3. The suspension will be uplifted upon Tamco completing the regularisation plan as required by Bursa Securities.

The other major corporate developments of the Group in FY2009 are as reported in Note 46 'Significant Events During the Financial Year" of the financial statements.

PROSPECTS FOR NEXT FINANCIAL YEAR

The Malaysian economy contracted at a slower rate of 3.9% in the second quarter of 2009 from 6.2% in the first quarter. As stated in Bank Negara Malaysia's Economic Report for Q2 of 2009, there are increasing signs that conditions in the global economy are stabilising as a result of the cumulative effects of extensive policy measures undertaken to stabilise the financial markets and to support the economy. There is also evidence that economic activity in the regional economies is picking up. Economic recovery, however, is likely to be slow as most advanced economies are still undergoing adjustments amidst on-going deleveraging activity in the private sector.

Going forward, the expectation remains that the domestic economy will improve in the second half of the year, to be supported by a recovery in domestic demand following improvements in labour market conditions, as well as business and consumer sentiments. The accelerated implementation of the fiscal measures, lower inflation, continued access to financing, and the accommodative monetary environment will provide further support to domestic demand. The stabilisation of the global economy is also expected to contribute to the improvement in the domestic economy in the second half of the year.

CHAIRMAN'S **STATEMENT** *(cont'd)*

Looking ahead, the coming financial year will remain challenging for the Group. In facing these challenges, the Group will have to remain competitive. The Group will continue to focus on cost control measures and to increase productivity in order to improve profitability of its businesses.

Barring unforeseen circumstances, the Board expects the Group's performance for the next financial year to be satisfactory.

BOARD AND MANAGEMENT

Dato Mohd Ismail Bin Che Rus, an Independent Non-Executive Director, resigned on 20 July 2009. The Board wishes to thank Dato Ismail for his contribution during his tenure with the Company.

Dato Mohammed Hussein joined the Board on 16 October 2009 as an Independent Non-Executive Director. Dato Mohammed has many years' of experience in the financial and banking sectors having served for 31 years in various management capacities in the Maybank group, the last being the Executive Director and Chief Financial Officer of Maybank prior to his retirement in 2008. The Board is confident that the Group would benefit from Dato Mohammed's knowledge, experience and expertise. Dato Mohammed has also been appointed a member of the Audit Committee and the Remuneration and Nomination Committee.

APPRECIATION

The Board wishes to express its appreciation to the shareholders for their unwavering loyalty and support. The Board also wishes to thank its valued customers, suppliers, bankers, business associates and the regulatory authorities for their continued assistance and co-operation. Last but not least, the Board wishes to express its heartfelt gratitude to the Management and staff of the Group for their continuous dedication and commitment.

DATO' JOHARI RAZAK
Non-Executive Chairman

Petaling Jaya, Selangor Darul Ehsan
16 October 2009

KENYATAAN **PENGERUSI**

PEMEGANG-PEMEGANG SAHAM YANG DIHORMATI,

BAGI PIHAK LEMBAGA PENGARAH, SAYA DENGAN SUKACITANYA MEMBENTANGKAN KEPADA TUAN LAPORAN TAHUNAN DAN PENYATA KEWANGAN TERAUDIT KUMPULAN DAN SYARIKAT BAGI TAHUN KEWANGAN BERAKHIR 31 MEI 2009 ("FY2009").

PRESTASI

Krisis kewangan global sejak separuh kedua tahun kalendar 2008 memberi kesan yang agak teruk kepada prestasi Kumpulan semasa FY2009. Kumpulan merekodkan jumlah dagangan sebanyak RM1,650.9 juta dalam FY2009, 19% lebih rendah berbanding dengan RM2,043.9 juta yang dicapai dalam tahun kewangan yang lepas. Akibat daripadanya, keuntungan sebelum cukai ("PBT") untuk perniagaan terusan menurun sebanyak 51% kepada RM15.1 juta berbanding dengan RM31.2 juta pada tahun lepas. Selepas mengambil kira cukai pendapatan, dan kerugian-kerugian yang berpunca daripada perniagaan terhenti sebanyak RM25.5 juta sebagaimana dijelaskan di bawah, Kumpulan melaporkan kerugian selepas cukai sebanyak RM16.8 juta berbanding dengan keuntungan selepas cukai ("PAT") sebanyak RM167.0 juta pada tahun lepas.

Kerugian bersih boleh dikaitkan kepada pemegang-pemegang saham, selepas kepentingan minoriti, adalah RM6.7 juta (2008: keuntungan bersih sebanyak RM55.3 juta). Kerugian bersih disatukan setiap saham adalah 3.07 sen (2008: keuntungan sebanyak 27.70 sen) manakala aset-aset bersih disatukan setiap saham adalah RM1.51 pada akhir FY2009 (2008: RM1.75).

ULASAN OPERASI

Krisis kewangan telah mengurangkan permintaan dalam semua sektor ekonomi. Operasi Kumpulan pada FY 2009 tidak terlepas daripada turut terjejas oleh harga dan kadar lebih rendah berikutnya bagi produk dan perkhidmatan Kumpulan, mengakibatkan jumlah dagangan dan margin keuntungan yang lebih rendah. Ini dapat dilihat daripada penyumbang utama Kumpulan bagi jumlah dagangan dan keuntungan-keuntungan, iaitu, bahagian Bahan Kimia Pertanian dan Perusahaan, bahagian Polimer dan bahagian Logistik yang kesemuanya melaporkan jumlah dagangan dan PBT yang lebih rendah dalam FY2009 berbanding dengan tahun kewangan yang lepas.

KENYATAAN **PENGERUSI** *(sambungan)*

Walau bagaimanapun, disebabkan oleh peningkatan projek-projek yang telah diselesaikan dalam FY2009, Bahagian Kejuruteraan merekodkan jumlah dagangan lebih tinggi serta PBT di FY2009 berbanding dengan kerugian di tahun kewangan yang lepas.

Bahagian Media melaporkan jumlah dagangan lebih tinggi berbanding dengan tahun kewangan yang lepas memandangkan kebanyakan daripada unit-unitnya baru sahaja memulakan operasi dalam tahun kewangan sebelum ini. Walau bagaimanapun, bahagian merekodkan kerugian yang besar disebabkan oleh perbelanjaan permulaan yang tinggi dan jualan yang tidak mencukupi di sebalik jumlah dagangan yang lebih tinggi oleh beberapa daripada unit-unitnya. Disebabkan oleh krisis kewangan, pengiklan-pengiklan telah menangguhkan perbelanjaan pengiklanan mereka dalam tahun kewangan dan ini telah memberikan kesan kurang baik ke atas keputusan bahagian.

Seperti mana yang disebut sebelum ini, Kumpulan telah menanggung caj sebanyak RM25.5 juta berhubung dengan satu tuntutan oleh pembeli-pembeli bagi perniagaan peralatan suis bagi kekurangan dalam nilai aset bersih pada tarikh penyiapan sebagaimana ditentu sahkan oleh firma juruaudit bebas. Kekurangan itu timbul disebabkan oleh peruntukan tambahan bagi hutang ragu dan inventori lapuk dalam perniagaan peralatan suis yang diambil alih oleh pembeli-pembeli. Caj tambahan sebanyak RM25.5 juta telah ditunjukkan sebagai kerugian yang berpunca daripada perniagaan terhenti dalam FY2009. Akibatnya, jumlah keuntungan daripada pelupusan perniagaan peralatan suis telah diselaraskan semula daripada RM147.7 juta sebagaimana dilaporkan pada tahun lepas kepada RM122.2 juta.

DIVIDEN

Lembaga Pengarah telah mencadangkan dividen akhir sebanyak 1.5 sen, tolak cukai pendapatan, bagi tahun kewangan berakhir 31 Mei 2009, tertakluk kepada kelulusan pemegang-pemegang saham Syarikat pada mesyuarat agung tahunan akan datang yang akan diadakan pada 26 November 2009.

PERKEMBANGAN KORPORAT UTAMA

Sebagaimana dinyatakan pada tahun lepas, Tamco Corporate Holdings Berhad (“Tamco”), sebuah anak syarikat tersenarai pada Pasaran MESDAQ (dikenali sebagai Pasaran ACE sekarang) Bursa Malaysia Securities Berhad (“Bursa Securities”), telah disenaraikan sebagai syarikat yang terjejas selaras dengan perenggan Nota 2.1 Garis Panduan No 3 (“GN3”) Syarat-syarat Penyenaraian Bursa Securities bagi Pasaran MESDAQ. Sekuriti-sekuriti Tamco telah digantung daripada urus niaga dalam Bursa Securities selepas FY2009 sementara menunggu suntikan perniagaan berdaya maju. Tamco pada masa ini sedang menilai perniagaan-perniagaan baru untuk suntikan bagi mempertingkatkan lagi prestasi kewangannya dan mengeluarkan dirinya daripada status syarikat terjejas GN3. Penggantungan akan dibatalkan selepas Tamco menyelesaikan rancangan pengaturan perniagaannya sebagaimana diperlukan oleh Bursa Securities.

Lain-lain perkembangan Korporat Utama Kumpulan dalam FY2009 adalah sebagaimana dilaporkan dalam Nota 46 ‘Peristiwa-peristiwa Penting Dalam Tahun Kewangan” kepada penyata-penyata kewangan.

PROSPEK BAGI TAHUN KEWANGAN YANG AKAN DATANG

Ekonomi Malaysia mengecut pada kadar yang lebih perlahan sebanyak 3.9% dalam suku kedua 2009 daripada 6.2% dalam suku pertama. Sebagaimana dinyatakan dalam Laporan Ekonomi Bank Negara Malaysia bagi Q2 2009, semakin terdapat tanda-tanda bahawa keadaan ekonomi global mula stabil akibat daripada kesan-kesan terkumpul langkah-langkah polisi ekstensif yang dilaksanakan untuk menstabilkan pasaran kewangan dan untuk menyokong ekonomi. Terdapat juga bukti bahawa kegiatan ekonomi serantau mula berbangkit. Pemulihan ekonomi, walau bagaimanapun, berkemungkinan akan perlahan memandangkan kebanyakan ekonomi maju masih lagi dalam peringkat pelarasan di tengah-tengah kegiatan penuilan dalam sektor swasta.

KENYATAAN **PENGERUSI** *(sambungan)*

Memandang ke hadapan, harapan kekal agar ekonomi dalam negeri akan bertambah baik dalam separuh kedua tahun, disokong oleh pemulihan dalam permintaan dalam negeri berikutan peningkatan dalam keadaan pasaran buruh, serta sentimen perniagaan dan pengguna. Pelaksanaan langkah-langkah fiskal yang dipecut, inflasi yang lebih rendah, akses berterusan kepada pembiayaan, dan persekitaran kewangan yang akomodatif akan terus menyokong permintaan dalam negeri. Penstabilan ekonomi global juga dijangka akan menyumbang kepada peningkatan dalam ekonomi domestik dalam separuh kedua tahun.

Tahun kewangan yang akan datang akan kekal mencabar bagi Kumpulan. Dalam menghadapi cabaran-cabaran ini, Kumpulan haruslah kekal berdaya saing. Kumpulan akan terus memberi tumpuan kepada langkah kawalan kos dan meningkatkan produktiviti untuk menambahkan keuntungan perniagaan-perniagaannya.

Tanpa keadaan di luar jangkaan, Lembaga menjangkakan prestasi Kumpulan bagi tahun kewangan akan datang sebagai memuaskan.

LEMBAGA DAN PENGURUSAN

Dato Mohd Ismail Bin Che Rus, seorang Pengarah Bukan Eksekutif Bebas, telah meletakkan jawatan pada 20 Julai 2009. Lembaga ingin mengucapkan terima kasih kepada Dato Ismail atas sumbangan beliau selama berkhidmat dengan Syarikat.

Dato Mohammed Hussein telah menyertai Lembaga pada 16 Oktober 2009 sebagai Pengarah Bukan Eksekutif Bebas. Dato Mohammed mempunyai pengalaman bertahun-tahun lamanya dalam bidang kewangan dan perbankan setelah berkhidmat selama 31 tahun dalam pelbagai jawatan pengurusan kanan dalam Kumpulan Maybank, jawatan terakhir sebagai Pengarah Eksekutif dan Ketua Pegawai Kewangan Maybank sebelum beliau bersara pada 2008. Lembaga yakin bahawa Kumpulan akan mendapat faedah daripada pengetahuan, pengalaman dan kepakaran Dato Mohammed. Dato Mohammed juga telah dilantik sebagai ahli Jawatankuasa Audit serta Jawatankuasa Imbuhan dan Pelantikan.

PENGHARGAAN

Lembaga ingin merakamkan penghargaannya kepada pemegang-pemegang saham atas kesetiaan dan sokongan mereka yang tidak pernah berbelah bagi. Lembaga juga ingin mengucapkan terima kasih kepada pelanggan-pelanggannya yang dihargai, pembekal-pembekal, jurubank-jurubank, sekutu-sekutu perniagaan dan pihak berkuasa berperaturan atas bantuan dan kerjasama mereka yang berterusan. Akhir sekali namun tidak kurang pentingnya, Lembaga ingin menyampaikan ucapan terima kasih tidak terhingganya kepada pihak Pengurusan dan kakitangan Kumpulan atas dedikasi dan komitmen berterusan mereka.

DATO' JOHARI RAZAK
Pengerusi Bukan Eksekutif

Petaling Jaya, Selangor Darul Ehsan
16 Oktober 2009

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

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

The Board has taken steps as far as practical to comply with the principles of The Code of Corporate Governance issued by the Finance Committee on Corporate Governance and the Malaysian Code on Corporate Governance (Revised 2007) (collectively the "Code") during the financial year ended 31 May 2009 to the extent as disclosed in this Statement.

1. THE BOARD OF DIRECTORS

Composition

During the financial year ended 31 May 2009, the Board comprised seven (7) Directors. One of them an Executive Director, who was also the Group Managing Director and six (6) were Non-executive Directors, including the Non-executive Chairman. Three (3) of the Non-Executive Directors were Independent Directors. The composition of the Board complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") which required at least one-third (1/3) of its members to be Independent Directors.

The Board comprised of Directors who are persons with a wide range of experience, acumen, skill and functional knowledge in business and public services with a diverse academic background in legal, accounting, economics, corporate finance and marketing.

The presence of a majority of Non-executive Directors on the Board provided the necessary check and balances on the conduct on the Group Managing Director in managing the business of the Group. The Independent Non-executive Directors were all independent of Management and were free from any business or other relationship which would materially interfere with the exercise of their independent judgment.

They were people of caliber, credibility and have the necessary skill and experience to bring an independent judgment to bear on the issues of strategy, business performance, resources and standards of conduct. They provided independent and constructive views in the Board's discussion. They were involved actively in the Board Committees of the Company.

The Board is satisfied with the composition of the Board during the financial year. The Board is also of the view that the Board has the right mix of skill, experience and knowledge to deal with the strategic direction, investment and management of the Group.

The profile of the Directors are set out in pages 8 to 11 of this Annual Report.

Duties and responsibilities

The Board is responsible for the Group's overall strategic direction, business and financial performance, risk management, internal control and management information systems and investors' relation.

STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

The principal duties and responsibilities of the Board are as follows:

- Formulating the business direction and objectives of the Group;
- Reviewing, adopting and approving the Group's annual budgets, strategic plan, key operational initiatives, major investment and funding decisions;
- Overseeing the conduct of business of the Group by reviewing its performance against budgets; and
- Reviewing the risk management framework and adequacy and integrity of the Group's internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group.

The Board played an active role in formulating the Group's overall strategic direction and in reviewing the Group's business and financial performances. At the beginning of each financial year, Management would present the strategy for the new financial year together with the annual budget and financial performance forecasts to the Board for approval.

The Board would appraise the Group's actual business and financial performances against the budget and forecasts at the quarterly Board meetings.

The key matters reserved for the Board's approval include the Annual Business Plan, significant corporate proposals including acquisitions and disposal of companies within the Group, Group business restructuring, new issue of securities, acquisitions and disposal of significant assets and expenditure above a certain amount.

The Board has established an Audit Committee and a Remuneration and Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company with authority to act on behalf of the Board in accordance with their respective Terms of Reference. At each Board meeting, the Chairman of the respective Board Committees would report to the Board on the key matters discussed by the Board Committees at its respective meetings. Minutes of the Board Committee meetings are also enclosed together with the Board papers for the Directors' attention.

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

The roles of the Non-executive Chairman and the Group Managing Director are distinct and separated with clear division of responsibilities to ensure a balance of power and authority. The Chairman holds a Non-executive position and is primarily responsible for ensuring the Board's effectiveness and conduct in discharging its responsibilities. The Group Managing Director has overall responsibility for the day-to-day management of the Group's business and operations and for implementing the Board's policies and decisions. He is supported by the management team and the various divisional heads. At the quarterly Board meetings, the Group Managing Director provides the Board with an update on the Group's key strategic initiatives and key operational issues.

Meeting and Supply of Information

The Board holds its Board meetings quarterly and additional meetings were convened as and when necessary as determined by the Chairman.

STATEMENT ON
CORPORATE GOVERNANCE *(cont'd)*

At the end of each calendar year, the Company Secretaries would draw a proposed timetable for all the Board and Committee meetings, including the annual general meeting, to be held in the next calendar year, to ease the Directors in planning their attendances at the Board/Committee meetings. The proposed timetable would be revised in accordance to the feedbacks from the Directors to allow a maximum number of Directors to attend the Board/Committee meetings.

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

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

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

All Directors have unrestricted access to information of the Group and on an on-going basis, the Directors interact with the management team to seek further information, updates or explanation on any aspect of the Group's operations or businesses. The Directors have access to the advice and services of the Company Secretaries and may engage independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate, at the Company's expense.

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

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

Attendance

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

Name of Directors	**Attendance**	
	No.	**%**
Tan Sri Dato' Dr. Lin See Yan	4/4*	100%
Dato' Johari Razak	4/4	100%
Dato' Siew Ka Wei	4/4	100%
Datuk Ir Dr Mohamed Al Amin Abdul Majid, JP	3/4	75%
Dato' Mohd Ismail bin Che Rus	4/4	100%
Chan Thye Seng	2/4	50%
Edmond Cheah Swee Leng	4/4	100%

* Including 2 attendances via teleconferencing

All Directors have attained the minimum attendance during the financial year as required under the Listing Requirements.

STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

Training and Education

All Directors have attended the Directors' Mandatory Accreditation Programme and are aware of the requirements of the Continuing Education Programme prescribed by the Listing Requirements.

In addition to the courses arranged by the Company Secretary, the Directors have on their own initiative requested to attend courses according to their individual needs as a Director or as members of a Board committee on which he serves.

The Directors have participated in various relevant training programmes to enhance their skills and knowledge and to keep abreast with the relevant changes in laws, regulations and business environment in order to discharge their duties more effectively. The training programmes attended by the Directors are as listed below:

- Latest Trends & Developments in Corporate Governance, Internal Audit Detection and Prevention;
- Accounting & Financial Management : Effective Use of Consolidated Financial Statement
- Business Continuation Planning;
- Understanding & Minimizing the Risk of Accounting Manipulation;
- Understanding Financial & Accounting Reports;
- Update on Regulatory Issues, Risk Management, Directors Remuneration and Nomination and Investors Relation;
- Audit Committee Unique Competency Requirements;
- Corporate Practices & Governance for Company's Directors;
- Leadership in Challenging Times & Making Corporate Board More Effective; and
- Compensation and Nomination Committee

The Board is of the opinion that the Directors have attended adequate trainings. The Directors will continue to attend seminars and further training which the Directors consider as relevant and useful in the changing environment in order to effectively discharge their duties as Directors.

Re-election

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

The Articles also provide that at least one-third (1/3) of the Board, who are longest in office since their last election, shall be subject to retirement by rotation every year and that each Director shall retire at least once in every three (3) years but he shall be eligible for re-election at the annual general meeting. The Group Managing Director does not have a service contract which the notice period for termination is more than one year. The Group Managing Director is also subject to retirement at least once every three (3) years and he shall be eligible for re-election at the annual general meeting.

STATEMENT ON **CORPORATE GOVERNANCE** *(cont'd)*

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

The Remuneration & Nomination Committee is responsible for making recommendation to the Board on the re-election of Directors who are re-retiring pursuant to the Articles of Association of the Company. In accordance with this process, two (2) Directors retired by rotation at the 39th Annual General Meeting of the Company on 20 November 2008 and were re-elected to the Board by the Company's shareholders. To assist shareholders in making their decision in the re-election of Directors, sufficient information such as personal profile, attendance at Board and Committee meetings and the shareholdings in the Company of the Director standing for re-election were furnished in a separate statement accompanying the Notice of Annual General Meeting.

Board Committees

The Board has established the following Board Committees to assist the Board in carrying out its duties and responsibilities:

Audit Committee

The Report of the Audit Committee are set out separately on pages 27 to 31 – Audit Committee Report, of this Annual Report.

Remuneration and Nomination Committee

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

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

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

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

During the financial year ended 31 May 2009, the members of the R&N Committee are as follows:

Tan Sri Dato' Dr Lin See Yan *(Chairman)*
Dato' Mohd Ismail bin Che Rus *(Member)*
Edmond Cheah Swee Leng *(Member)*

STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

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

In view of the above, the R&N Committee did not recommend the Board to make any new appointment during the financial year.

The R&N Committee had not engaged a consultant to do a comparative study on the Directors' remuneration. These will be further elaborated in the ensuing paragraphs.

The R&N Committee was also responsible for reviewing the remuneration of the Group Managing Director and made recommendation on the same for the Board approval. The Group Managing Director's remuneration consists of monthly salary, bonuses, benefit-in-kind ("BIK") and other benefits which the Board will approve from time to time. The Group Managing Director's remuneration is linked to the performance of the Group in the financial year. The Group Managing Director did not participate in the Board deliberation on his remuneration at the Board meeting.

2. DIRECTORS' REMUNERATION

The following are the remuneration of the Non-executive Directors of the Company:

Directors' fee

For the last financial year, the Chairman of the Board and the Non-executive Directors of the Board received RM70,000 and RM50,000 respectively as Directors' fee per annum. The members of the Audit Committee received RM15,000 each while the members of the R&N Committee received RM5,000 each per annum. These were as recommended by the R&N Committee.

In additional, the Non-executive Directors also received attendance allowance amounting to RM416.67 for each Board and Board committee meeting attended as recommended by the R&N Committee. Other than the Non-executive Chairman who was provided with a car and a driver, the Non-executive Directors are not entitled to any BIK.

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

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

The remuneration of the Group Managing Director comprises of monthly salary, bonuses, BIK and other benefits that the Board will approve from time to time. The Group Managing Director is not entitled to the Director's fee and attendance allowance for the Board and Board Committee meeting he attended.

STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

Subject to the approval of the Company's shareholders on the Directors' fee, the details of the remuneration received and receivable by the Directors from the Company and its subsidiaries during the financial year, by category and in bands of RM50,000, are as shown below :

Remuneration by category		Executive Director	Non-Executive Director	Total
Fees	RM'000	70	640	710
Salaries and bonuses (including EPF)	RM'000	5,966	-	5,966
Other emoluments	RM'000	4	87	91
Benefits-in-kind	RM'000	35	35	70
Total	RM'000	6,075	762	6,837

Remuneration in bands of RM50,000	Executive Director	Non-Executive Director	Total
RM50,001 to RM100,000	-	1	1
RM100,001 to RM150,000	-	3	3
RM150,001 to RM200,000	-	1	1
RM300,001 to RM350,000	-	1	1
RM5,850,001 to RM5,900,000	1	-	1
Total	1	6	7

In addition to the above, the Directors have the benefits of the Directors' and Officers' Liability ("D&O") insurance. The total limit of coverage for all Directors is RM 5,000,000 per annum and in the aggregate. The D&O insurance covers the defense costs and legal representation expenses of the Directors in respect of actions against them in respect of liabilities arising from them acting in their capacity as Director of the Company and/or its subsidiaries. It does not indemnify a Director if he is proven to have acted fraudulently or dishonestly or for any intentional breach of the law.

3. SHAREHOLDERS

Investors' Relations and Shareholders' Communication

The Board recognizes the importance of transparency and accountability to its shareholders and the need for regular, effective and comprehensive communications with the Company's shareholders and investors. The Company maintained active communications with its shareholders and investors on the Group's performance, business activities, financial performance, material information and corporate events through the issuance of annual reports, announcements, quarterly financial reports, circulars and press releases. The Company has established an Investors Relation ("IR") portal at www.ancom.com.my for the benefits of the shareholders and investors. Copies of the Company's Annual Reports, quarterly Interim Financial Reports, announcements, circulars and press releases, as well as Company's share prices performances are also posted on the IR portal and these are accessible by the shareholders and investors without any restriction.

Shareholders and investors are also able to pose questions and queries to the Company via the IR portal and these questions and queries would be attended to the Company's senior management.

STATEMENT ON **CORPORATE GOVERNANCE** *(cont'd)*

The Board also encourage shareholders to communicate with the Company through other channels and has identified Dato' Mohd Ismail bin Che Rus as the Director to whom any queries or concerns may be conveyed.

Dato Ismail has resigned as a Director in July 2009. Prior to his resignation, Dato' Ismail can be contacted by post at 102-1002, Blok A, Pusat Dagangan Phileo Damansara I, No.9 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia or fax at 603-76601151 or e-mail at corp@ancom.com.my.

The Board has decided not to appoint a Director to whom any queries or concerns may be conveyed as shareholders and investors are now able to convey their view and queries through the Company's IR portal at www.ancom.com.my.

General Meetings

The Company's general meetings are the principal forum for dialogue between the Company and its shareholders and investors.

At the general meetings, the Board encourages and welcomes shareholders to ask questions regarding the affairs of the Group, its financial performance and on the resolutions being proposed at the meetings. The Company holds its general meetings at venue that is easily accessible by the shareholders and at a time convenient to the shareholders to encourage them to attend the meetings.

The Company held its 39th Annual General Meeting ("AGM") at the Sime Darby Convention Centre at Persiaran Bukit Kiara, Kuala Lumpur. The Notice of the AGM and the annual Audited Financial Statement and the related circulars were sent to the shareholders in accordance with the regulatory and statutory provisions. The Notice was advertised in a national English newspaper within the prescribed deadlines. All the Directors and a total of 105 shareholders and proxies attended the AGM.

During the AGM, the Group Managing Director gave a briefing on the performance during the financial year and his view and insights on the future prospects of the Group's businesses. There were active participation by the shareholders in the discussions. The Chairman, when presenting the agenda items for voting, also gave a brief background on the items to be voted and shareholders were invited to give their views and comments before voting commenced.

The shareholders approved all the resolutions put forth at the AGM and the results of the AGM were announced to the shareholders via the Bursa Link and on the Company's IR portal on the same day after the AGM.

Proceedings of the AGM were properly minuted and the shareholders may inspect the minutes in accordance with the provisions of the Companies Act, 1965.

The Notice for the forthcoming 40th AGM of the Company, which will be held on 26 November 2009, is on pages 165 to 168 of this Annual Report.

4. ACCOUNTS AND AUDIT

Financial Reporting

The Board aims to present a balanced and meaningful evaluation and assessment of the Group's financial performance, financial position and future prospects of the Group in the annual Audited Financial Statements and the quarterly Interim Financial Reports of the Company and of Group.

STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

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

A statement by the Board on its responsibilities for preparing the annual Audited Financial Statements is set out in page 36 of this Annual Report.

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

Internal Control

The Directors acknowledge their responsibility to maintain a sound system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board, through the Audit Committee, seeks the regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the internal auditor and the external auditors.

The report of the Audit Committee is separately set out in pages 27 to 31 of this Annual Report while the scope and results of the internal audit review by the Audit Committee are detailed in the Statement of Internal Control in pages 32 to 33 of this Annual Report.

Relationship with Auditors

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

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

The external auditors attended three (3) meetings with the Audit Committee in the financial year ended 31 May 2009, one of which (a portion of the meeting) was without the presence of the management. The internal auditor was present at four (4) Audit Committee meetings held in the same financial year.

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and will continually improve on the Group's corporate governance practices and structure to achieve an optimal governance framework.

AUDIT COMMITTEE **REPORT**

The Board is pleased to present its Audit Committee Report for the financial year ended 31 May 2009.

1. TERMS OF REFERENCE

Composition

The Audit Committee shall be appointed by the Board of Directors from amongst its members. The Audit Committee shall comprise of at least three (3) members, all of whom must be Non-executive Directors, with a majority of them being Independent Directors as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

All members of the Audit Committee shall be financially literate and at least one of them shall be a member of the Malaysian Institute of Accountants or a person who fulfills the requirements under Paragraph 15.10(1)(c)(ii) and (iii) of the Listing Requirements. No alternate Director shall be appointed as a member of the Audit Committee.

The Chairman of the Audit Committee shall be elected at the first Audit Committee meeting held after each annual general meeting of the Company, from amongst its members and he shall be an Independent Non-executive Director. The Chairman so elected shall hold office until the commencement of the first Audit Committee meeting held after each annual general meeting of the Company.

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

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

Objectives

The objectives of the Audit Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to internal control, corporate accounting and reporting practices of the Company and its subsidiaries ("Group"), particularly in:

1. maintaining a good corporate governance standard as well as a sound system of internal control;
2. facilitating the effective discharge of its stewardship responsibilities in respect of strategic business operations and related controls;
3. identifying principal risks and ensuring the implementation of appropriate risk management framework; and
4. reviewing the adequacy and integrity of the system of internal control and management information system.

Functions

1. The duty of the Audit Committee shall include the following:

    (a) EXTERNAL AUDIT

    i. To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;

    ii. To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

AUDIT COMMITTEE REPORT *(cont'd)*

iii. To review the quarterly and year-end financial statements of the Group, focusing particularly on –

a. changes in accounting policies and practices;

b. significant adjustments arising from the audit;

c. the going concern assumption; and

d. compliance with accounting standards and other legal requirements;

iv. To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);

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

(b) INTERNAL AUDIT

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

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

b. approve the annual internal audit programme;

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

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

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

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

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

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

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

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

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

2. The Head of Internal Audit and representative of the external auditors should normally attend the Audit Committee meeting. Invitees may attend the Audit Committee meetings upon the invitation of the Audit Committee. The Audit Committee shall convene meetings with the external auditors, internal auditor(s) or both, excluding the attendance of other Directors and employees of the Company and the Group whenever it deems necessary;

AUDIT COMMITTEE
REPORT *(cont'd)*

3. The Chairman of the Audit Committee should engage on a continuous basis with senior management such as the Chairman, the Group Managing Director, the Chief Financial Officer and other senior operating staff, the Head of Internal Audit and external auditors in order to be kept informed of matters affecting the Company and the Group.

4. In discharging the functions as stated in (1) above, the Audit Committee shall have, at the cost of the Company:

   (a) the explicit authority to investigate any matter within its Terms of Reference;

   (b) all the resources that are required to perform its duties;

   (c) full and unrestricted access to any information pertaining to the Company and the Group;

   (d) direct communication channels with the external auditors and the internal auditors; and

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

Meeting

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

The quorum for each meeting shall be two (2) members, all of whom must be independent directors. Agenda shall be sent to all Audit Committee members and any other persons who may be required to attend the meeting at least seven (7) days prior to the meeting unless such requirement is waived by the Audit Committee members at the meeting.

Decision of the Audit Committee shall be by majority of vote. In the case of equality of vote, the Chairman, or if he is absent, the Chairman of the meeting elected from amongst the Audit Committee members attending the meeting, shall have a second and casting vote.

Minutes

The minutes of each Audit Committee meeting, after the same have been affirmed by the subsequent Audit Committee meeting and signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceedings thereat.

The minutes shall be kept by the Secretary and are subject to inspection by the Audit Committee members and the Board of Directors upon request.

Copies of the minutes shall be distributed to the Audit Committee members and the Board of Directors for information.

2. MEMBERS AND MEETINGS

The membership of the Audit Committee during the financial year was as listed below:

- Edmond Cheah Swee Leng – (Independent Non-Executive Director) - *Chairman*
- Dato Mohd Ismail Bin Che Rus (Independent Non-Executive Director) - *Member*
- Dato Johari Razak – (Non-Executive Chairman) - *Member*

AUDIT COMMITTEE **REPORT** *(cont'd)*

Edmond Cheah Swee Leng is a member of the Malaysian Institute of Accountants (MIA). The composition of the Audit Committee during the financial year complied with the Terms of Reference of the Audit Committee.

During the financial year, the Audit Committee held five (5) meetings which were attended by all the Audit Committee members. The internal auditors and the external auditors attended four (4) and three (3) Audit Committee meetings respectively.

As per the Terms of Reference, the Chairman of the Audit Committee should engage on a continuous basis with senior management of the Company in order to be kept informed of matters affecting the Company and the Group. In this respect, the Audit Committee has decided that this would be carried out in the form of Audit Committee/Management meeting whenever the situation warrants such a meeting.

During the financial year, one (1) Audit Committee/Management meeting was held which were attended by all the Audit Committee members and the senior management of the Group to discuss the operational issues in the Group.

3. SUMMARY OF ACTIVITIES

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

Financial Results

- Reviewed the quarterly Interim Financial Reports with management before recommending them for the Board's approval ; and
- Reviewed the annual Audited Financial Statements with the external auditors prior to submission to the Board for approval.

The reviews above were to ensure, inter-alia, that the quarterly Interim Financial Reports and the annual Audited Financial Statements complied with the provisions of the Companies Act, 1965, the Listing Requirements, the approved Financial Reporting Standards ("FRS") and other statutory and regulatory requirements with regards to the quarterly Interim Financial Reports and annual Audited Financial Statements.

Internal Audits/External Audits

- Reviewed the internal auditor's and external auditors' annual audit plans with the internal auditor and external auditors respectively;
- Reviewed the quarterly Internal Audit Reports with the internal auditor, and the management letter from the external auditors to ensure that the internal control system was in place and was effective to achieve its objectives.
- Reviewed the management's responses and remedial actions to be undertaken by the management in relation to the weaknesses and non-compliances noted above; and
- Reviewed the external auditors' remuneration and made recommendation to the Board for acceptance and for their reappointment.

Related Party Transactions

- Reviewed and approved the related party transactions entered into by the Company and the Group.

AUDIT COMMITTEE REPORT *(cont'd)*

Employees Share Option Scheme

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

During the Board Meeting, the Chairman of the Audit Committee briefed the Board on the matters discussed at the Audit Committee meeting and the major issues raised in respect of the internal audit and internal control. The Chairman also briefed the Board on the discussion on the quarterly Interim Financial Reports, the annual Audited Financial Statements and the recommendations of the Committee thereon to the Board to adopt the quarterly Interim Financial Report and the annual Audited Financial Statements.

4. INTERNAL AUDIT FUNCTION

The Audit Committee is aware that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness and adequacy of the internal control system.

As per the Terms of References for the Audit Committee, the Audit Committee has been explicitly accorded the power to ensure that the internal audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has all the authorities and resources to carry out its responsibilities. The Audit Committee also has the authority to appoint and accept the resignation/dismissal of the senior members of the internal audit function.

During the financial year, the internal auditor carried out his responsibilities according to the internal audit plan approved by the Audit Committee. Amongst the responsibilities of the internal auditor were:

a. to assist the Board in reviewing the adequacy and effectiveness of the Group's internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, preserving the quality of assets and the integrity of management information system and consequently to determine the future requirements for internal control system and to co-develop a prioritized action plan;

b. to perform a risk assessment of the Group's business operation and to identify the business processes within the Group that internal audit should focus on; and

c. to allocate audit resources to areas within the Group that provide the Audit Committee and the management with efficient and effective level of audit coverage.

At the Audit Committee meeting, the internal auditor presented the quarterly Internal Audit Reports tor the Audit Committee for review and discussion. The quarterly Internal Audit Reports, which highlighted internal control weaknesses in the business operations and the internal auditors' assessment of the magnitude of the financial effects arising from the weaknesses noted, also contained the internal auditors' recommendations on the corrective actions to overcome the internal control weaknesses and the management's response to the findings and the recommendations thereof. Target was set for the appropriatecorrective actions to be effected and the internal auditor would report his findings from the follow-up reviews in the subsequent Audit Committee meeting.

5. CONCLUSION

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

Please refer pages 32 to 33 of this Annual Report for the Statement on Internal Control.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that a listed company should maintain a sound internal control system to safeguard its shareholders' investment and its assets.

The Group's Statement on Internal Control for the financial year ended 31 May 2009 is made pursuant to Paragraph 15.27(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and has been prepared in accordance with the "Standard of Internal Control – Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors and with the support and endorsement by Bursa Securities Malaysia Berhad.

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

RESPONSIBILITY FOR INTERNAL CONTROL

The Board is committed to the maintenance of a sound internal control system which includes the establishment of an appropriate control environment and framework, and the subsequent periodic review of the effectiveness, adequacy and integrity of the system.

Due to its inherent limitations, the Group's internal control system is designed to manage and mitigate, rather than to eliminate, the risk that may impede the achievement of the Group's business objectives. Further, the cost of control procedures should not exceed the benefits to be gained from such control procedures. As such, the internal control system can only provide reasonable and not absolute assurance against material mis-statement of management or financial information or against financial losses or frauds.

KEY ELEMENTS OF INTERNAL CONTROL

The principal features of the Group's internal control system during the financial year ended 31 May 2009 are as follows:

- **Organization structure and responsibility levels**
  The Group has established an organization structure with clearly defined level of authorities and lines of responsibility from operating units up to the Board level to ensure accountabilities for risk management and control activities.

  The Board entrusted the daily running of the business to the Group Managing Director and his management team. The Group Managing Director was assisted by the Divisional Managing Directors who were "hands-on" in running the operating divisions. Experienced and competent employees were placed in positions of responsibility to ensure that the objectives of the Group's internal control system are achieved.

  The Board of Directors received timely information pertaining to the operation, performance and profitability of the Group and was alerted of any significant matters that required its immediate attention by the Group Managing Director.

- **Audit Committee and internal audit**
  The Audit Committee was entrusted by the Board to ensure that an effective and adequate internal control system is in place at all times. To assist the Audit Committee in discharging its duties and responsibilities, the Audit Committee had appointed an Internal Auditor ("IA") to take charge of the Group's Internal Audit function during the financial year.

STATEMENT ON **INTERNAL CONTROL** *(cont'd)*

The Audit Committee has been empowered to ensure that the Internal Audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has all the authorities and resources to carry out its responsibilities. The Audit Committee also has the authority to appoint and accept the resignation/dismissal of the senior members of the Internal Audit function. It would also approve the Internal Audit plan and review and assess the performance of the Internal Audit function.

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

The Internal Audit function reported their findings on the Group's internal control system quarterly to the Audit Committee. The Internal Audit function would report any incidence of non-compliance of the internal control system and any other matters that would have a material effect on the Group's financial results and its going-concern assumptions. The Internal Audit function would also ensure the all non-compliance of internal control system and weaknesses in the system are rectified without delay.

During the financial year under review, the Board was satisfied that there were continuous effort by management to address and resolve areas with control weaknesses and that the control procedures were in place and were being followed.

- **Risk management**
  The Board has, through the Audit Committee and the Internal Audit function, established a process for identifying, evaluating, monitoring and managing risk affecting the achievement of the Group's business objectives.

- **Reporting and review**
  The Group Managing Director met with the Divisional Managing Directors and senior management regularly to discuss and resolve operational, corporate, financial and key management issues. A detailed performance review would be presented to the Board during the Board meetings.

  Detailed budgets were also prepared by the operating divisions and reviewed by the management. These budgets would be approved by the Board of Directors and actual results were monitored against the budget periodically by the management and the Board of Directors.

  The Group's quarterly Interim Financial Report and annual Audited Financial Statements would only be released to Bursa Malaysia Securities Berhad after being reviewed by the Audit Committee and approved by the Board.

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

CONCLUSION

The Board is satisfied that the Group's internal control system during the financial year under review was sound, effective and sufficient to safeguard the shareholders' investment and its assets.

CORPORATE SOCIAL **RESPONSIBILITY STATEMENT**

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

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

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

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

- The Group will build relationship with its shareholders, suppliers, customers, employees, partners and authorities that are based on trust; and

- The Group shall manage its activities according to the principles of sustainable development for the needs of future generations.

The Company and its subsidiaries ("Group") have carried out certain activities during the financial year ended 31 May 2009 which focuses on four main focal areas as disclosed below:

Environment
As a responsible corporation, the Group has initiated various sustainable environmental conservation efforts. Chemical wastes are sent to Kualiti Alam for proper disposal and monthly reports on the scheduled waste are submitted to the Department of Environment ("DOE"). Other wastes or materials such as papers and plastics are re-used, where possible, or sent to recycling centres.

The Group employs Alam Sekitar Malaysia Sdn Bhd to carry out quarterly stack gas emission tests to ensure compliance with the Environmental Quality Act, 1974 ("EQA"). The Group also strives to use eco-friendly chemicals in its products.

During the financial year, the Group has also begun the process of implementing the following initiatives:

- ISO 14000 – a standard for environmental management systems to reduce the environmental footprint of a business and to decrease pollution and waste;

- REACH – a new regulation on chemicals and their safe use to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances; and

- ROHS – a restriction on the use of certain hazardous substances in electrical and electronic equipment.

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

- Proactive measures are taken to reduce employees' exposure to the noise, such as providing ear plugs and sound proofing the affected areas where possible. Annual Employee Audiometric Hearing tests are also conducted to ensure employees' hearing is in good condition;

- Carry out scheduled safety drills such as fire and evacuation, chemical leakage, storage tank leakage and falling ill on site drills to ensure that employees are well trained to handle emergency situations;

CORPORATE SOCIAL **RESPONSIBILITY STATEMENT** *(cont'd)*

- Training on safety, product handling and succession planning, inspection of fire fighting equipment and fire and chemical handling drills are carried out on a regular basis; and

- Fire drill was conducted with Bomba Malaysia/West Port Bomba at the Group's Bulk Liquid Terminal to test the emergency response readiness in the event of fire or accident at the terminal.

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

Community
Consistent with one of the important focal area of Corporate Social Responsibility which is to be responsible to the community in which the Group operates, the Group provides industrial training or factory visits to undergraduates or technical students from local and international institutions. In September 2008, a factory visit was conducted for twelve (12) students from the Faculty of Mechanical Engineering of Universiti Teknologi Mara, Shah Alam.

Employees are encouraged to volunteer in community projects such as tree planting and blood donation campaigns. During the financial year, the Group organised fund raising activities for old folks home, orphanages and make donation to schools, charity organisations and community projects regularly.

A subsidiary in Singapore also adopted the Singapore Children's Society as its official charity partner for 3 years beginning from year 2009.

In addition, the Company has taken a keen interest in the development of sports. The Company is the main sponsor for the Kuala Lumpur Football Association ("KLFA") football teams for 2007/2008 and has been a main title sponsor for the Malaysia round of the FIA Asia Pacific Rally Championship ("APRC") for 3 consecutive years 2006-2008 and 2009 respectively.

A subsidiary provided free advertisement in its media space for The Truly Loving Company, a company that uses a corporate profit model to develop, manufacture and market the TLC brand of high quality household and personal care products to the public but with 100% of TLC's dividends being distributed to worthy Malaysian charities in order to provide them with a regular, sustainable, long term source of income and funds.

Marketplace
Last but not least, the Group also recognises its duty to be socially responsible to its customers, suppliers, shareholders and other stakeholders. Hence, with effect from January 2007, Material Safety Data Sheets were developed on the Group's products range for customers to ensure safe and proper usage and handling of our products.

Supplier Audits are regularly conducted to ensure that materials provided by our suppliers meet the standards imposed by the DOE or EQA. During the financial year, Supplier Audits were conducted on two suppliers on the packaging material provided.

A subsidiary also carried out a safety briefing and training session for its Johor based customers in the palm oil refineries on the handling of phosphoric acid.

DIRECTORS' RESPONSIBILITIES STATEMENT
ON AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the Audited Financial Statements of the Company and of the Group for the financial year ended 31 May 2009 are drawn up in accordance with the approved accounting standards and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results and cashflows for the financial year then ended.

In preparing the above Audited Financial Statements, the Directors have made reasonable enquiries to ensure that:

- adequate accounting records and sufficient internal control have been maintained so as to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial position and the profit and loss of the Company and the Group ;

- appropriate accounting policies, which are consistently applied, have been adopted ; and

- judgments and estimates were prudent and reasonable.

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

FINANCIAL **STATEMENTS**

DIRECTORS' **REPORT**

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 49 to the financial statements.

There have been no significant changes in the nature of the Group's and Company's principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year from continuing operations	8,707	1,250
Loss for the financial year from discontinued operations	(25,498)	-
(Loss)/Profit for the financial year	(16,791)	1,250
Attributable to:		
Equity holders of the Company	(6,648)	1,250
Minority interests	(10,143)	-
	(16,791)	1,250

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

In respect of financial year ended 31 May 2008:

(i) An interim dividend of 5 sen per ordinary share, less income tax, amounting to RM8,021,000 in respect of the financial year ended 31 May 2008 was paid on 29 August 2008; and

(ii) Final dividend-in-specie by way of distribution of one (1) ordinary share of RM0.50 each in Tamco Corporate Holdings Berhad ('Tamco') for every twenty (20) ordinary shares of RM1.00 each held in the Company and one (1) ordinary share of RM1.00 each in Nylex (Malaysia) Berhad ('Nylex') for every ten (10) existing ordinary shares held in the Company, fraction of ordinary shares in Tamco and Nylex to be disregarded, in respect of financial year ended 31 May 2008, which was completed on 22 January 2009.

The Directors propose a final dividend of 1.5 sen per ordinary share, less income tax, amounting to RM2,433,000 in respect of the financial year ended 31 May 2009, subject to the approval of members at the forthcoming Annual General Meeting.

DIRECTORS' **REPORT** *(cont'd)*

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 paid up share capital of the Company was increased from RM202,338,138 to RM218,956,342 by way of conversion of 16,618,204 Warrants 2005/2008 ('Warrants') of RM1.00 in the Company at par for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues during the financial year.

The Company has not issued any debentures during the financial year.

WARRANTS 2005/2008

In June 2006, the Company completed the renounceable rights issue of 97,771,983 Warrants at an issue price of RM0.02 per Warrant on the basis of one (1) Warrant for every two (2) ordinary shares of RM1.00 each held in the Company. Each outstanding Warrant will entitle its holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company at any time not later than 20 June 2008 at the exercise price of RM1.00 per ordinary share.

During the financial year, a total of 16,618,204 Warrants were converted into 16,618,204 ordinary shares of RM1.00 each in the Company at par for cash.

The Warrants expired on 20 June 2008 and a total of 80,672,408 Warrants not exercised by the expiry date had lapsed and ceased to be exercisable.

REPURCHASE OF SHARES

At the 39th Annual General Meeting held on 20 November 2008, the shareholders of the Company, by an ordinary resolution, renewed the authority given to the Directors to purchase the Company's own shares based on the following terms:

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

(ii) The amount to be utilised for the repurchase of shares by the Company shall not exceed the total retained earnings and share premium of the Company as at 31 May 2008; and

(iii) The Directors may retain the ordinary shares so repurchased as Treasury Shares and may resell such Treasury Shares or distribute the Treasury Shares as share dividend or to cancel the ordinary shares so repurchased in a manner that they deem fit in accordance with the Companies Act, 1965 and the applicable guidelines of Bursa Malaysia Securities Berhad.

DIRECTORS' **REPORT** *(cont'd)*

The details of shares repurchased by the Company during the financial year are as follows:

2009	Number of shares repurchased	Purchase price Lowest RM	Purchase price Highest RM	Purchase price Average RM	Total consideration* RM'000
June 2008	342,700	0.925	1.020	0.963	332
July 2008	31,900	0.860	0.905	0.878	28
October 2008	487,500	0.490	0.700	0.575	282
November 2008	39,600	0.570	0.590	0.580	23
May 2009	100	0.530	0.530	0.530	-
	901,800				665

* Cost is inclusive of brokerage and stamp duty.

During the financial year, the Company repurchased a total of 901,800 ordinary shares of RM1.00 each in the Company at a total cost of approximately RM665,000 from the open market. These shares were retained as Treasury Shares pursuant to Section 67A (3)(b) of the Companies Act, 1965. The Company did not dispose off any Treasury Shares during the financial year.

As at 31 May 2009, a total of 2,711,027 Treasury Shares at a total cost of RM2.07 million were held by the Company in accordance with Section 67A (3)(b) of the Companies Act, 1965.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

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

Dato' Johari Razak	*(Non-Executive Chairman)*
Dato' Siew Ka Wei	*(Group Managing Director)*
Tan Sri Dato' Dr. Lin See Yan	
Datuk Haji Mohamed Al Amin bin Haji Abdul Majid, JP	
Chan Thye Seng	
Edmond Cheah Swee Leng	
Dato' Mohd Ismail bin Che Rus	*(Resigned on 20 July 2009)*

In accordance with Article 81 of the Company's Articles of Association, Dato' Johari Razak and Dato' Siew Ka Wei retire from the Board by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Tan Sri Dato' Dr. Lin See Yan retires in accordance with Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting. The Board recommends that Tan Sri Dato' Dr Lin See Yan be re-appointed as a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' **REPORT** *(cont'd)*

DIRECTORS' INTERESTS

Except as stated below, no other Directors who held office at the end of the financial year had any beneficial interests in the ordinary shares and Warrants of the Company and its related corporations during the financial year ended 31 May 2009 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965:

	←	Number of shares		→
Ordinary shares of RM1.00 each in the Company	**Balance at 1.6.2008**	**Bought**	**Disposal**	**Balance at 31.5.2009**
Direct interests:				
Dato' Johari Razak	465,427	-	-	465,427
Dato' Siew Ka Wei	14,342,365	244,400	-	14,586,765
Tan Sri Dato' Dr. Lin See Yan	165,375	-	-	165,375
Indirect interests:				
Dato' Siew Ka Wei	16,456,506	2,965,342	-	19,421,848
Chan Thye Seng	27,250,402	1,800,000	-	29,050,402

	←		Number of shares		→
Shares in subsidiaries	**Balance at 1.6.2008**	**Bought**	**Share dividend**	**Disposal**	**Balance at 31.5.2009**
Ordinary shares of RM1.00 each in Nylex					
Direct interests:					
Dato' Johari Razak	75,000	-	50,292	-	125,292
Dato' Siew Ka Wei	-	-	1,451,735	-	1,451,735
Tan Sri Dato' Dr. Lin See Yan	-	-	16,537	-	16,537
Indirect interests:					
Dato' Siew Ka Wei	109,031,518	-	7,393,757	(21,620,795)	94,804,480
Chan Thye Seng	-	-	30,000	-	30,000
Ordinary shares of RM0.20 each in Tamco*					
Direct interests:					
Dato' Johari Razak	150,000	-	23,271	(150,000)	23,271
Dato' Siew Ka Wei	-	-	725,867	-	725,867
Tan Sri Dato Dr. Lin See Yan	-	-	8,268	-	8,268
Indirect interests:					
Dato' Siew Ka Wei	116,707,472	7,000	971,089	(22,862,639)	94,822,922
Chan Thye Seng	-	-	15,000	-	15,000

DIRECTORS' **REPORT** *(cont'd)*

* After the capital reduction as disclosed in Note 45(ii) to the financial statements, the par value of the ordinary shares was reduced from RM0.50 to RM0.20 per ordinary share.

Warrants 2005/2008 in the Company	← Number of Warrants →				
	Balance at 1.6.2008	Bought	Exercised	Expired	Balance at 31.5.2009
Direct interests					
Dato' Siew Ka Wei	11,249,700	1,000,000	-	(12,249,700)	-
Indirect interests					
Dato' Siew Ka Wei	4,113,713	-	(2,602,342)	(1,511,371)	-
Chan Thye Seng	17,616,416	20,213,700	(300,000)	(37,530,116)	-

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 32 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 Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those disclosed above.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) As At The End Of The Financial Year

(a) Before the 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 other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

DIRECTORS' **REPORT** *(cont'd)*

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(II) From The End Of The Financial Year To The Date Of This Report

(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; and

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

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made other than as disclosed in Note 34 to the financial statements; and

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

(III) As At The Date Of This Report

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

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

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

DIRECTORS' **REPORT** *(cont'd)*

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The events subsequent to the balance sheet date are disclosed in Note 46 to the financial statements.

AUDITORS

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

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

Dato' Johari Razak
Director

Dato' Siew Ka Wei
Director

Kuala Lumpur
18 September 2009

STATEMENT BY **DIRECTORS**

In the opinion of the Directors, the financial statements set out on pages 48 to 155 have been drawn up in accordance with applicable approved Financial Reporting 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 2009 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Johari Razak
Director

Dato' Siew Ka Wei
Director

Kuala Lumpur
18 September 2009

STATUTORY **DECLARATION**

I, Lee Cheun Wei, being the officer primarily responsible for the financial management of Ancom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 155 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
at Kuala Lumpur this
18 September 2009

Lee Cheun Wei

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

INDEPENDENT **AUDITORS' REPORT**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANCOM BERHAD

Report on the Financial Statements

We have audited the financial statements of Ancom Berhad, which comprise the balance sheets as at 31 May 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 155.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards 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 2009 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 49 to the financial statements.

INDEPENDENT **AUDITORS' REPORT**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANCOM BERHAD *(cont'd)*

Report on Other Legal and Regulatory Requirements *(cont'd)*

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

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

Other Matters

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

BDO Binder
AF : 0206
Chartered Accountants

Law Kian Huat
2855/07/10 (J)
Partner

Kuala Lumpur
18 September 2009

BALANCE **SHEETS**
AS AT 31 MAY 2009

		Group		Company	
		2009	2008	2009	2008
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**180,802**	189,481	**4,801**	5,796
Prepaid lease payments for land	8	**46,927**	47,735	**17,102**	17,403
Investment properties	9	**369**	376	**-**	-
Investments in subsidiaries	10	**-**	-	**245,386**	256,905
Amounts owing by subsidiaries	11	**-**	-	**6,615**	12,527
Investments in associates	12	**5,417**	11,083	**859**	859
Other investments	13	**10,482**	25,884	**6,905**	18,462
Intangible assets	14	**6,534**	2,510	**-**	-
Goodwill on consolidation	15	**79,432**	76,775	**-**	-
Deferred tax assets	16	**16,957**	2,559	**-**	-
		346,920	356,403	**281,668**	311,952
Current assets					
Inventories	17	**110,917**	164,026	**-**	-
Marketable securities	18	**790**	1,137	**-**	-
Receivables	19	**265,167**	384,925	**1,490**	1,327
Amounts owing by subsidiaries	11	**-**	-	**64,487**	34,890
Amounts owing by associates	20	**3,977**	4,451	**196**	197
Current tax asset		**16,094**	20,650	**8,615**	8,880
Other investments	13	**25,531**	-	**19,522**	-
Cash and cash equivalents	21	**111,159**	316,134	**365**	49,469
		533,635	891,323	**94,675**	94,763
TOTAL ASSETS		**880,555**	1,247,726	**376,343**	406,715
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	22	**218,956**	202,338	**218,956**	202,338
Reserves	23	**109,905**	152,565	**37,142**	71,384
Less: Treasury shares, at cost		**(2,073)**	(1,408)	**(2,073)**	(1,408)
		326,788	353,495	**254,025**	272,314
Minority interests		**107,763**	152,151	**-**	-
TOTAL EQUITY		**434,551**	505,646	**254,025**	272,314

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

BALANCE **SHEETS**
AS AT 31 MAY 2009 *(cont'd)*

		Group		Company	
		2009	2008	2009	2008
	NOTE	RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	24	**37,305**	69,627	**430**	19,933
Deferred tax liabilities	16	**14,924**	16,588	**3,038**	2,970
Provision for retirement benefits	27	**3,774**	4,620	**-**	-
		56,003	90,835	**3,468**	22,903
Current liabilities					
Payables	28	**196,562**	286,292	**1,182**	16,246
Amounts owing to subsidiaries	29	**-**	-	**56,529**	21,877
Amounts owing to associates	20	**4,444**	8,451	**-**	-
Amounts owing to Directors	30	**295**	574	**-**	362
Borrowings	24	**183,710**	349,311	**61,139**	73,013
Current tax payable		**4,990**	6,617	**-**	-
		390,001	651,245	**118,850**	111,498
TOTAL LIABILITIES		**446,004**	742,080	**122,318**	134,401
TOTAL EQUITY AND LIABILITIES		**880,555**	1,247,726	**376,343**	406,715

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

INCOME **STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

		Group		Company	
		2009	2008	2009	2008
	NOTE	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Operating revenue	31	**1,650,935**	2,043,917	**39,005**	65,203
Cost of sales		**(1,479,475)**	(1,826,715)	**-**	-
Gross profit		**171,460**	217,202	**39,005**	65,203
Other income		**34,245**	24,515	**86**	3,973
Distribution costs		**(82,191)**	(85,290)	**-**	-
Administrative expenses		**(72,500)**	(85,959)	**(30,934)**	(17,407)
Other operating expenses		**(19,110)**	(17,149)	**-**	-
Finance costs		**(15,761)**	(21,460)	**(4,741)**	(5,623)
Share of results of associates		**(1,053)**	(618)	**-**	-
Profit before tax	32(a)	**15,090**	31,241	**3,416**	46,146
Tax expense	33	**(6,383)**	(11,931)	**(2,166)**	(3,119)
Profit for the financial year from continuing operations		**8,707**	19,310	**1,250**	43,027
Discontinued operations					
(Loss)/Profit for the financial year from discontinued operations, net of tax	32(b), 34	**(25,498)**	147,710	**-**	-
(Loss)/Profit for the financial year		**(16,791)**	167,020	**1,250**	43,027
Attributable to:					
Equity holders of the Company		**(6,648)**	55,256	**1,250**	43,027
Minority interests		**(10,143)**	111,764	**-**	-
		(16,791)	167,020	**1,250**	43,027
Earnings per ordinary share attributable to equity holders of the Company (sen) :					
Basic:	35				
Profit/(Loss) from continuing operations		**1.19**	(2.17)		
(Loss)/Profit from discontinued operations		**(4.26)**	29.87		
(Loss)/Profit for the financial year		**(3.07)**	27.70		
Diluted:					
Loss from continuing operations		**-**	(2.17)		
Profit from discontinued operations		**-**	29.82		
Profit for the financial year		**-**	27.65		

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

STATEMENT OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

Group	NOTE	← Attributable to equity holders of the Company → Share capital RM'000	Warrants RM'000	Share premium RM'000	Merger reserve RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Foreign exchange reserve RM'000	Treasury shares RM'000	Capital redemption reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Balance as at 31 May 2008		202,338	1,945	4,000	155	24,039	48	(7,734)	(1,408)	4,987	125,125	353,495	152,151	505,646
Foreign currency translations		-	-	-	-	-	-	4,371	-	-	-	4,371	(3,507)	864
Arising from acquisitions of additional interests in subsidiaries		-	-	-	-	-	-	-	-	-	(2,049)	(2,049)	(15)	(2,064)
Income/(Expense) recognised directly in equity		-	-	-	-	-	-	4,371	-	-	(2,049)	2,322	(3,522)	(1,200)
Loss for the financial year		-	-	-	-	-	-	-	-	-	(6,648)	(6,648)	(10,143)	(16,791)
Total recognised income and expense for the financial year		-	-	-	-	-	-	4,371	-	-	(8,697)	(4,326)	(13,665)	(17,991)
Capital repayment of a subsidiary to minority interests	45 (ii)	-	-	-	-	-	-	-	-	-	-	-	(49,728)	(49,728)
Changes in equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	101	101
Disposal of a subsidiary	38	-	-	-	-	-	-	-	-	-	-	-	(1,497)	(1,497)
Repurchase of shares	22	-	-	-	-	-	-	-	(665)	-	-	(665)	-	(665)
Transfer upon expiry of warrants exercise period		-	(1,613)	-	-	-	-	-	-	-	1,613	-	-	-
Ordinary shares issued pursuant to conversion of warrants	22	16,618	(332)	332	-	-	-	-	-	-	-	16,618	-	16,618
Dividends paid to minority interests of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(9,912)	(9,912)
Dividends in respect of financial year ended 31 May 2008:	36													
- Interim dividend		-	-	-	-	-	-	-	-	-	(8,021)	(8,021)	-	(8,021)
- Final dividend-in-specie		-	-	-	-	-	-	-	-	-	(27,471)	(27,471)	27,471	-
Dilution arising from final dividend-in-specie		-	-	-	-	-	-	-	-	-	(2,842)	(2,842)	2,842	-
Balance as at 31 May 2009		218,956	-	4,332	155	24,039	48	(3,363)	(2,073)	4,987	79,707	326,788	107,763	434,551

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

STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2009 *(cont'd)*

Group	NOTE	Share capital RM'000	Warrants RM'000	Share premium RM'000	Merger reserve RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Foreign exchange reserve RM'000	Treasury shares RM'000	Capital redemption reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
		Attributable to equity holders of the Company												
Balance as at 31 May 2007		201,857	1,955	2,485	155	24,037	48	(6,610)	(3,708)	4,987	79,038	304,244	154,253	458,497
Foreign currency translations		-	-	-	-	-	-	(1,120)	-	-	-	(1,120)	(714)	(1,834)
Transfer from deferred taxation		-	-	-	-	117	-	-	-	-	-	117	-	117
Realised upon partial disposal of a subsidiary		-	-	-	-	(16)	-	(4)	-	-	(1,978)	(1,998)	-	(1,998)
Realised upon disposal of certain prepaid lease payments for land		-	-	-	-	(99)	-	-	-	-	-	(99)	-	(99)
Income/(Expense) recognised directly in equity		-	-	-	-	2	-	(1,124)	-	-	(1,978)	(3,100)	(714)	(3,814)
Profit for the financial year		-	-	-	-	-	-	-	-	-	55,256	55,256	111,764	167,020
Total recognised income and expense for the financial year		-	-	-	-	2	-	(1,124)	-	-	53,278	52,156	111,050	163,206
Dilution of interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	2,268	2,268
Changes in equity interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(24,138)	(24,138)
Repurchase of shares		-	-		-	-	-	-	(430)	-	-	(430)	-	(430)
Resale of shares		-	-	1,505	-	-	-	-	2,730	-	-	4,235	-	4,235
Ordinary shares issued pursuant to conversion of warrants	22	481	(10)	10	-	-	-	-	-	-	-	481	-	481
Dividends paid to minority interests of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(91,282)	(91,282)
Dividends in respect of financial year ended 31 May 2007 – interim dividend	36	-	-	-	-	-	-	-	-	-	(7,191)	(7,191)	-	(7,191)
Balance as at 31 May 2008		202,338	1,945	4,000	155	24,039	48	(7,734)	(1,408)	4,987	125,125	353,495	152,151	505,646

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

STATEMENT OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 MAY 2009 *(cont'd)*

Company	NOTE	Share capital RM'000	Warrants RM'000	Share premium RM'000	Revaluation reserve RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
Balance as at 31 May 2008		202,338	1,945	4,000	8,221	4,917	(1,408)	52,301	272,314
Profit for the financial year, representing total recognised income and expense for the financial year		-	-	-	-	-	-	1,250	1,250
Ordinary shares issued pursuant to conversion of warrants	22	16,618	(332)	332	-	-	-	-	16,618
Repurchase of shares	22	-	-	-	-	-	(665)	-	(665)
Transfer upon expiry of warrants exercise period		-	(1,613)	-	-	-	-	1,613	-
Dividend in respect of financial year ended 31 May 2008:	36								
- Interim dividend		-	-	-	-	-	-	(8,021)	(8,021)
- Final dividend-in-specie		-	-	-	-	-	-	(27,471)	(27,471)
Balance as at 31 May 2009		218,956	-	4,332	8,221	4,917	(2,073)	19,672	254,025
Balance as at 31 May 2007		201,857	1,955	2,485	8,112	4,917	(3,708)	16,465	232,083
Transfer from deferred taxation		-	-	-	109	-	-	-	109
Income recognised directly in equity		-	-	-	109	-	-	-	109
Profit for the financial year		-	-	-	-	-	-	43,027	43,027
Total recognised income and expense for the financial year		-	-	-	109	-	-	43,027	43,136
Ordinary shares issued pursuant to conversion of warrants	22	481	(10)	10	-	-	-	-	481
Resale of shares		-	-	1,505	-	-	2,730	-	4,235
Repurchase of shares		-	-	-	-	-	(430)	-	(430)
Dividend in respect of financial year ended 31 May 2007									
- interim dividend	36	-	-	-	-	-	-	(7,191)	(7,191)
Balance as at 31 May 2008		202,338	1,945	4,000	8,221	4,917	(1,408)	52,301	272,314

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

CASH FLOW **STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 MAY 2009

		Group		Company	
		2009	**2008**	**2009**	**2008**
	NOTE	**RM'000**	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax					
Continuing operations		**15,090**	31,241	**3,416**	46,146
Discontinued operations	34	**(25,498)**	146,224	**-**	-
Adjustments for:					
Allowance for doubtful debts		**1,990**	7,121	**11,268**	-
Allowance for doubtful debts no longer required		**(269)**	(50)	**-**	-
Allowances for diminution in value of marketable securities		**-**	193	**-**	-
Amortisation of intangible assets	14	**798**	7,365	**-**	-
Amortisation of prepaid lease payment for land	8	**808**	790	**301**	231
Bad debts written off		**576**	34	**-**	-
Deposit written off		**193**	-	**193**	-
Depreciation of investment properties	9	**7**	7	**-**	-
Depreciation of property, plant and equipment	7	**19,672**	23,274	**852**	983
Dividend income (gross)		**(154)**	(6,327)	**(37,053)**	(64,076)
Gain on disposal of property, plant and equipment (net)		**(43)**	(3,751)	**(3)**	(1)
Gain on disposal of associates		**(514)**	-	**-**	-
Gain on disposal of subsidiaries	38	**(22,545)**	-	**-**	(3,401)
Impairment loss on intangible assets		**-**	53	**-**	-
Impairment of goodwill in subsidiaries		**-**	2,594	**-**	-
Impairment loss on investment in subsidiaries		**-**	-	**6,396**	-
Impairment loss on marketable securities		**379**	-	**-**	-
Investment written off		**83**	-	**83**	-
Interest expense		**15,761**	25,129	**4,741**	5,623
Interest income		**(4,432)**	(3,937)	**(1,773)**	(948)
Inventories written off		**1,638**	1,759	-	-
Loss on disposal of prepaid lease payments for land		**-**	110	**-**	-
Loss/(Gain) on disposal of subsidiaries (discontinued operations)	34	**25,498**	(139,977)	**-**	-
Loss on partial disposal of shares in subsidiaries		**-**	985	**-**	-
Property, plant and equipment written off		**410**	1,014	**160**	466
Share of results in associates		**1,053**	618	**-**	-
Unrealised (gain)/loss on foreign exchange (net)		**(1,243)**	1,908	**-**	-
Work-in-progress written off		**-**	1,715	**-**	-
(Write back of)/Provision for retirement benefits	27	**(255)**	632	**-**	-
Operating profit/(loss) before working capital changes		**29,003**	98,724	**(11,419)**	(14,977)

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

CASH FLOW **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2009 *(cont'd)*

		Group		Company	
		2009	2008	2009	2008
	NOTE	RM'000	RM'000	RM'000	RM'000
Decrease/(Increase) in inventories		**51,493**	(50,476)	**-**	-
Decrease/(Increase) in receivables		**107,414**	(10,894)	**(358)**	2,084
(Decrease)/Increase in payables		**(74,739)**	30,025	**(2,704)**	104
Decrease/(Increase) in amounts owing by associates		**474**	(3,766)	**-**	85
Decrease in amounts owing to associates		**(4,007)**	(3,937)	**-**	-
(Decrease)/Increase in amounts owing to Directors		**(279)**	210	**(362)**	10
Cash generated from/(used in) operations		**109,359**	59,886	**(14,843)**	(12,694)
Dividend received		**154**	6,327	**37**	57,438
Retirement benefits paid		**(605)**	(354)	**-**	-
Tax (paid)/refunded		**(17,839)**	(8,661)	**2,229**	3,150
Net cash from/(used in) operating activities		**91,069**	57,198	**(12,577)**	47,894
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of subsidiaries	37	**50**	955	**-**	-
Capital repayment of a subsidiary to minority interests	45(ii)	**(49,728)**	-	**-**	-
Disposals of subsidiaries	38	**26,546**	-	**-**	-
Disposals of subsidiaries (discontinued operations)	34	**(15,400)**	291,712	**-**	-
Interest received		**4,432**	3,937	**356**	948
Proceeds from disposal of property, plant and equipment		**1,996**	14,312	**4**	90
Purchase of additional shares in existing subsidiaries		**(1,734)**	(57,150)	**(12,096)**	(55,328)
Purchase of intangible assets		**(4,820)**	(2,192)	**-**	-
Purchase of other investments and marketable securities		**(1,002)**	(34)	**(970)**	-
Proceeds from partial disposal of shares in subsidiaries		**-**	4,903	**-**	1,914
Purchase of property, plant and equipment	39	**(16,708)**	(34,530)	**(54)**	(56)
Purchase of prepaid lease payments for land		**-**	(3,197)	**-**	(3,180)
Repayments from subsidiaries		**-**	-	**23,853**	27,470
Purchase of short term investments		**(25,531)**	-	**(19,522)**	-
Proceeds from disposal of an associate		**5,534**	-	**-**	-
Proceeds from disposal of prepaid lease payments for land		**-**	390	**-**	-
Proceeds from disposal of other investment		**3,898**	-	**89**	-
Withdrawal/(Placement) of short term deposits pledged to licensed banks		**3,144**	(9,410)	**-**	-
Net cash (used in)/from investing activities		**(69,323)**	209,696	**(8,340)**	(28,142)

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

CASH FLOW **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2009 *(cont'd)*

		Group		Company	
		2009	2008	2009	2008
	NOTE	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		**(8,021)**	(7,191)	**(8,021)**	(7,191)
Dividends paid to minority interests of subsidiaries		**(9,912)**	(91,282)	**-**	-
Interest paid		**(15,761)**	(25,129)	**(4,741)**	(5,623)
Proceeds from issuance of shares		**16,618**	481	**16,618**	481
Proceeds from disposal of own shares		**-**	4,235	**-**	4,235
Purchase of own shares		**(665)**	(430)	**(665)**	(430)
Repayments of hire-purchase and lease creditors		**(3,219)**	(5,462)	**(354)**	(362)
Net (repayment)/drawdown of borrowings		**(197,237)**	85,982	**(31,350)**	38,000
Net cash (used in)/from financing activities		**(218,197)**	(38,796)	**(28,513)**	29,110
Net (decrease)/increase in cash and cash equivalents		**(196,451)**	228,098	**(49,430)**	48,862
Cash and cash equivalents at beginning of financial year		**295,209**	65,760	**48,802**	(60)
Effects of exchange rate changes on cash and cash equivalents		**(5,054)**	1,351	**-**	-
		290,155	67,111	**48,802**	(60)
Cash and cash equivalents at end of financial year	21	**93,704**	295,209	**(628)**	48,802

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

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009**

1. CORPORATE INFORMATION

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

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

The principal place of business of the Company is located at 102-1002, Block A, Pusat Dagangan Phileo Damansara I, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 18 September 2009.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 49 to the financial statements.

There have been no significant changes in the nature of the Group's and Company's principal activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') in Malaysia and the provisions of the Companies Act, 1965.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Accounting

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

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

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

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

When a business combination includes more than one exchange transactions, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable or convertible are taken into consideration.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.2 Basis of Consolidation *(cont'd)*

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company.

For purchases of a subsidiary's equity shares from minority shareholders for cash consideration and the purchase price is established at fair value, the accretion of the Group's interests in the subsidiary is treated as purchase of equity interest under the acquisition method of accounting. The identifiable assets and liabilities acquired are adjusted to their fair values, with the resulting difference being attributed to goodwill or excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of business combination (previously known as negative goodwill).

When a subsidiary issues new equity shares to minority interests for cash consideration and at fair value, the reduction in the Group's interests in the subsidiary should be treated as disposal of equity interests for which the gain or loss should be recorded in the consolidated income statement. The gain or loss on disposal is the difference between the Group's share of net assets immediately before and immediately after disposal and a ratable portion of goodwill which is realised.

For purchases or disposals from or to minority shareholders for consideration other than cash and not at fair value, the accretion or dilution of the Group's interests is treated as an equity transaction between the Group and its minority shareholders. The difference between the Group's share of net assets immediately before and immediately after the change in stakes, and any consideration received or paid is adjusted against the Group's reserves.

All other changes in stakes and changes in composition of the Group are treated as equity transactions between the Group and its majority and minority shareholders. The difference between the Group's share of net assets before and after the change, and any consideration received or paid is adjusted to or against the Group's reserves.

4.3 Property, Plant and Equipment and Depreciation

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

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.3 Property, Plant and Equipment and Depreciation *(cont'd)*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate,only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amounts of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

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

Buildings are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and buildings are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued land and buildings differ materially from the market values.

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

Freehold land is not depreciated. Asset under construction is not depreciated until such time when the asset is available for use.

Depreciation on other property, plant and equipment is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2%	-	10%
Plant, machinery and equipment	7%	-	33%
Motor vehicles	10%	-	20%
Office equipment, fixtures and fittings	5%	-	33%
Ship			5.3%
Renovation	2%	-	10%

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

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.3 Property, Plant and Equipment and Depreciation *(cont'd)*

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

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

4.4 Lease and Hire-Purchase

(a) Finance Leases and Hire-Purchase

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

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

(b) Operating Leases

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

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

(c) Lease of Land and Buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.4 Lease and Hire-Purchase *(cont'd)*

(c) Lease of Land and Buildings *(cont'd)*

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront payments made on entering into or acquiring leasehold land are accounted for as prepaid lease payments and are amortised over the lease term on a straight line basis.

The buildings element is classified as a finance or operating lease in accordance with Note 4.4(a) or Note 4.4(b) to the financial statements. If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

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

4.5 Investment Properties

Investment properties are properties which are held to earn rentals yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction cost. After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

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

4.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.6 Investments *(cont'd)*

(a) Subsidiaries *(cont'd)*

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

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

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

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

Unrealised gain and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

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

The most recent available financial statements of the associate are used by the Group in applying the equity method. Where the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in reporting date is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

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

4.7 Intangible Assets

(a) Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gain and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

(b) Development Expenditure and Rights

Development expenditure are written off to the profit or loss as and when incurred except that development expenditure of which the Group can demonstrate that it is technically feasible to develop products or processes, adequate resources are available to complete the development an there is an intention to complete and sell the products or processes to generate future economic benefits. Such expenditure is amortised over the period of time not exceeding five years.

Rights relate to the exclusive audiovisual advertising network distribution is recognised as an asset at the acquisition date and initially measured at cost.

After initial recognition, the development expenditure and rights are carried at cost less accumulated amortisation and any accumulated impairment losses. The development expenditure and rights are amortised on a straight line basis over 5-10 years and are assessed for any indication that the asset may be impaired. If any indication exists, the Group shall estimate the recoverable amount of the asset as stated in Note 4.8 to the financial statements. The amortisation expense and any impairment loss is recognised in profit or loss.

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

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.8 Impairment of Non-Financial Assets

The carrying amount of assets, except for financial assets (excluding investment in subsidiaries and associates), inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets's recoverable amount is estimated.

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

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

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

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rate basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in the profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the profit or loss.

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

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

Such reversals are recognised as income immediately in the profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

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

4.9 Inventories

Inventories are valued at the lower of cost (determined on weighted average method) and net realisable value. The cost of raw materials, packing materials and consumables comprise the all costs 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 manufacturing overheads.

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

4.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

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

4.10.1 Financial Instruments Recognised on the Balance Sheets

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Trade receivables and other receivables, including amounts owing by associates and related parties are carried at anticipated realisable value.

Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

(b) Cash and Cash Equivalents

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

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.10.1 Financial Instruments Recognised on the Balance Sheets *(cont'd)*

(c) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(d) Other Investments

Non-current other investments represent investments in shares held as other investments are stated at cost unless there is a permanent diminution in value of such investments. Such diminution in value is recognised as an expense in the period in which the diminution in value is identified.

All current investments are stated at the lower of cost and market value or net realisable value. A decrease in carrying amount will be charged to profit or loss.

Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(e) Payables

Liabilities for trade and other amounts payable, including amounts owing to associates and related parties are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(f) Borrowings

All loans and borrowings are recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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

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

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

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.10.1 Financial Instruments Recognised on the Balance Sheets *(cont'd)*

(g) Equity Instruments

(i) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(ii) Share Issue Costs

Costs incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise, they are charged to profit or loss.

(iii) Dividends

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

(iv) Repurchase of Own Shares

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

(h) Government Grant

Government grants are recognised initially at their fair value in the balance sheet as deferred income when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income in the same period.

4.10.2 Financial Instruments Not Recognised on the Balance Sheets

The Group is a party to financial instruments that comprises foreign currency forward contracts and this instrument is not recognised in the financial statements on inception.

Foreign currency forward contracts are used to hedge foreign currency exposures as a result of receipts and payments in foreign currency. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the dates of such transactions at which time they are included in the measurement of such transactions.

All other gains or losses relating to hedged instruments are recognised in the profit or loss in the same period as the exchange differences on the underlying hedged items.

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

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

4.11 Income Taxes

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

Taxes in the income statements comprise current tax and deferred tax.

(a) Current Tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the balance sheet date.

(b) Deferred Tax

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

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

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

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

4.12 Provisions

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

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

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

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.13 Contingent Liabilities and Contingent Assets

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

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

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

4.14 Employee Benefits

(a) Short Term Employee Benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.14 Employee Benefits *(cont'd)*

(a) Short Term Employee Benefits *(cont'd)*

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

(b) Defined Contribution Plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

(c) Provision for Retirement Benefits

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

The contributions for state pension scheme and retirement benefit obligation are recognised in profit or loss as incurred.

4.15 Foreign Currencies

4.15.1 Functional and Presentation Currency

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

4.15.2 Foreign Currency Translation and Balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such a forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

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

4.15 Foreign Currencies *(cont'd)*

4.15.3 Foreign Operations

Financial statements of foreign operations are translated at financial year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the profit or loss. All resulting translation differences are recognised as a separate component of equity. In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

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

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the balance sheet date.

4.15.4 Principal Closing Rates

The principal closing rates used in the translation of foreign currency amounts are as follows:

	2009 RM	2008 RM
1 Australian Dollar ('AUD')	0.3603	0.3237
1 Chinese Renminbi ('RMB')	1.9593	2.1438
1 Hong Kong Dollar ('HKD')	2.2170	2.4096
1 Indonesian Rupiah ('IDR')(1,000 units)	2.9430	2.8760
1 Singapore Dollar ('SGD')	0.4134	0.4221
1 United States Dollar ('USD')	0.2860	0.3087
1 Vietnamese Dong ('VND')(1,000 units)	4.8440	-

4.16 Revenue Recognition

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

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

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.16 Revenue Recognition *(cont'd)*

(a) Revenue From Sale of Goods and Rendering of Services

Revenue from sale of goods and rendering of services are recognised in the income statement upon delivery of goods and customers' acceptance, and performance of services. Freight income is recognised for cargoes loaded onto vessels up to the balance sheet date.

(b) Interest Income and Rental Income

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

(c) Dividend Income

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

4.17 Non-current assets (or disposal groups) held for sale and discontinued operation

4.17.1 Non-Current Assets (or disposal groups) Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets (or disposal groups) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

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

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets (or all the assets and liabilities in a disposal group) are measured in accordance with applicable FRS. On initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, and financial assets carried at fair value), are measured at the lower of carrying amount immediately before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Non-current assets (or disposal groups) held for sale are classified as current assets (and current liabilities, in the case of non-current liabilities included within disposal groups) on the face of the balance sheet and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current assets (or disposal groups) classified as held for sale is presented separately.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

4.17 Non-current assets (or disposal groups) held for sale and discontinued operation *(cont'd)*

4.17.1 Non-Current Assets (or disposal groups) Held for Sale *(cont'd)*

If the Group has classified an asset (or disposal group) as held for sale but subsequently the criteria for classification is no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale. The Group shall measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

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

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

4.17.2 Discontinued Operations

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as discontinued operation, the comparative profit or loss is restated as if the operation had been discontinued from the start of the comparative period.

4.18 Segment Reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single segment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 Amendment to FRS and New FRSs Adopted

(a) Amendment to FRS 121 *The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2007.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(cont'd)*

5.1 Amendment to FRS and New FRSs Adopted *(cont'd)*

The amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and if whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item.

The adoption of this amendment does not have any material impact on the consolidated financial statements.

(b) The following FRSs are mandatory for annual periods beginning on or after 1 July 2007:

FRS 107 *Cash Flow Statements*
FRS 111 *Construction Contracts*
FRS 112 *Income Taxes*
FRS 118 *Revenue*
FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*
FRS 134 *Interim Financial Reporting*
FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*

These FRSs align the Malaysian Accounting Standards Board's ("MASB") FRSs with the equivalent International Accounting Standards ("IASs"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. FRS 111 is not relevant to the Group's operations.

(c) The following IC Interpretations are mandatory for annual periods beginning on or after 1 July 2007:

IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*
IC Interpretation 5	*Rights to Interests arising from Decommissioning Restoration and Environmental Rehabilitation Funds*
IC Interpretation 6	*Liabilities arising from Participating in Specific Market - Waste Electrical and Electronic Equipment*
IC Interpretation 7	*Applying the Restatement Approach under FRS* 129_{2004} *Financial Reporting in Hyperinflationary Economics*
IC Interpretation 8	*Scope of FRS 2 Share-based Payment*

These Interpretations are not relevant to the Group.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(cont'd)*

5.1 Amendment to FRS and New FRSs Adopted *(cont'd)*

(d) *Framework for the Preparation and Presentation of Financial Statements ("Framework")* is effective for annual periods beginning on or after 1 July 2007.

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not a MASB approved FRS as defined in paragraph 11 of FRS 101 *Presentation of Financial Statements* and hence, does not define standards for any particular measurement or disclosure issue.

5.2 New FRSs Not Adopted

(a) FRS 8 *Operating Segments* and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the entity that management uses to make decisions about operating matters. This Standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

This Standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform to the requirements of this Standard.

The Group will comply with this Standard for the financial year ending 31 May 2011.

(b) FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202_{2004} *General Insurance Business* and FRS 203_{2004} *Life Insurance Business*.

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This Standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

By virtue of the exemption provided under paragraph 41AA of FRS 4, the impact of applying FRS 4 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(cont'd)*

5.2 New FRSs Not Adopted *(cont'd)*

(c) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation.*

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

(d) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

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

(e) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

The Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

(f) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

The amendments to FRS 2 are not relevant to the Group.

(g) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* is mandatory for annual periods beginning on or after 1 January 2010.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(cont'd)*

5.2 New FRSs Not Adopted *(cont'd)*

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

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

(h) IC Interpretation 9 *Reassessment* of *Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

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

(i) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

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

(j) IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Company receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

If the Company grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Company to recognise the equity reserve for the obligation to deliver the equity instruments when needed whilst the subsidiaries shall recognise the remuneration expense for the services received from employees.

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

The IC Interpretation 11 *FRS 2* is not relevant to the Group.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(cont'd)*

5.2 New FRSs Not Adopted *(cont'd)*

(k) IC Interpretation 13 *Customer Loyalty Programmes* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

If the Group supplies the awards itself, the consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed. If a third party supplies the awards, the Group shall assess whether it is acting as a principal or agent in the transaction.

If the Group is acting as the principal in the transaction, it shall measure its revenue as the gross consideration allocated to the award credits. If the Group is acting as an agent, it shall measure its revenue as the net amount retained on its own account, and recognise the net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive the consideration for doing so.

The IC Interpretation 13 is not relevant to the Group.

(l) IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the balance sheet date less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

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

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

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(cont'd)*

5.2 New FRSs Not Adopted *(cont'd)*

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement' respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 *Related Party Disclosures.* Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements described, the Group does not expect any other material impact on the consolidated financial statements arising from the adoption of this Standard.

(n) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these amendments on the consolidated financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, the Group does not expect any material impact on the consolidated financial statements arising from the adoption of the amendment to IC Interpretation 9.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(cont'd)*

5.2 New FRSs Not Adopted *(cont'd)*

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

These amendments requires certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rate share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

Presently, the Group does not expect any material impact on the consolidated financial statements arising from the adoption of this Standard. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 139 and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

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

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this FRS specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss,assets and liabilities. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(cont'd)*

5.2 New FRSs Not Adopted *(cont'd)*

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property.* This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 117 removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made prospectively in accordance with FRS 108. As at the reporting date, the Group and the Company have carrying amount of prepaid lease payments for land of RM46,927,000 and RM17,102,000 respectively (see Note 8 to the financial statements). The Group expects to reclassify the prepaid lease payments for land as land held in accordance with FRS 116 upon adoption of this amendment and shall present a statement of financial position as at the beginning of the earliest comparative period in accordance with FRS 101.

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in the Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in the Standard in accordance with the new terms used in FRS 101. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(cont'd)*

5.2 New FRSs Not Adopted *(cont'd)*

Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 *Impairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in the Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 134 *Interim Financial Reporting* clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 *Earnings Per Share*. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. Presently, the Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 8 and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in the Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. The Group does not expect any material impact on the consolidated financial statements arising from the adoption of this amendment.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs *(cont'd)*

5.2 New FRSs Not Adopted *(cont'd)*

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Critical Judgements Made in Applying Accounting Policies

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

6.1.1 Classification Between Investment Properties and Property, Plant and Equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held for capital appreciation or to earn rentals or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

6.1.2 Disposal Group Held for Sale

Certain non-current assets and liabilities have been classified as disposal group held for sale as the management has committed to a plan to sell the assets and liabilities as at the balance sheet date.

6.1.3 Contingent Liabilities

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

6.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

6.2 Key Sources of Estimation Uncertainty *(cont'd)*

6.2.1 Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful life. Management estimates of the useful lives of the assets as per disclosed in Note 4.3 to the financial statements. Changes in expected level of usage and technological developments could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

6.2.2 Impairment of Investments in Subsidiaries and Associates

The Company determines whether investments in subsidiaries and associates are impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries and associates to which investment in subsidiaries and associates are allocated. Estimating a value-in-use amount requires management to make an estimate of the unexpected future cash flows from the subsidiaries and associates and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of investment in subsidiaries and associates as at 31 May 2009 less accumulated impairment losses, if any, were RM245,386,000 (2008: RM256,905,000) and RM5,417,000 (2008: RM11,083,000) respectively.

6.2.3 Impairment of Intangible Assets

The Group determines whether intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the intangible assets. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of development expenditure and rights of the Group as at 31 May 2009 was RM586,000 (2008: RM633,000) and RM5,948,000 (2008: RM1,877,000) respectively.

6.2.4 Impairment of Goodwill on Consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiary and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill on consolidation amounted to RM79,432,000 (2008: RM76,775,000) as at 31 May 2009. Further details are disclosed in Note 15 to the financial statements.

6.2.5 Deferred Tax Assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses and the capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

6.2 Key Sources of Estimation Uncertainty *(cont'd)*

6.2.6 Write Down for Obsolete or Slow Moving Inventories

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

6.2.7 Allowance for Doubtful Debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of allowance for doubtful debts. Where expectations differ from the original estimates, the differences will impact the carrying value of receivables.

6.2.8 Fair Values of Borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

7. PROPERTY, PLANT AND EQUIPMENT

Group 2009	Balance as at 1.6.2008 RM'000	Additions RM'000	Disposals RM'000	Disposal of a subsidiary RM'000	Translation adjustments RM'000	Written off RM'000	Reclassi-fications RM'000	Balance as at 31.5.2009 RM'000	Carrying amount as at 31.5.2009 RM'000	Carrying amount as at 31.5.2008 RM'000
Cost/Valuation										
Freehold land	1,266	-	-	-	-	-	-	1,266	1,266	1,266
Building										
- at cost	76,066	556	(4,111)	(7,262)	516	-	-	65,765	51,018	58,659
- at 2005 valuation	21,509	-	-	-	-	-	-	21,509	18,851	18,956
Plant, machinery and equipment	152,136	4,185	(3,080)	-	(240)	(1,779)	8,488	159,710	66,513	64,828
Motor vehicles	41,486	2,178	(2,008)	-	71	-	-	41,727	17,343	19,815
Office equipment, fixtures and fittings	15,411	8,813	(236)	-	93	(2,287)	-	21,794	14,721	9,354
Assets under construction	13,318	3,347	-	-	108	-	(8,483)	8,290	8,290	13,318
Renovation	7,718	466	(858)	(2,436)	59	-	(5)	4,944	2,800	3,285
	328,910	19,545	(10,293)	(9,698)	607	(4,066)	-	325,005	180,802	189,481

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

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

Group 2009	Balance as at 1.6.2008 RM'000	Charge for the financial year RM'000	Disposals RM'000	Disposal of a subsidiary RM'000	Translation adjustments RM'000	Written off RM'000	Balance as at 31.5.2009 RM'000
Accumulated depreciation							
Building							
- at cost	17,407	1,682	(4,089)	(372)	119	-	14,747
- at 2005 valuation	2,553	105	-	-	-	-	2,658
Plant, machinery and equipment	86,393	8,861	(1,913)	-	(55)	(1,004)	92,282
Motor vehicles	21,671	4,293	(1,586)	-	6	-	24,384
Office equipment, fixtures and fittings	6,057	3,217	(158)	-	44	(2,087)	7,073
Assets under construction	-	-	-	-	-	-	-
Renovation	4,433	1,514	(594)	(2,682)	38	(565)	2,144
	138,514	19,672	(8,340)	(3,054)	152	(3,656)	143,288

Group 2009	Balance as at 1.6.2008 RM'000	Charge for the financial year RM'000	Written off RM'000	Balance as at 31.5.2009 RM'000
Impairment losses				
Plant, machinery and equipment	915	-	-	915
	915	-	-	915

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

Group 2008	Balance as at 1.6.2007 RM'000	Additions RM'000	Disposals RM'000	Acquisitions of subsidiaries RM'000	Disposal of subsidiaries RM'000	Translation adjustments RM'000	Written off RM'000	Reclassi-fications RM'000	Balance as at 31.5.2008 RM'000
Cost/Valuation									
Freehold land	4,854	1,016	-	-	(4,604)	-	-	-	1,266
Building									
- at cost	89,751	277	-	1,548	(18,315)	2,509	-	296	76,066
- at 2005 valuation	22,394	-	(885)	-	-	-	-	-	21,509
Dry docking costs	1,172	-	(1,043)	-	-	-	(129)	-	-
Plant, machinery and equipment	185,399	6,464	(2,781)	4,390	(44,394)	(169)	(461)	3,688	152,136
Motor vehicles	42,816	3,986	(3,211)	428	(3,084)	551	-	-	41,486
Office equipment, fixtures and fittings	35,305	3,206	(746)	1,210	(18,809)	350	(5,701)	596	15,411
Assets under construction	8,352	22,835	-	-	(12,833)	10	(466)	(4,580)	13,318
Ship	15,660	-	(15,660)	-	-	-	-	-	-
Renovation	5,983	176	-	1,296	-	263	-	-	7,718
	411,686	37,960	(24,326)	8,872	(102,039)	3,514	(6,757)	-	328,910

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

Group 2008	Balance as at 1.6.2007 RM'000	Charge for the financial year RM'000	Disposals RM'000	Acquisitions of subsidiaries RM'000	Disposal of subsidiaries RM'000	Translation adjustments RM'000	Reclassi- fications RM'000	Written off RM'000	Balance as at 31.5.2008 RM'000
Accumulated depreciation									
Building									
- at cost	17,356	2,710	-	-	(3,629)	1,012	(42)	-	17,407
- at 2005 valuation	2,686	126	(259)	-	-	-	-	-	2,553
Dry docking costs	614	280	(894)	-	-	-	-	-	-
Plant, machinery and equipment	108,694	10,673	(1,999)	1,964	(33,265)	414	43	(131)	86,393
Motor vehicles	20,491	4,702	(1,812)	344	(2,313)	259	-	-	21,671
Office equipment, fixtures and fittings	20,041	3,828	(669)	666	(13,589)	336	(1)	(4,555)	6,057
Assets under construction	-	-	-	-	-	-	-	-	-
Ship	7,789	343	(8,132)	-	-	-	-	-	-
Renovation	2,868	612	-	809	-	144	-	-	4,433
	180,539	23,274	(13,765)	3,783	(52,796)	2,165	-	(4,686)	138,514

Group 2008	Balance as at 1.6.2007 RM'000	Charge for the financial year RM'000	Written off RM'000	Balance as at 31.5.2008 RM'000
Impairment losses				
Plant, machinery and equipment	915	-	-	915
Office equipment, fixtures and fittings	1,057	-	(1,057)	-
	1,972	-	(1,057)	915

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

Company 2009	Balance as at 1.6.2008 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.5.2009 RM'000	Carrying amount as at 31.5.2009 RM'000	Carrying amount as at 31.5.2008 RM'000
Cost/Valuation							
Buildings							
- at 2005 valuation	3,280	-	-	-	3,280	3,017	3,083
Motor vehicles	2,717	-	(170)	-	2,547	881	1,401
Office equipment, fixtures and fittings	1,891	54	(8)	(1,040)	897	203	438
Renovation	1,741	-	-	-	1,741	700	874
Assets under construction	-	-	-	-	-	-	-
	9,629	54	(178)	(1,040)	8,465	4,801	5,796

Company 2009	Balance as at 1.6.2008 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.5.2009 RM'000
Accumulated depreciation					
Buildings					
- at 2005 valuation	197	66	-	-	263
Motor vehicles	1,316	484	(134)	-	1,666
Office equipment, fixtures and fittings	1,453	128	(7)	(880)	694
Renovation	867	174	-	-	1,041
	3,833	852	(141)	(880)	3,664

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

Company 2008	Balance as at 1.6.2007 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.5.2008 RM'000
Cost/Valuation					
Buildings					
- at 2005 valuation	3,280	-	-	-	3,280
Motor vehicles	2,657	254	(194)	-	2,717
Office equipment, fixtures and fittings	1,850	49	(8)	-	1,891
Renovation	1,739	2	-	-	1,741
Assets under construction	466	-	-	(466)	-
	9,992	305	(202)	(466)	9,629

Company 2008	Balance as at 1.6.2007 RM'000	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Balance as at 31.5.2008 RM'000
Accumulated depreciation					
Buildings					
- at 2005 valuation	131	66	-	-	197
Motor vehicles	907	518	(109)	-	1,316
Office equipment, fixtures and fittings	1,232	225	(4)	-	1,453
Renovation	693	174	-	-	867
	2,963	983	(113)	-	3,833

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Motor vehicles	**7,937**	10,536	**878**	1,398
Plant, machinery and equipment	**2,875**	820	**-**	-
Office equipment, fixtures and fittings	**374**	393	**-**	-
	11,186	11,749	**878**	1,398

(b) As at 31 May 2009, property, plant and equipment of the Group with a carrying amount of RM27,759,000 (2008: RM55,772,000) have been charged to banks for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

(c) Certain buildings of the Group and of the Company were revalued in 2005 by the Directors based on a valuation exercise carried out in 2005 by an independent professional valuer using the open market value method.

(d) The carrying amount of the revalued assets of the Group that would have been carried at cost less accumulated depreciation cannot be determined from available records. Hence, the carrying amounts of the Group's and of the Company's property, plant and equipment, had the revalued assets been carried at cost less accumulated depreciation, are not disclosed.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

8. PREPAID LEASE PAYMENTS FOR LAND

2009 Group	Balance as at 1.6.2008 RM'000	Additions RM'000	Disposal RM'000	Disposal of subsidiaries RM'000	Amortisation charge for the financial year RM'000	Translation adjustment RM'000	Balance as at 31.5.2009 RM'000
Carrying amount							
Prepaid lease payments for land	47,735	-	-	-	(808)	-	46,927

	At 31.5.2009		
	Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Prepaid lease payments for land	54,154	(7,227)	46,927

2009 Group	Balance as at 1.6.2007 RM'000	Additions RM'000	Disposal RM'000	Disposal of subsidiaries RM'000	Amortisation charge for the financial year RM'000	Translation adjustment RM'000	Balance as at 31.5.2008 RM'000
Carrying amount							
Prepaid lease payments for land	50,843	3,197	(500)	(5,303)	(790)	288	47,735

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

8. PREPAID LEASE PAYMENTS FOR LAND *(cont'd)*

2008 **Group**	**At 31.5.2008** Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Prepaid lease payments for land	54,154	(6,419)	47,735

2009 **Company**	**Balance as at 1.6.2008 RM'000**	**Addition RM'000**	**Amortisation charge for the financial year RM'000**	**Balance as at 31.5.2009 RM'000**
Carrying amount				
Prepaid lease payments for land	17,403	-	(301)	17,102

	At 31.5.2009 Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Prepaid lease payments for land	18,070	(968)	17,102

2008 **Company**	**Balance as at 1.6.2007 RM'000**	**Addition RM'000**	**Amortisation charge for the financial year RM'000**	**Balance as at 31.5.2008 RM'000**
Carrying amount				
Prepaid lease payments for land	14,454	3,180	(231)	17,403

	At 31.5.2008 Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Prepaid lease payments for land	18,070	(667)	17,403

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

8. PREPAID LEASE PAYMENTS FOR LAND *(cont'd)*

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Long term leasehold land	**46,223**	47,010	**17,102**	17,403
Short term leasehold land	**704**	725	**-**	-
	46,927	47,735	**17,102**	17,403

Leasehold land was stated at Directors' valuation based on the valuation conducted by a firm of professional valuers in year 2005 using the open market value basis. The Group has retained the unamortised revalued amount as the surrogated carrying amount of prepaid lease payments for land.

9. INVESTMENT PROPERTIES

	Group	
	2009	**2008**
	RM'000	**RM'000**
Carrying amount		
Freehold land and building, at cost	**376**	383
Less: Depreciation charged during the financial year	**(7)**	(7)
	369	376
Market value of investment properties	**635**	635

Rental income generated from rental of investment properties of the Group during the financial year amounted to RM52,100 (2008: RM53,200).

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM7,662 (2008: RM10,892).

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

10. INVESTMENTS IN SUBSIDIARIES

	Company 2009 RM'000	Company 2008 RM'000
Shares quoted in Malaysia, at cost	**51,108**	68,327
Unquoted shares, at cost	**253,675**	241,579
	304,783	309,906
Less: Impairment loss of investments in unquoted shares	**(59,397)**	(53,001)
	245,386	256,905
Market value of quoted shares	**28,043**	92,865

The details of the subsidiaries are disclosed in Note 49 to the financial statements.

Quoted investments in a subsidiary with a carrying amount of RM51,108,000 (2008: RM54,460,000) and quoted investments held by a subsidiary with a carrying amount of RM54,090,000 (2008: Nil) have been charged to a licensed bank for credit facilities granted to the Company.

Impairment loss on cost of investment in a subsidiary amounting to RM6,396,000 was recognised during the financial year as the subsidiary ceased operations.

10.1 Additional/Partial Disposal of Investment in Subsidiaries

During the Financial Year, the Group :

(a) purchased an additional 1,600,500 ordinary shares of RM1.00 each representing 30.0% equity interest in Vision IP Services Sdn. Bhd. ('VIPS') for cash consideration of RM1.60 million. Consequently, VIPS became a wholly owned subsidiary of the Company.

(b) subscribed for an additional 231,000 new ordinary shares of RM1.00 each in Wheel Sport Management Sdn. Bhd. ('WSM'), a 51.0% owned subsidiary, for cash consideration of RM1.00 million, thereby increasing the Group's effective equity interest in WSM from 51.0% to 77.0%.

In the Previous Financial Year, the Group:

(a) acquired an additional 119,500 ordinary shares of RM0.50 each representing 0.05% equity interest in Tamco for cash consideration of RM92,000. The Group also disposed of 46,984,953 ordinary shares of RM0.50 each representing 18.1% equity interest in Tamco as mentioned in (c) below.

(b) acquired an additional 15,388,500 ordinary shares of RM1.00 each representing 8.7% equity interest in Nylex for cash consideration of RM17,616,000. The Group also disposed of 11,105,868 ordinary shares of RM1.00 each representing 6.3% equity interest in Nylex as mentioned in (c) below.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

10. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

10.1 Additional/Partial Disposal of Investment in Subsidiaries *(cont'd)*

In the Previous Financial Year, the Group: *(cont'd)*

(c) purchased an additional 10,300,114 ordinary shares of RM1.00 each representing 9.6% equity interest in Rhodemark Development Sdn. Bhd. ('RDSB') for cash consideration of RM6,195,000 and the remaining 43,239,022 ordinary shares of RM1.00 each representing 40.3% equity interest in RDSB for a consideration of RM51,653,000 satisfied as follows:

- the transfer of 46,984,953 ordinary shares of RM0.50 each in Tamco and 11,105,868 ordinary shares of RM1.00 each in Nylex at a total consideration of RM48,553,000; and

- cash consideration of RM3,100,000.

Consequently, RDSB became a wholly-owned subsidiary of the Company.

(d) disposed of 26.0% equity interest in CGIS (Shanghai) Electrics Ltd. for a cash consideration of RMB6,750,000 (equivalent to RM3,152,000) to a subsidiary of the Group.

10.2 Acquisitions of Subsidiaries

During the Financial Year, the Group:

(a) subscribed 51,000 ordinary shares of RM1.00 each representing 51% equity interest in RedBerry Animation Sdn. Bhd. ('RASB') at par for cash consideration of RM51,000.

(b) purchased the paid-up share capital in the following companies:

(i) three (3) ordinary shares of SGD1.00 each representing 60.0% equity interest in RBL Pte. Ltd. ('RBL') and two (2) ordinary shares of SGD1.00 each representing 100% equity interest in Point Cast (S) Pte. Ltd. ('PCS') at par for cash; and

(ii) two (2) ordinary shares of RM1.00 each representing 100% equity interest respectively in Point Cast (Asia) Sdn. Bhd. ('PCA') and Point Cast (M) Sdn. Bhd. ('PCM') at par for cash.

(c) incorporated a subsidiary, PT Point Cast Indonesia, with a paid-up share capital of USD350,000 (equivalent to RM1,265,000).

The total revenue and loss of the above newly acquired subsidiaries included in the Group's current year's results since the acquisition date is RM168,000 and RM511,000 respectively.

If the acquisitions had occurred on 1 June 2008, the Group's current financial year's revenue and the Group's loss for the year financial year is RM1,650,935,000 and RM16,791,000 respectively.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

10. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

10.2 Acquisitions of Subsidiaries *(cont'd)*

In the Previous Financial Year, the Group:

(a) purchased two (2) ordinary shares of RM1.00 each representing 100% equity interest in Rentas Cabaran Sdn. Bhd. ('RCSB') for cash consideration of RM2.00 and subsequently subscribed for 9,000 new ordinary shares of RM1.00 each at RM1,000 per share for cash consideration of RM9,000,000, the proceeds of which was used to redeem the entire 8,039,965 Redeemable Preference Shares Series A of RM0.10 each ('RCPS') in RCSB based on the issue price of the RCPS together with the accrued dividend up to the date of redemption.

Following the completion of the acquisition, RCSB became a 100% owned subsidiary of the Company, and Meru Utama Sdn. Bhd. ('MUSB') became a 54.9% owned subsidiary of the Group.

(b) subscribed 104,000 new ordinary shares of RM1.00 each representing 51.0% of the enlarged share capital of WSM at par for cash.

(c) acquired the entire paid-up share capital comprising 2 ordinary shares of RM1.00 each respectively in RedBerry Media Sdn. Bhd. ('RMSB'), RedBerry Outdoors Sdn. Bhd.('ROSB'), RedBerry Outdoor Productions Sdn. Bhd. ('ROPSB'), RedBerry Events Sdn. Bhd. ('RESB') and Landasan Murni Sdn. Bhd. ('LMSB') for cash consideration of RM2.00 each respectively;

(d) subscribed for 2,632,000 new ordinary shares of RM1.00 each representing 70.0% of the enlarged share capital of Focus Media Network Sdn. Bhd. ('Focus Media') at par for cash, and acquired the remaining 30.0% equity interest in Focus Media for RM1,628,000 for cash. Focus Media subsequently acquired the media assets of Sixth Media Sdn. Bhd. for purchase consideration of RM1,318,000 satisfied by a cash payment of RM679,000 and the issue of 638,647 new ordinary shares of RM1.00 each representing 14.5% equity interest in Focus Media, reducing the Group's interest in Focus Media from 100% to 85.5%;

(e) Perusahaan Kimia Gemilang Sdn. Bhd. ('PKG') entered into a joint venture with Long Thanh Chemicals Company Ltd. to set up a new company named Perusahaan Kimia Gemilang (Vietnam) Ltd. ('PKG Vietnam'), in the Socialist Republic of Vietnam, for the purpose of building tank farms and other facilities for the storage, importation and distribution of industrial chemicals. The Group's contribution to the capital of PKG Vietnam is USD102,000 (equivalent to RM359,000) which represents 51.0% participating interest in PKG Vietnam;

(f) Perusahaan Kimia Gemilang Sdn. Bhd. ('PKG') entered into a joint venture with PT Lautan Luas Tbk to set up a new company named PKG Lautan Indonesia ('PKG Indonesia'), in the Republic of Indonesia, for the purpose of importation and distribution of industrial chemicals. The Group's investment in PKG Indonesia is USD1,275,000 for the subscription of 1,275,000 ordinary shares, representing 51.0% of the equity in PKG Indonesia; and

(g) incorporated a company, Sinsenmoh Transportation Pte. Ltd. ('SSM'), with two (2) ordinary shares of SGD1.00 each, representing 100% of SSM, for a total cash consideration of RM5.00.

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

10. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

10.2 Acquisitions of Subsidiaries *(cont'd)*

In the Previous Financial Year, the Group: *(cont'd)*

The total revenue and profits of the newly acquired subsidiaries included in the Group's previous financial year's results since the acquisition date is RM17,237,000 and RM7,205,000 respectively.

If the acquisitions had occurred on 1 June 2007, the Group's previous financial year revenue and the Group's profit for the financial year is RM2,405,657,000 and RM167,746,000 respectively.

10.3 Disposal of Equity Interests in Subsidiaries

During the Financial Year, the Group:

(a) completed the disposal of its entire 75.2% equity interest consisting of 6,335,686 ordinary shares in SM Integrated Transware Pte. Ltd. ('SMIT') for a total cash consideration of SGD12.00 million (equivalent to RM28.7 million based on the exchange rate of SGD1.00:RM2.39);

(b) completed the liquidation of two (2) subsidiaries, Elderberry Sdn. Bhd. and Bullion Mining and Developments Sdn. Bhd., on 29 September 2008 and 24 December 2008 respectively; and

(c) completed the final dividend-in-specie by way of distribution of one (1) ordinary share of RM0.50 each in Tamco for every twenty (20) ordinary shares of RM1.00 each held in the Company and one (1) ordinary share of RM1.00 each in Nylex for every ten (10) existing ordinary shares held in the Company to the Company's shareholders.

As a result, the Group's effective equity interest in Tamco and Nylex was reduced to 36.2% and 48.2% respectively. However, the financial statements of Tamco and Nylex will continue to be consolidated as subsidiaries as the Group has control over the Boards of Tamco and Nylex.

In the Previous Financial Year, the Group:

(a) completed an internal re-organisation whereby Tamco transferred its assets and liabilities related to switchgear business to Tamco Switchgear (Malaysia) Sdn. Bhd. ('TSM'), a wholly-owned subsidiary of Tamco, for a consideration of RM326,887,000. Subsequently, Tamco completed the disposal of its switchgear business comprising the entire equity interests in four (4) subsidiaries, namely TSM, Tamco Shanghai Switchgear Co. Ltd. ('TSS'), Tamco Electrical Industries Australia Pty. Ltd. ('TEIA') and PT Tamco Indonesia ('PTI') (collectively the "Switchgear Business"). The details of the said disposals are summarised in Note 34 to the financial statements.

(b) disposed of Tamco's entire equity interest in Tamco Systems Technology (Shanghai) Co. Ltd. ('TSTS') for a total cash consideration of RMB 150,000 (approximately RM67,000 at the exchange rate of RMB1.00 : RM0.4483); and

(c) disposed of 187,950 ordinary shares of RM1.00 each representing 70.0% of the equity interest in Wandeerfull Industries Sdn. Bhd. ('WISB') for cash consideration of RM187,950, thereby reducing its shareholding in WISB from 100% to 30.0%.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

11. AMOUNTS OWING BY SUBSIDIARIES

	Company	
	2009	**2008**
	RM'000	**RM'000**
Non-current:		
Non-interest bearing	**11,615**	17,527
Less: Allowance for doubtful debts	**(5,000)**	(5,000)
	6,615	12,527
Current:		
Interest bearing	**35,790**	17,549
Non-interest bearing	**39,965**	17,341
	75,755	34,890
Less: Allowance for doubtful debts	**(11,268)**	-
	64,487	34,890

The amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured and payable upon demand. Interest rates for the interest bearing amount ranged from 6.75% - 8.00% (2008: 6.75%) per annum.

12. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares, at cost	**8,279**	13,299	**1,216**	10,847
Group's share of post acquisition results	**(3,544)**	(2,491)	**-**	-
Foreign exchange differences	**692**	285	**-**	-
Reclassification to investments in subsidiaries	**-**	-	**-**	(9,631)
	5,427	11,093	**1,216**	1,216
Less: Impairment loss	**(10)**	(10)	**(357)**	(357)
	5,417	11,083	**859**	859

The details of the associates are disclosed in Note 49 to the financial statements.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

12. INVESTMENTS IN ASSOCIATES *(cont'd)*

On 26 August 2008, the Group disposed of Guangxi Yinhe Decom Electric Co. Ltd. for cash consideration of RMB10.24 million (approximately RM5.5 million). The disposal resulted in a gain of RM514,000 to the Group.

The summarised financial information of the associates are as follows:

	Group	
	2009	2008
	RM'000	RM'000
Assets and Liabilities		
Current assets	**18,586**	52,498
Non-current assets	**18,783**	40,863
Total assets	**37,369**	93,361
Current liabilities	**16,778**	74,928
Non-current liabilities	**7,197**	-
Total liabilities	**23,975**	74,928
Results		
Revenue	**191,696**	302,787
Loss for the financial year	**(2,117)**	(580)

13. OTHER INVESTMENTS

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Shares quoted in Malaysia, at cost	**3,857**	2,887	**3,857**	2,887
Shares quoted outside Malaysia, at cost	**-**	3,809	**-**	-
Unquoted investments, at cost	**6,625**	19,188	**3,048**	15,575
	10,482	25,884	**6,905**	18,462
Market value of shares:				
- quoted in Malaysia	**1,809**	1,200	**1,809**	1,200
- quoted outside Malaysia	-	3,790	**-**	-
Current:				
Quoted investment in unit trust	**25,531**	-	**19,522**	-
Market value of quoted investment in unit trust	**25,531**	**-**	**19,522**	**-**

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

13. OTHER INVESTMENTS *(cont'd)*

Group and Company

During the financial year, unquoted investments in former subsidiaries at cost amounting to RM12,527,000 have been written off and offset against amounts owing to subsidiaries written back as these subsidiaries were liquidated during the financial year, as disclosed in Note 28 to the financial statements.

14. INTANGIBLE ASSETS

	Group	
	2009	**2008**
	RM'000	**RM'000**
Development Expenditure		
At 1 June	**633**	8,820
Additions during the financial year	**-**	624
Amortisation during the financial year	**(49)**	(7,052)
Disposals of subsidiaries	**-**	(1,542)
Foreign exchange differences	**2**	(217)
At 31 May	**586**	633
Rights		
At 1 June	**1,877**	675
Additions during the financial year	**4,820**	1,568
Amortisation during the financial year	**(749)**	(313)
Impairment loss on intangible assets	**-**	(53)
At 31 May	**5,948**	1,877
Total	**6,534**	2,510

15. GOODWILL ON CONSOLIDATION

	Group	
	2009	**2008**
	RM'000	**RM'000**
At 1 June	**76,775**	63,745
Additions:		
- acquisitions of subsidiaries (Note 37)	**8**	12,368
- increase in equity interests in subsidiaries (Note 37)	**-**	20,546
Impairment loss of goodwill in subsidiaries	**-**	(2,594)
Disposal of a subsidiary (Note 38)	**(2,047)**	-
Discontinued operations (Note 34)	**-**	(14,422)
Foreign exchange differences	**4,696**	(2,868)
At 31 May	**79,432**	76,775

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

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

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the Directors are of the opinion that all the CGUs are held on a long-term basis, the value-in-use would best reflect their recoverable amount. The value-in-use is determined by discounting future cash flows over a five-year period. The future cash flows are based on management's business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each CGU.

There remains a risk that the ability to achieve management's business plan will be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions. Hence, in computing the value-in-use for each CGU, the management has applied a discount rate of 8.43% per annum and growth rate of 6.00% per annum.

The following describes each key assumption on which the management has based its cash flow projections for the purposes of the impairment test for goodwill:

(a) The discount rate used reflects the management's best estimate of return on capital employed.

(b) Growth rate used is based on historical trend of each segment taking into account industry outlook for that segment.

(c) The profit margin applied to the projections are based on the historical profit margin trend for the individual CGU.

Management is not aware of any reasonable possible changes in the above key assumptions, which would cause the carrying amounts of the CGU to materially exceed their recoverable amounts

16. DEFERRED TAX (ASSETS)/LIABILITIES

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

	Group		Company	
	2009	2008	**2009**	2008
	RM'000	RM'000	**RM'000**	RM'000
At 1 June	**14,029**	15,614	**2,970**	3,116
Recognised in the income statements (Note 33)	**(15,977)**	(1,723)	**68**	(37)
Recognised in equity	**-**	(117)	**-**	(109)
Foreign exchange differences	**(85)**	441	**-**	-
Disposals of subsidiaries	**-**	(186)	**-**	-
	(16,062)	(1,585)	**68**	(146)
At 31 May	**(2,033)**	14,029	**3,038**	2,970
Presented after appropriate offsetting:				
Deferred tax assets, net	**(16,957)**	(2,559)	**-**	-
Deferred tax liabilities, net	**14,924**	16,588	**3,038**	2,970
	(2,033)	14,029	**3,038**	2,970

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

16. DEFERRED TAX (ASSETS)/LIABILITIES *(cont'd)*

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

Deferred tax liabilities of the Group	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 June 2008	20,387	(830)	19,557
Recognised in the income statement	1,051	(461)	590
Foreign exchange differences	3	(64)	(61)
At 31 May 2009	21,441	(1,355)	20,086
At 1 June 2007	23,467	(327)	23,140
Recognised in the income statement	(288)	(503)	(791)
Recognised in equity	(117)	-	(117)
Foreign exchange differences	160	-	160
Disposals of subsidiaries	(2,835)	-	(2,835)
At 31 May 2008	20,387	(830)	19,557

Deferred tax assets of the Group	Payables RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
At 1 June 2008	(1,788)	(2,593)	(1,147)	(5,528)
Recognised in the income statement	(3,416)	(13,347)	196	(16,567)
Foreign exchange differences	(24)	-	-	(24)
At 31 May 2009	(5,228)	(15,940)	(951)	(22,119)
At 1 June 2007	(4,232)	(2,472)	(1,194)	(7,898)
Recognised in the income statement	(536)	(436)	40	(932)
Foreign exchange differences	65	209	7	281
Disposals of subsidiaries	2,915	106	-	3,021
At 31 May 2008	(1,788)	(2,593)	(1,147)	(5,528)

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

16. DEFERRED TAX (ASSETS)/LIABILITIES *(cont'd)*

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

Deferred tax liabilities of the Company	**Property, plant and equipment RM'000**	**Total RM'000**
At 1 June 2008	2,970	2,970
Recognised in the income statement	68	68
At 31 May 2009	3,038	3,038
At 1 June 2007	3,116	3,116
Recognised in the income statement	(37)	(37)
Recognised in equity	(109)	(109)
At 31 May 2008	2,970	2,970

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

	Group	
	2009 RM'000	**2008 RM'000**
Unutilised tax losses	**100,873**	62,493
Unabsorbed capital allowances	**11,668**	12,854
Other deductible temporary differences	**2,078**	1,904
	114,619	77,251

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

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

17. INVENTORIES

	Group 2009 RM'000	Group 2008 RM'000
At cost		
Raw materials	**14,238**	19,151
Packing materials	**654**	569
Work-in-progress	**1,344**	3,270
Finished goods	**31,575**	38,778
Consumables	**-**	1,576
	47,811	63,344
At net realisable value		
Raw materials	**7,976**	11,512
Finished goods	**51,436**	85,763
Work-in-progress	**3,694**	3,407
	63,106	100,682
	110,917	164,026

18. MARKETABLE SECURITIES

	Group 2009 RM'000	Group 2008 RM'000
Shares quoted in Malaysia, at cost	**1,581**	1,549
Less: Allowance for diminution in value	**(791)**	(412)
	790	1,137

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

19. RECEIVABLES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	**233,293**	357,318	**-**	-
Less: Allowance for doubtful debts, net of bad debts written off of RM72,000 (2008: RM5,285,000)	**(11,967)**	(10,471)	**-**	-
	221,326	346,847	**-**	-
Other receivables	**37,961**	32,251	**1,187**	653
Less: Allowance for doubtful debts	**(1,049)**	(896)	**-**	-
	36,912	31,355	**1,187**	653
Deposits	**1,894**	1,623	**152**	348
Prepayments	**5,035**	5,100	**151**	326
	43,841	38,078	**1,490**	1,327
	265,167	384,925	**1,490**	1,327

The normal credit term offered by the Group in respect of trade receivables ranged from 30 to 180 days (2008: 30 to 180 days) from date of invoice. Other credit terms are assessed and approved on a case by case basis.

The currency exposure profiles of receivables are disclosed in Note 40 to the financial statements.

20. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amounts owing by associates	**4,417**	4,891	**196**	197
Less: Allowance for doubtful debts	**(440)**	(440)	**-**	-
	3,977	4,451	**196**	197

The amounts owing by associates represent balances arising from trade transactions and advances, which are unsecured and payable upon demand except for balances arising from trade transactions, which are payable under normal credit terms.

The amounts owing to associates represent balances arising from trade transactions, which are unsecured, interest-free and payable under normal credit terms.

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Short term deposits	**50,069**	237,891	**302**	48,900
Cash and bank balances	**61,090**	78,243	**63**	569
As reported in balance sheets	**111,159**	316,134	**365**	49,469
Less:				
Short term deposits pledged with licensed banks	**(9,704)**	(12,848)	**-**	-
Bank overdrafts	**(7,751)**	(8,077)	**(993)**	(667)
As reported in cash flow statements	**93,704**	295,209	**(628)**	48,802

Short term deposits of the Group amounting to RM9,704,000 (2008: RM12,848,000) have been pledged to licensed banks for banking facilities granted to certain subsidiaries of the Group.

22. SHARE CAPITAL

	Group and Company			
	2009		2008	
	Number of share	RM'000	Number of share	RM'000
Ordinary shares of RM1.00 each:				
Authorised	**500,000,000**	**500,000**	500,000,000	500,000
Issued and fully paid:				
Balance as at 1 June	**202,338,138**	**202,338**	201,856,767	201,857
Conversion of Warrants	**16,618,204**	**16,618**	481,371	481
Balance as at 31 May	**218,956,342**	**218,956**	202,338,138	202,338

During the financial year, the Company's issued and paid-up share capital was increased from 202,338,138 ordinary shares of RM1.00 each to 218,956,342 ordinary shares of RM1.00 by the conversion of 16,618,204 Warrants at par for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

During the financial year, the Company repurchased a total of 901,800 of its ordinary shares of RM1.00 each from the open market at a total cost of approximately RM665,000. As at 31 May 2009, a total of 2,711,027 (2008: 1,809,227) Treasury Shares at cost of RM2,073,000 (2008: RM1,408,000) were held by the Company. The number of ordinary shares of RM1.00 each in issue as at 31 May 2009 after deducting the Treasury Shares is 216,245,315 (2008: 200,528,911) ordinary shares.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

22. SHARE CAPITAL *(cont'd)*

The Warrants of the Company expired on 20 June 2008 and a total of 80,672,408 Warrants not exercised by the expiry date had lapsed and ceased to be exercisable.

23. RESERVES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(i) Non-distributable				
Warrants	**-**	1,945	**-**	1,945
Share premium	**4,332**	4,000	**4,332**	4,000
Merger reserve arising from consolidation	**155**	155	**-**	-
Revaluation reserve arising from revaluation of building	**24,039**	24,039	**8,221**	8,221
Capital reserve	**48**	48	**-**	-
Foreign exchange reserve	**(3,363)**	(7,734)	**-**	-
Capital redemption reserve	**4,987**	4,987	**4,917**	4,917
(ii) Distributable				
Retained earnings	**79,707**	125,125	**19,672**	52,301
	109,905	152,565	**37,142**	71,384

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

The Company has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of dividends out of its entire retained earnings without incurring additional tax liability.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

24. BORROWINGS

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Unsecured				
Bankers' acceptances	**4,401**	862	**-**	-
Bank overdrafts	**2,204**	3,113	**993**	667
Revolving credits	**18,400**	21,000	**18,400**	21,000
Trust receipts	**1,894**	1,617	**-**	-
Short term loans	**105,240**	126,658	**19,200**	-
Hire-purchase and lease creditors (Note 26)	**83**	149	**-**	-
	132,222	153,399	**38,593**	21,667
Secured				
Bankers' acceptances	**1,350**	3,371	**-**	-
Bank overdrafts	**5,547**	4,964	**-**	-
Revolving credits	**3,195**	3,000	**-**	-
Trust receipts	**1,507**	51,322	**-**	-
Short term loans (Note 25)	**-**	60,000	**-**	-
Hire-purchase and lease creditors (Note 26)	**2,280**	2,866	**296**	346
Current portion of long term loans (Note 25)	**37,609**	70,389	**22,250**	51,000
	51,488	195,912	**22,546**	51,346
	183,710	349,311	**61,139**	73,013
Non-current liabilities				
Unsecured				
Hire-purchase and lease creditors (Note 26)	**46**	64	**-**	-
Long term loans	**-**	19,440	**-**	19,200
	46	19,504	**-**	19,200
Secured				
Hire-purchase and lease creditors (Note 26)	**3,303**	3,014	**430**	733
Long term loans (Note 25)	**33,956**	47,109	**-**	-
	37,259	50,123	**430**	733
	37,305	69,627	**430**	19,933

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

24. BORROWINGS *(cont'd)*

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Total borrowings				
Unsecured				
Bankers' acceptances	**4,401**	862	**-**	-
Bank overdrafts	**2,204**	3,113	**993**	667
Revolving credits	**18,400**	21,000	**18,400**	21,000
Trust receipts	**1,894**	1,617	**-**	-
Short term loans	**105,240**	126,658	**19,200**	-
Hire-purchase and lease creditors (Note 26)	**129**	213	**-**	-
Long term loans (Note 25)	**-**	19,440	**-**	19,200
	132,268	172,903	**38,593**	40,867
Secured				
Bankers' acceptances	**1,350**	3,371	**-**	-
Bank overdrafts	**5,547**	4,964	**-**	-
Revolving credits	**3,195**	3,000	**-**	-
Trust receipts	**1,507**	51,322	**-**	-
Short term loan (Note 25)	**-**	60,000	**-**	-
Hire-purchase and lease creditors (Note 26)	**5,583**	5,880	**726**	1,079
Long term loans (Note 25)	**71,565**	117,498	**22,250**	51,000
	88,747	246,035	**22,976**	52,079
	221,015	418,938	**61,569**	92,946

The borrowings of the Group are secured by the following:

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

(ii) a charge over investments in a subsidiary of the Company as disclosed in Note 10 to the financial statements; and

(iii) a pledge of short term deposits with licensed banks as disclosed in Note 21 to the financial statements.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

25. TERM LOANS

The Group's long term and short term loans are as follows:

(a) Bai' Bithaman Ajil Serial Bonds ('BBA Serial Bonds')

In August 2003, Tamco issued BBA Serial Bonds of RM80,000,000 which, are constituted by a Trust Deed dated 15 August 2003. The BBA Serial Bonds are negotiable non-interest bearing primary bonds together with secondary bonds, the face value of which represents the semi-annual profit payment on the BBA Serial Bonds. The BBA Serial Bonds are issued in 2 series with tenures of 3 years and 5 years respectively from the date of issue and are redeemable at 100% of their face value upon maturity as follows:

	Amount RM'000	Redeemed on	Profit rate
First series	20,000	28 August 2006	5.3% per annum
Second series	60,000	28 August 2008	5.8% per annum

The secondary bonds were redeemable semi-annually, the first redemption commencing six (6) months after the issue date of the BBA Serial Bonds.

The BBA Serial Bonds were secured by way of a negative pledge over all the present and future fixed and floating assets of Tamco.

(b) Other secured term loans

Other than as disclosed in Note 24 to the financial statements, the secured long term loans of the Group and of the Company are further secured by:

(i) a fixed and floating charge over all the assets of a subsidiary;

(ii) deed of assignment over rental proceeds derived from lease of chemical tank farm of a subsidiary;

(iii) certain short term deposits of subsidiaries;

(iv) certain shares of quoted and unquoted subsidiaries;

(v) assignment of dividends received or receivable from subsidiaries of the Company; and

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

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

26. HIRE-PURCHASE AND LEASE CREDITORS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Minimum hire-purchase and lease payments:				
- not later than one year	**2,644**	3,275	**318**	389
- later than one year and not later than five years	**3,620**	2,661	**451**	776
- later than five years	**43**	613	**-**	-
Total minimum hire-purchase and lease payments	**6,307**	6,549	**769**	1,165
Less: Future interest charges	**(595)**	(456)	**(43)**	(86)
Present value of hire-purchase and lease payments	**5,712**	6,093	**726**	1,079
Repayable as follows:				
Current liabilities:				
- not later than one year	**2,363**	3,015	**296**	346
Non-current liabilities:				
- later than one year and not later than five years	**3,315**	3,050	**430**	733
- later than five years	**34**	28	**-**	-
	3,349	3,078	**430**	733
	5,712	6,093	**726**	1,079

27. PROVISION FOR RETIREMENT BENEFITS

The liabilities and costs relating to the benefits are provided based on the terms stipulated in the Collective Agreement between Tamco and the Electrical Industry Workers' Union. Under the scheme, eligible employees are entitled to retirement benefits varying between 12.5% to 25.0% of total drawn annual salary, less any contributions by the Tamco to the Employees Provident Fund for each completed year of service upon the retirement age of 50 or 55, as follows:

(a) retires on or after age of 50 years or 55 years and after 5 years of service with the Group; or

(b) retires on certified medical grounds after 5 years of service with the Group; or

(c) resign voluntarily after 5 years of service with the Group; or

(d) dies in service.

Certain overseas subsidiaries contribute to a defined contribution and accumulation type of superannuation fund as required by the laws in their respective countries.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

27. PROVISION FOR RETIREMENT BENEFITS *(cont'd)*

Movements in the net liabilities recognised in the balance sheets are as follows:

	Group	
	2009	2008
	RM'000	RM'000
At 1 June	**4,620**	5,383
(Write back)/Charged to income statement	**(255)**	632
Utilised during the financial year	**(605)**	(354)
Disposal of subsidiaries	**-**	(1,622)
Foreign exchange differences	**14**	581
At 31 May	**3,774**	4,620

28. PAYABLES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Trade payables	**139,710**	225,984	**-**	-
Other payables	**30,545**	26,756	**452**	3,411
Accruals	**24,842**	19,359	**730**	480
Amounts owing to minority shareholders of subsidiaries	**1,465**	1,838	**-**	-
Amounts owing to subsidiaries under winding-up and not consolidated	**-**	12,355	**-**	12,355
	196,562	286,292	**1,182**	16,246

The normal credit term available to the Group in respect of trade payables ranged from 30 to 90 days (2008: 30 to 90 days) from date of invoice.

Amounts owing to minority shareholders of subsidiaries are in respect of trade transactions, dividends payable and advances, which are unsecured, interest-free and repayable on demand.

In the previous financial year, amounts owing to subsidiaries under winding-up and not consolidated represent advances, which were unsecured, interest-free and repayable on demand. The subsidiaries were liquidated on 24 December 2008.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

29. AMOUNTS OWING TO SUBSIDIARIES

	Company	
	2009	**2008**
	RM'000	**RM'000**
Amounts which bears interest at 8% (2008: 8%) per annum	**10,975**	10,856
Non-interest bearing amounts	**45,554**	11,021
	56,529	21,877

The amounts owing to subsidiaries represent advances and payments made on the Company's behalf by the subsidiaries, which are unsecured and repayable on demand.

30. AMOUNTS OWING TO DIRECTORS

The amounts owing to Directors represent payments made on behalf, which are unsecured, interest-free and repayable on demand.

31. OPERATING REVENUE

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of goods	**1,574,864**	1,914,124	**-**	-
Rendering of services	**31,977**	61,448	**-**	-
Freight income	**37,737**	48,858	**-**	-
Rental income	**6,203**	13,160	**179**	179
Interest income	**-**	-	**1,773**	948
Dividend income (gross)	**154**	6,327	**37,053**	64,076
	1,650,935	2,043,917	**39,005**	65,203

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

32. PROFIT/(LOSS) BEFORE TAX

(a) Continuing operations	NOTE	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Profit/(Loss) before tax is arrived at after charging:					
Allowance for doubtful debts		**1,990**	1,836	**11,268**	-
Allowance for diminution in value of marketable securities		**-**	193	**-**	-
Amortisation of:					
- prepaid lease payments for land	8	**808**	692	**301**	231
- intangible assets	14	**798**	6,799	**-**	-
Auditors' remuneration:					
- statutory:					
- auditors of the Company:					
- current year		**208**	217	**63**	65
- under provision in prior years		**9**	36	**8**	27
- other auditors:					
- current year		**587**	505	**-**	-
- under provision in prior years		**103**	-	**-**	-
- non-statutory:					
- auditors of the Company		**6**	5	**6**	5
- other auditors		**6**	174	**6**	-
Bad debts written off		**576**	34	**-**	-
Deposits written off		**193**	-	**193**	-
Depreciation of property, plant and equipment	7	**19,672**	19,079	**852**	983
Depreciation of investment properties	9	**7**	7	**-**	-
Directors' remuneration:					
Fees					
- payable by the Company		**380**	358	**380**	358
- payable by subsidiaries		**330**	280	**-**	-
Salaries and other emoluments					
- paid by the Company		**2,813**	3,116	**2,813**	3,116
- paid by subsidiaries		**3,244**	6,736	**-**	-
Impairment loss on investments in subsidiaries	10	**-**	-	**6,396**	-
Impairment of goodwill in subsidiaries	15	**-**	2,594	**-**	-
Impairment loss on intangible assets	14	**-**	53	**-**	-
Interest expense on:					
- bank overdrafts		**358**	600	**14**	22
- term loans, revolving credits and bankers' acceptance		**15,198**	20,300	**4,675**	5,535
- others		**205**	560	**52**	66
Inventories written off		**1,638**	1,338	**-**	-
Loss on foreign exchange:					
- realised		**-**	3,348	**-**	-
- unrealised		**-**	1,908	**-**	-
Investment written off		**83**	-	**83**	-

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

32. PROFIT/(LOSS) BEFORE TAX *(cont'd)*

(a) Continuing operations (cont'd)	NOTE	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Profit/(Loss) before tax is arrived at after charging: *(cont'd)*					
Impairment loss on marketable securities	18	**379**	-	**-**	-
Loss on partial disposal of shares in subsidiaries		**-**	985	**-**	-
Loss on disposal of prepaid lease payments for land		**-**	110	**-**	-
Operating lease rental		**1,994**	2,897	**-**	-
Property, plant and equipment written off		**410**	1,014	**160**	466
Provision for retirement benefits	27	**-**	632	**-**	-
Rental of:					
- land and premises		**3,214**	3,682	**232**	243
- others		**1,175**	1,335	**7**	7
Work-in-progress written off		**-**	1,715	**-**	-
And crediting:					
Allowance for doubtful debts no longer required		**269**	50	**-**	-
Bad debts recovered		**27**	363	**-**	-
Dividend (gross) from:					
- quoted investment in Malaysia		**50**	228	**50**	79
- quoted investment outside Malaysia		**78**	-	**-**	-
- quoted subsidiaries		**-**	-	**7,920**	1,892
- marketable securities		**26**	-	**-**	-
- unquoted shares		**-**	6,099	**-**	-
- unquoted subsidiaries		**-**	-	**29,083**	62,105
Gain on foreign exchange:					
- realised		**682**	-	**-**	-
- unrealised		**1,243**	-	**-**	-
Gain on disposal of property, plant and equipment		**43**	3,837	**3**	1
Gain on disposal of subsidiaries	38	**22,545**	-	**-**	3,401
Gain on disposal of an associate		**514**	-	**-**	-
Government grant		**296**	-	**-**	-
Interest income from:					
- advances to a subsidiary		**-**	-	**1,417**	920
- others		**4,432**	3,385	**356**	28
Rental income from:					
- a subsidiary		**-**	-	**179**	179
- others		**6,317**	13,160	**-**	-
Write back of provision for retirement benefits	27	**255**	-	**-**	-

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

32. PROFIT/(LOSS) BEFORE TAX *(cont'd)*

	Group	
	2009	**2008**
(b) Discontinued operations	**RM'000**	**RM'000**
Profit/(Loss) before tax is arrived at after charging:		
Allowance for doubtful debts	-	5,285
Amortisation of intangible assets	-	566
Amortisation of prepaid lease payments for land	-	98
Auditors' remuneration	-	389
Depreciation of property, plant and equipment	-	4,195
Inventories written off	-	421
Interest expense	-	3,669
Loss on disposal of property, plant and equipment	-	86
Loss on disposal of subsidiaries less incidental costs (Note 34)	**25,498**	-
Loss on foreign exchange	-	204
Rental of premises	-	1,276
And crediting:		
Interest income from short term deposits		552
Gain on disposal of subsidiaries less incidental costs (Note 34)	-	139,977

The monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Company and the Group are estimated at RM70,400 (2008: RM91,500).

Group

As at 31 May 2008, the goodwill arising on consolidation of certain subsidiaries based on their net tangible assets has declined significantly since the date of their acquisition due to their poor economic performance in the past few years. Consequently, an impairment loss of RM2,594,000 on these investments has been recognised to reflect their recoverable amount. The recoverable amount of these investments was determined by reference to its estimated net assets value.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

33. TAX EXPENSE

	Group		Company	
	2009	**2008**	**2009**	**2008**
Continuing operations	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current tax expense based on profit for the financial year:				
Malaysian income tax	**16,555**	10,996	**1,404**	3,125
Foreign income tax	**242**	2,427	**-**	-
	16,797	13,423	**1,404**	3,125
Under provision in prior years:				
Malaysian income tax	**5,563**	231	**694**	31
	22,360	13,654	**2,098**	3,156
Deferred tax (Note 16)	**(9,982)**	(1,564)	**(130)**	(87)
(Over)/Under provision in prior years (Note 16)	**(5,995)**	(159)	**198**	50
	(15,977)	(1,723)	**68**	(37)
Total tax expense from continuing operations	**6,383**	11,931	**2,166**	3,119
Discontinued operations				
Current tax expense based on profit for the financial year:				
Malaysian income tax	**-**	156		
	-	156		
Over provision in prior years of:				
Malaysian income tax	**-**	(1,456)		
	-	(1,456)		
Deferred tax (Note 16)				
Over provision in prior years	**-**	(186)		
	-	(186)		
Total tax income from discontinued operations (Note 34)	**-**	(1,486)		
Total tax expense for the financial year	**6,383**	10,445		

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

33. TAX EXPENSE *(cont'd)*

The income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated taxable profit for the fiscal year. The Malaysian statutory tax rate has been reduced to 25% from the previous year's rate of 26% for the fiscal year of assessment 2008. The computation of deferred tax as at 31 May 2009 has reflected this change.

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) before tax				
Continuing operations	**15,090**	31,241	**3,416**	46,146
Discontinued operations	**(25,498)**	146,224	**-**	-
	(10,408)	177,465	**3,416**	46,146
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	**(2,602)**	46,141	**854**	11,998
Tax effects in respect of:				
Non-allowable expenses	**19,441**	14,994	**5,731**	2,122
Non-taxable income	**(11,534)**	(45,488)	**(5,311)**	(10,933)
Tax incentives and allowances	**(8,209)**	(6,291)	**-**	-
Deferred tax assets not recognised	**10,920**	4,810	**-**	-
Reduction in statutory tax rate on first RM500,000 chargeable income	**-**	47	**-**	-
Effect of change in tax rate	**213**	(304)	**-**	(119)
Utilisation of unrecognised tax losses and capital allowances	**(514)**	(490)	**-**	-
Lower tax rates in foreign jurisdictions	**(900)**	(1,316)	**-**	-
Crystallisation of deferred tax liabilities on revaluation reserve	**-**	(88)	**-**	(30)
	6,815	12,015	**1,274**	3,038
Under/(Over) provision in prior years:				
- taxation	**5,563**	(1,225)	**694**	31
- deferred tax	**(5,995)**	(345)	**198**	50
	(432)	(1,570)	**892**	81
Tax expense for the financial year	**6,383**	10,445	**2,166**	3,119

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

34. DISCONTINUED OPERATIONS

Group

On 11 October 2007, the Group announced the decision to discontinue and dispose of its Switchgear Business, which comprises the switchgear operations of TSM, TSS, TEIA, and PTI, as disclosed in Note 10 to the financial statements for a cash consideration of:

(a) RM326,887,000; and

(b) the difference of Completion Net Asset Value over the Proforma Net Asset Value of the entire Switchgear Business.

The disposal of the Switchgear Business was completed on 23 April 2008. The Group has received the cash consideration of RM326,887,000. The Completion Net Asset Value will be determined upon finalisation of the completion audit which was completed in the current financial year on 19 February 2009.

The results of the Switchgear Business, up to the completion of the disposal have been presented separately on the consolidated income statement as discontinued operations.

On 28 April 2009, a settlement agreement was signed between TSM, Larsen & Toubro Limited ('L&T') and a subsidiary, Tamco based on the completion audit report which was issued on 19 February 2009. Accordingly, Tamco is to:

(a) pay to L&T the sum of RM10.0 million as a result of the shortfall of Completion Net Asset Value compared to the Proforma Net Asset Value; and

(b) pay to TSM the sum of RM5.4 million, being the net amount after setting off outstanding inter-company balances and adjustments to the Proforma Value of the Switchgear Business. The total adjustments amounted to RM15.5 million.

The total adjustment to the pricing of RM25.5 million was adjusted in the current financial year.

Pursuant to the settlement agreement, Tamco and L&T agreed that no further claims will be made in respect of any of the matters, which have been considered as part of or in the course of the above mentioned completion audit or in respect of any covenants, warranties or representations or undertakings relating to or connected with the audited financial statements of Tamco.

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

34. DISCONTINUED OPERATIONS *(cont'd)*

An analysis of the results of discontinued operations of the Group are as follows:

	Group	
	2009	2008
	RM'000	RM'000
Revenue	-	347,251
Cost of sales	-	(285,012)
Gross profit	-	62,239
Other income	-	162,169
Selling and marketing expenses	-	(16,897)
Administrative expenses	-	(22,590)
Other expenses	(25,498)	(35,028)
(Loss)/Profit from operations	(25,498)	149,893
Finance costs	-	(3,669)
(Loss)/Profit before tax	(25,498)	146,224
Tax income (Note 33)	-	1,486
(Loss)/Profit for the financial year from discontinued operations	(25,498)	147,710

The cash flows attributable to the discontinued operations are as follows:

	Group	
	2009	2008
	RM'000	RM'000
Operating cash flows	-	(8,291)
Investing cash flows	-	(9,593)
Financing cash flows	-	56,459
Total cash flows	-	38,575

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

34. DISCONTINUED OPERATIONS *(cont'd)*

The fair value of assets and liabilities disposed arising from the disposals of the subsidiaries are as follows:

	Group 2008 RM'000
Property, plant and equipment	49,243
Prepaid lease payments for land	5,303
Development expenditure	1,542
Inventories	115,517
Receivables	160,528
Cash and cash equivalents	22,118
Intercompany balances	354
Payables	(114,968)
Provision for retirement benefits	(1,622)
Borrowings	(82,802)
Deferred tax liabilities, net	(186)
Tax liabilities	(1,407)
Net assets disposed	153,620
Attributable goodwill	14,422
Transfer from translation reserve	5,811
	173,853
Total disposal proceeds	313,830
Gain on disposal to the Group	139,977
Cash flow arising on disposal:	
Cash consideration	326,887
Less: Incidental costs	(13,057)
	313,830
Cash and cash equivalents of subsidiaries disposed	(22,118)
Net cash inflow to the Group	291,712

35. EARNINGS PER ORDINARY SHARE

(a) Basic

The basic earnings per ordinary share for the financial year have been calculated based on the consolidated loss for the year attributable to ordinary equity holders of the Company of RM6,648,000 (2008: consolidated profit attributable to equity holders of the Company of RM55,256,000) and the weighted average number of 216,245,382 (2008:199,495,863) ordinary shares in issue (after adjusting for Treasury Shares) during the financial year.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

35. EARNINGS PER ORDINARY SHARE *(cont'd)*

(a) Basic *(cont'd)*

	Group	
	2009	**2008**
	RM'000	**RM'000**
Profit/(Loss) from continuing operations attributable to equity holders of the Company	**2,574**	(4,330)
(Loss)/Profit from discontinued operations attributable to equity holders of the Company	**(9,222)**	59,586
(Loss)/Profit attributable to equity holders of the Company	**(6,648)**	55,256
Weighted average number of ordinary shares in issue (in '000)	**200,529**	196,589
Effect of shares buy back and resale	**(902)**	2,907
Effect of Warrants converted	**16,618**	-
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	**216,245**	199,496
Diluted effect of Warrants converted	**-**	320
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**216,245**	199,816

	Group	
	2009	**2008**
	sen	**sen**
Basic earnings per ordinary share for:		
- Profit/(Loss) from continuing operations	**1.19**	(2.17)
- (Loss)/Profit from discontinued operations	**(4.26)**	29.87
(Loss)/Profit for the financial year	**(3.07)**	27.70

(b) Diluted

In the previous financial year, the diluted (losses)/earnings per ordinary share was arrived after adjusting for the effect of the conversion of 16,618,204 Warrants subsequent to the financial year end. The Warrants of the Company had expired on 20 June 2008 and therefore, the balance of the 80,672,408 Warrants not exercised by the expiry date had lapsed, and not adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2009	**2008**
	sen	**sen**
Diluted (losses)/earnings per ordinary share for:		
- Loss from continuing operations	**-**	(2.17)
- Profit from discontinued operations	**-**	29.82
Profit for the financial year	**-**	27.65

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

36. DIVIDENDS

	Group and Company			
	2009		2008	
	Gross dividend per share sen	Amount of dividend net of tax RM'000	Gross dividend per share sen	Amount of dividend net of tax RM'000
Dividend paid in respect of financial year ended 31 May 2008/2007				
- interim dividend	**5**	**8,021**	5	7,191
- final dividend-in-specie	**13**	**27,471**	-	-

The value of final dividend-in-specie was determined based on the average cost of investment.

The dividends paid or declared by the Company since the end of the previous financial year were as follows:

(a) An interim dividend of 5 sen per ordinary share, less income tax, amounting to RM8,021,000 in respect of the financial year ended 31 May 2008, which was paid on 29 August 2008; and

(b) Final dividend-in-specie by way of distribution of one (1) ordinary share of RM0.50 each in Tamco for every twenty (20) ordinary shares of RM1.00 each held in the Company and one (1) ordinary share of RM1.00 each in Nylex for every ten (10) existing ordinary shares held in the Company, fraction of ordinary shares in Tamco and Nylex to be disregarded in respect of financial year ended 31 May 2008, which was completed on 22 January 2009.

A final dividend in respect of the financial year ended 31 May 2009 of 1.5 sen per ordinary share, less income tax, amounting to RM2,433,000 has been proposed by the Directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 May 2010.

37. ACQUISITIONS OF SUBSIDIARIES

(a) During the financial year, the Group acquired RASB, RBL, PCM, PCA and PCS. The fair value of the assets acquired and liabilities assumed were as follows:

	Group 2009 RM'000
Inventories	**22**
Cash and cash equivalents	**100**
Payables	**(39)**
Minority interests	**(41)**
Goodwill on consolidation	**8**
Total purchase consideration	**50**
Less:Cash and cash equivalents of the subsidiaries acquired	**(100)**
Net cash inflow of the Group on acquisitions	**(50)**

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

37. ACQUISITIONS OF SUBSIDIARIES *(cont'd)*

(b) In the previous financial year, the Group acquired RCSB, WSM, MUSB, FMN, RMSB, ROSB, ROPSB, RESB and LMSB. The fair value of the assets acquired and liabilities assumed were as follows:

	Group 2008 RM'000
Property, plant and equipment	5,089
Receivables	27,130
Cash and cash equivalents	10,059
Payables	(15,089)
Borrowings	(5,360)
Amount owing to immediate holding company	(4,077)
Tax liabilities	(246)
Deferred tax liabilities	(144)
Minority interests	(7,584)
Carrying value of investment in an associate	(13,042)
Goodwill on consolidation	12,368
Total purchase consideration discharged by cash	9,104
Less:Cash and cash equivalents of the subsidiaries acquired	(10,059)
Net cash inflow of the Group on acquisitions	(955)

(c) In addition, in the previous financial year, goodwill on consolidation of RM20,546,000 was recognised arising from additional equity interests acquired in subsidiaries as disclosed in Note 10 and Note 15 to the financial statements.

38. DISPOSAL OF A SUBSIDIARY

During the financial year, the Group disposed of SMIT. The fair values of assets and liabilities disposed are as follows:

	Group 2009 RM'000
Property, plant and equipment	**6,644**
Receivables	**999**
Cash and cash equivalents	**2,134**
Payables	**(2,732)**
Tax recoverable	**(1,009)**
Total net assets disposed of	**6,036**
Goodwill on consolidation	**2,047**
Minority interests	**(1,497)**
Transfer from translation reserves	**(451)**
Gain on disposal of a subsidiary	**22,545**
Total disposal proceeds	**28,680**
Cash and cash equivalents in subsidiary disposed of	**(2,134)**
Net cash inflow to the Group	**26,546**

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

39. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Purchase of property, planT and equipment (Note 7)	**19,545**	37,960	**54**	305
Financed by hire-purchase and lease arrangements	**(2,837)**	(3,430)	**-**	(249)
Cash payments on purchase of property, plant and equipment	**16,708**	34,530	**54**	56

40. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including foreign currency risk, liquidity risk, interest rate risk and credit risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

It is, and has been throughout the financial year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks and these are summarised below:

(i) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its net investments in overseas subsidiaries and normal trading activities, both external and intra-Group, where the currency denomination differs from the functional currency, Ringgit Malaysia ('RM'). The Group's policy is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

40. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Financial risk management objectives and policies *(cont'd)*

(i) Foreign currency risk *(cont'd)*

During the financial year, the Group entered into forward foreign currency contracts to manage exposure to currency risk for receivables and payables where the receivables and payables are denominated in a currency other than the functional currency of the Group. The notional amounts of the forward foreign exchange contracts, which mature within one year and which are outstanding as at balance sheet date are as follows:

At 31 May 2009	Currency	RM'000
Forward contracts used to hedge trade receivables	US Dollar	808
Forward contracts used to hedge future sales	US Dollar	1,835

At 31 May 2008	Currency	RM'000
Forward contract used to hedge trade receivables	US Dollar	13,690

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

31 May 2009

Functional currency of group companies	Ringgit Malaysia RM'000	Indonesia Rupiah RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Total RM'000
Receivables						
United States Dollar	25,102	1,569	361	316	-	27,348
Singapore Dollar	8,297	-	-	-	1,830	10,127
EURO	52	-	199	-	-	251
Hong Kong Dollar	-	-	-	-	160	160
Japanese Yen	178	-	-	-	-	178
Sterling Pound	103	-	-	-	-	103
	33,732	1,569	560	316	1,990	38,167
Cash and cash equivalents						
United States Dollar	6,524	1,218	755	-	-	8,497
Singapore Dollar	4,315	-	-	-	367	4,682
Hong Kong Dollar	-	-	-	-	48	48
	10,839	1,218	755	-	415	13,227

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

40. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Financial risk management objectives and policies *(cont'd)*

(i) Foreign currency risk *(cont'd)*

31 May 2009

Functional currency of group companies	Ringgit Malaysia RM'000	Indonesia Rupiah RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Total RM'000
Bank borrowings						
United States Dollar	-	330	-	-	-	330
Payables						
United States Dollar	12,737	6,934	192	-	-	19,863
Singapore Dollar	2,767	-	-	-	3,614	6,381
Sterling Pound	-	-	60	-	-	60
EURO	-	-	(14)	-	-	(14)
Ringgit Malaysia	-	-	-	-	333	333
Hong Kong Dollar	-	-	2	-	-	2
	15,504	6,934	240	-	3,947	26,625

31 May 2008

Functional currency of group companies	Ringgit Malaysia RM'000	Indonesia Rupiah RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Total RM'000
Receivables						
United States Dollar	30,235	96	752	230	-	31,313
Singapore Dollar	1,800	-	-	-	2,499	4,299
Brunei Dollar	25	-	-	-	-	25
EURO	-	-	572	-	-	572
Hong Kong Dollar	-	-	-	-	176	176
Japanese Yen	520	-	-	-	-	520
Vietnamese Dong	-	-	-	-	1,432	1,432
	32,580	96	1,324	230	4,107	38,337
Cash and cash equivalents						
United States Dollar	8,457	64	161	-	-	8,682
Vietnamese Dong	-	-	-	-	246	246
Singapore Dollar	672	-	-	-	264	936
Hong Kong Dollar	-	-	-	-	370	370
	9,129	64	161	-	880	10,234

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

40. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Financial risk management objectives and policies *(cont'd)*

(i) Foreign currency risk *(cont'd)*

31 May 2008

Functional currency of group companies	Ringgit Malaysia RM'000	Indonesia Rupiah RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	United States Dollar RM'000	Total RM'000
Bank borrowings						
United States Dollar	-	-	-	5,519	-	5,519
Singapore Dollar	-	-	-	-	405	405
	-	-	-	5,519	405	5,924
Payables						
United States Dollar	6,274	2,141	650	1,583	-	10,648
Singapore Dollar	338	-	-	-	3,118	3,456
Sterling Pound	-	-	419	-	-	419
EURO	5	-	30	-	-	35
Ringgit Malaysia	-	-	-	-	386	386
Vietnamese Dong	-	-	-	-	680	680
	6,617	2,141	1,099	1,583	4,184	15,624

40. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Financial risk management objectives and policies *(cont'd)*

(ii) Interest rate risk

The Group's exposure to interest rate risk arises mainly from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debts, and term and call deposits.

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

	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group								
As at 31 May 2009								
Fixed rates								
Short term deposits	1.00% - 2.59%	50,069	-	-	-	-	-	50,069
Hire-purchase and lease creditors	3.30% - 8.00%	2,363	1,640	950	640	85	34	5,712
Floating rates								
Bank overdrafts	5.25% - 8.05%	7,751	-	-	-	-	-	7,751
Bankers' acceptances	2.79% - 3.97%	5,751	-	-	-	-	-	5,751
Revolving credits	4.17% - 7.65%	21,595	-	-	-	-	-	21,595
Trust receipts	7.00% - 7.50%	3,401	-	-	-	-	-	3,401
Short term loans	6.80% - 7.50%	105,240	-	-	-	-	-	105,240
Term loans	6.63% - 7.50%	37,609	19,096	13,105	1,175	363	217	71,565

40. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Financial risk management objectives and policies *(cont'd)*

(ii) Interest rate risk *(cont'd)*

	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group								
As at 31 May 2008								
Fixed rates								
Short term deposits	3.00% - 3.80%	237,891	-	-	-	-	-	237,891
Hire-purchase and lease creditors	2.20% - 7.50%	3,015	1,660	1,066	245	79	28	6,093
BBA serial bonds	5.80%	60,000	-	-	-	-	-	60,000
Floating rates								
Bank overdrafts	2.30% - 9.30%	8,077	-	-	-	-	-	8,077
Bankers' acceptances	3.60% - 4.60%	4,233	-	-	-	-	-	4,233
Revolving credits	5.00% - 8.30%	24,000	-	-	-	-	-	24,000
Trust receipts	7.00% - 7.50%	52,939	-	-	-	-	-	52,939
Short term loans	3.30% - 5.50%	126,658	-	-	-	-	-	126,658
Term loans	3.50% - 8.50%	70,389	20,209	45,381	261	277	421	136,938

40. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Financial risk management objectives and policies *(cont'd)*

(ii) Interest rate risk *(cont'd)*

	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Company								
As at 31 May 2009								
Fixed rates								
Short term deposits	2.00% - 2.50%	302	-	-	-	-	-	302
Hire-purchase and lease creditors	4.11% - 7.86%	296	287	116	27	-	-	726
Floating rates								
Bank overdrafts	6.30% - 7.50%	993	-	-	-	-	-	993
Revolving credit	3.84% - 4.50%	18,400	-	-	-	-	-	18,400
Short term loan	6.80%	19,200	-	-	-	-	-	19,200
Term loans	7.50%	22,250	-	-	-	-	-	22,250
As at 31 May 2008								
Fixed rates								
Short term deposits	2.60% - 2.95%	48,900	-	-	-	-	-	48,900
Hire-purchase and lease creditors	4.00% - 7.90%	346	299	291	116	27	-	1,079
Floating rates								
Bank overdrafts	8.25%	667	-	-	-	-	-	667
Revolving credit	5.10% - 5.50%	21,000	-	-	-	-	-	21,000
Term loans	6.50% - 8.00%	51,000	19,200	-	-	-	-	70,200

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

40. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Financial risk management objectives and policies *(cont'd)*

(iii) Liquidity risk

It is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments, monitoring and maintaining a level of cash and cash equivalents deemed adequate for the Group's operations.

(iv) Credit risk

Cash deposits and receivables may give rise to credit risk, which require the loss to be recognised if a counter party failed to perform as contracted. It is the Group's policy to monitor the financial standing of these counter-parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 to 180 days. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

As at the balance sheet date, the Group has no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheet.

(b) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at the balance sheet date approximate their fair values except as set out below:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
As at 31 May 2009				
Recognised				
Hire-purchase and lease creditors	5,712	5,618	726	713
Investments in unit trust	25,531	25,531	19,522	19,522
Investments in subsidiaries:				
- quoted	-	-	51,108	28,043
- unquoted	-	-	194,278	#
Investments in associates	5,417	#	859	#
Marketable securities	790	790	-	-
Other quoted investments	3,857	1,809	3,857	1,809
Unquoted investments	6,625	#	3,048	#
Unrecognised				
Forward foreign exchange contracts	-	471	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

40. FINANCIAL INSTRUMENTS *(cont'd)*

(b) Fair values *(cont'd)*

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
As at 31 May 2008				
Recognised				
Investments in subsidiaries:				
- quoted	-	-	68,327	92,865
- unquoted	-	-	188,578	#
Investment in associates	11,083	#	859	#
Marketable securities	1,137	1,137	-	-
Other quoted investments	6,696	4,990	2,887	1,200
Unquoted investments	19,188	#	15,575	#
Unrecognised				
Forward foreign exchange contracts	-	(141)	-	-

\# It is not practical to estimate the fair value of the long term unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. The Company believes that the carrying amounts of these investments represents the recoverable amount.

The methods and assumptions used by management to determine fair values of the financial instruments are as follows:

(i) Quoted investments

The fair value of quoted investments is determined by reference to the stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(ii) Hire-purchase and lease creditors

The fair values of the hire-purchase and lease creditors are estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

(iii) Term loans

The carrying amounts of term loans as at the balance sheet date approximate their fair values as there are variable rate financial instruments.

(iv) Forward foreign exchange contracts

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the balance sheet applied to a contract of similar amount and maturity profile.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

40. FINANCIAL INSTRUMENTS *(cont'd)*

(b) Fair values *(cont'd)*

(v) Other financial instruments

The carrying amounts of other financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.

41. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

	Group	
	2009	**2008**
	RM'000	**RM'000**
Sales to associates:		
- Ancom Kimia Sdn. Bhd.	**23**	2,196
- Nufarm Technologies (Malaysia) Sdn. Bhd.	**2,761**	5,640
Commission payables to an associate:		
- Nufarm Technologies (Malaysia) Sdn. Bhd.	**405**	118
Purchases from an associate:		
- Ancom Kimia Sdn. Bhd.	**148,704**	215,091
Insurance premium paid to Pacific & Orient Insurance Co. Berhad	**59**	164

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

The relationships between the Group and the related parties other than that stated below are disclosed in Note 49 to the financial statements.

Identity of related party	**Relationship with the Group**
Pacific & Orient Insurance Co. Berhad	A company in which a Director of the Company has a substantial indirect shareholding

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

41. RELATED PARTY DISCLOSURES *(cont'd)*

(b) Compensation of key management personnel

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Continuing operations				
Short term employee benefits	**25,050**	26,968	**3,401**	3,110
Contributions to defined contribution plan	**2,204**	2,908	**354**	325
Benefits-in-kind	**485**	379	**69**	63
	27,739	30,255	**3,824**	3,498

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Discontinuing operations				
Short term employee benefits	**-**	4,685	**-**	-
Contributions to defined contribution plan	**-**	170	**-**	-
	-	4,855	**-**	-

42. CAPITAL COMMITMENTS

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

	Group	
	2009	**2008**
	RM'000	**RM'000**
In respect of purchase of property, plant and equipment:		
Authorised and contracted for	**217**	2,111
Authorised but not contracted for	**1,345**	93
	1,562	2,204
In respect of investments:		
Authorised and contracted for	**-**	15,152
	1,562	17,356

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

43. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	Group	
	2009	**2008**
	RM'000	**RM'000**
Future minimum lease payments:		
- not later than one year	**1,255**	1,994
- later than one year and not later than five years	**3,283**	2,517
- later than five years	**18,694**	10,064
	23,232	14,575

44. CONTINGENT LIABILITIES

Unsecured	Group	
	2009	**2008**
	RM'000	**RM'000**
Guarantees given to third parties by a subsidiary in respect of trade performance	**12,500**	12,500
Shipping guarantees irrevocable letters of credit	**-**	275
	12,500	12,775

Company - Unsecured

As at 31 May 2009, the Company has given corporate guarantees amounting to RM64,659,000 (2008: RM66,449,000) to financial institutions for credit facilities granted to and utilised by certain subsidiaries

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year, the Group announced the following transactions:

(i) On 6 March 2009, RedBerry Sdn. Bhd. ('RedBerry'), a wholly owned subsidiary of the Company, entered into a conditional Investment Agreement ('I-Agreement') to subscribe for 1,010,000 new ordinary shares of RM1.00 each representing 51% equity interest in MagiqAds Sdn. Bhd. ('MagiqAds'), for total cash consideration of RM1.2 million and to provide shareholders advance of RM3.8 million to MagiqAds ('Proposed Advance') for working capital purposes.

On 15 May 2009, the Company announced that RedBerry has signed a Supplemental Agreement with the relevant parties to vary the terms of the I-Agreement. RedBerry will now subscribe for 242,500 new ordinary shares of RM1.00 each representing 20% of the enlarged share capital of MagiqAds at par for cash ('Proposed Initial Subscription'). RedBerry will have an option to subscribe for an additional 767,500 new ordinary shares of RM1.00 each in MagigAds for RM969,500 ('Proposed Subscription Option') within 24 months from completion date of the Proposed Initial Subscription at its discretion. The total amount of investment of the Proposed Initial Subscription and the Proposed Subscription Option together with the Proposed Advance by RedBerry to MagiqAds shall be limited to RM5.0 million.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

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

MagiqAds is a retail media specialist which offers multiple media formats in mall and in store such as billboards, banners, floor media, trolleys, shelf ads and aisle sponsorships in hypermarkets/supermarkets.

This transaction is subject to the approval of the Foreign Investment Committee, and other relevant authorities.

This transaction is expected to be completed in the first quarter of the financial year ending 31 May 2010. It is not expected to have any material effect on the consolidated earnings and net assets of the Ancom Group for the financial year ending 31 May 2010.

(ii) On 28 April 2008, a subsidiary, Tamco undertook a capital repayment involving a cash distribution of RM0.30 for every one (1) existing ordinary shares of Tamco and thereafter the par value of Tamco's ordinary shares was cancelled by RM0.30 each in accordance with Section 64 of the Companies Act, 1965 ('the Proposed Capital Repayment'). The Proposed Capital Repayment was approved on 9 January 2009 by the High Court in Malaysia. The capital repayment to minority interests amounted to RM49,728,000.

(iii) Pursuant to the sale and option agreement ('Agreement') entered into on 24 May 2006 with Mr Lim Yee Hoe ('Vendor') for the acquisition of 39,976,670 issued shares in Megachem Limited ('Megachem') representing 29.99% of the issued share capital in Megachem at SGD0.20 per share, Nylex had on 22 May 2009 exercised the put option (granted by the Vendor) to require the Vendor to purchase from Nylex the 39,976,670 Megachem shares at the option price of SGD0.20 per share. On even date, the Vendor has settled the aggregate cash consideration.

(iv) On 27 February 2008, Tamco PTX Technology (Singapore) Pte. Ltd., a 70% subsidiary of Tamco, has entered into a conditional share sale and purchase agreement with Shanghai ShenAo Electronic Technology Co. Ltd. to dispose its entire interest in Tamco Systems Technology (Shanghai) Co. Ltd. for a total cash consideration of RMB150,000 (approximately RM67,245 at the exchange rate of RMB1.00:RM0.4483 as at 29 February 2008). The disposal is pending completion of condition precedent.

The significant events during the financial year relating to acquisitions and disposals of subsidiaries are disclosed in Note 10 to the financial statements.

46. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

(a) Synergy Point Sdn. Bhd. ('SPSB') and Synergy Concepts Sdn. Bhd. ('SCSB'), had each held their respective extraordinary general meetings on 1 June 2009 at which it was resolved that SPSB and SCSB be wound-up voluntarily.

SPSB and SCSB are both wholly-owned subsidiaries of Synergy Trans-Link Sdn. Bhd., a 75.2% owned subsidiary of the Company. SPSB and SCSB have ceased their ship operating business after disposing their respective vessels earlier and are currently dormant.

The liquidation of SPSB and SCSB is not expected to have a material effect on the consolidated earnings and net assets of the Ancom Group for the financial year ending 31 May 2010.

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

46. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE *(cont'd)*

(b) On 22 June 2009, Ancom Energy & Services Sdn. Bhd. ('AES'), 50.2% owned subsidiary, has entered into a shares sales agreement to dispose 21,400,000 ordinary shares of RM1.00 each and 10,500,000 8% non-cumulative redeemable and convertible preference shares representing its entire interest of 96.6% in Akra Engineering Sdn. Bhd. ('Akra') for cash consideration of RM2,848,000 ('Akra Disposal').

The Akra Disposal is subject to the purchasers having applied to the Foreign Investment Committee for its approval and the licenses given to Akra being valid and exercisable as at the completion date of the Akra Disposal.

The disposal was completed on 12 August 2009.

(c) On 29 June 2009, Ancom entered into a shares sale agreement to dispose 6,395,000 ordinary shares of RM1.00 each representing its entire interest of 81.21% in OrganiGro Sdn. Bhd. ('OrganiGro') for cash consideration of RM1 ('OrganiGro Disposal').

The OrganiGro Disposal was completed in the first quarter of the financial year ending 31 May 2010. It does not have any material effect on the consolidated earnings and net assets of the Ancom Group for the financial year ending 31 May 2010.

(d) Nylex's wholly-owned subsidiary, PKG currently owns 51% interest in PKG Vietnam. On 6 July 2009, PKG entered into a conditional capital transfer agreement with Long Thanh Chemicals Company Ltd. ('LTCC') for the acquisition of the remaining 49% interest in PKG Vietnam from LTCC for a purchase consideration of USD500,000.

The above transaction has not been completed as of to date.

(e) On 31 July 2009, Maybank Investment Bank Berhad ('Maybank IB'), on behalf of Tamco, announced that Bursa Securities has approved Tamco's application for a further extension of time up to 30 November 2009 ('Extended Time Frame') to submit its regularisation plan to the relevant authorities for approval subject to the following conditions:

(i) to appoint a sponsor and make relevant announcement by 30 August 2009; and

(ii) to make a requisite announcement pursuant to paragraph 3.1(d) the Guidance Note 3 of the Listing Requirements of Bursa Securities for the ACE Market by 30 August 2009.

The trading in securities of Tamco was suspended with effect from 10 September 2009 pursuant to paragraph 2.1 of Guidance Note 20 of the ACE Market Listing Requirements and Rule 8.16(4) of the Listing Requirements of Bursa Securities for the ACE Market until further notice.

On 9 September 2009, within the stipulated timeframe, Tamco has provided written representations on its plan to Bursa Securities on the steps that it intends to take as part of its regularisation plan.

Tamco is currently awaiting the decision of the Listing Committee of Bursa Securities.

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

47. EMPLOYEE BENEFITS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries and wages	**66,196**	106,513	**4,312**	4,693
Defined contribution plan	**6,720**	10,210	**500**	506
(Write back of)/Provision for retirement benefits	**(255)**	632	**-**	-
Termination benefits	**1,932**	-	**-**	-
Other benefits	**1,415**	9,862	**8**	8
	76,008	127,217	**4,820**	5,207

Included in the employee benefits of the Group and of the Company are Executive Director's remuneration amounting to RM6,057,000 (2008: RM9,852,000) and RM2,813,000 (2008: RM3,116,000) respectively.

48. SEGMENTAL INFORMATION

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

Investment holding	:	Investment holding
Agricultural and industrial chemicals	:	Manufacture and sale of agricultural and industrial chemical products
Oil and gas services	:	Supply of goods and services to oil and gas industry
Logistics	:	Ship-owning, ship-operating, transportation, container haulage, bulk cargo handling, chemicals warehousing and related services
Information technology ("IT")	:	Provision of IT services and sales of computer hardware and software
Media	:	Providing digital and outdoor advertising media space and being general traders of media space in the airport, baggage trolleys and signages
Polymer	:	Manufacturing and marketing of polymer products
Engineering	:	Trading, contracting and marketing in electrical engineering products
Building products	:	Manufacturing and marketing of metal roof tiles

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

48. SEGMENTAL INFORMATION *(cont'd)*

(a) Business segment

2009	Investment holding RM'000	Agricultural And Industrial Chemicals RM'000	Oil and gas services RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Engineering RM'000	Building products RM'000	Elimination RM'000	Total RM'000	Discontinued operations Switchgear, system integration and trading total RM'000	Total operations RM'000
	← Continuing operations →												
Revenue													
External sales	154	1,372,905	6,445	43,940	17,986	27,690	111,531	66,092	4,192	-	1,650,935	-	1,650,935
Inter-segment sales	49,746	13,203	-	6,368	3,571	2,133	-	-	-	(75,021)	-	-	-
Total	49,900	1,386,108	6,445	50,308	21,557	29,823	111,531	66,092	4,192	(75,021)	1,650,935	-	1,650,935
Result													
Segment results	(11,244)	37,989	264	29,800	913	(18,744)	4,376	3,780	(1,309)	-	45,825	(25,498)	20,327
Unallocated corporate expenses											(13,921)	-	(13,921)
Operating profits/(loss)											31,904	(25,498)	6,406
Finance costs											(15,761)	-	(15,761)
Share of results of associates											(1,053)	-	(1,053)
Profit/(Loss) before tax											15,090	(25,498)	(10,408)
Tax expense											(6,383)	-	(6,383)
Profit/(Loss) for the financial year											8,707	(25,498)	(16,791)

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

48. SEGMENTAL INFORMATION *(cont'd)*

(a) Business segment *(cont'd)*

2009	Continuing operations Investment holding RM'000	Agricultural And Industrial Chemicals RM'000	Oil and gas services RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Engineering RM'000	Building products RM'000	Elimination RM'000	Total RM'000	Discontinued operations Switchgear, system integration and trading total RM'000	Total operations RM'000
Other information													
Segment assets	462,196	386,733	7,001	79,452	9,347	79,950	110,038	56,627	9,275	(486,469)	714,150	-	714,150
Investments in associates											5,417	-	5,417
Goodwill on consolidation											79,432	-	79,432
Unallocated corporate assets											81,556	-	81,556
Total assets											880,555	-	880,555
Segment liabilities	79,906	174,675	2,627	5,950	8,876	71,396	31,895	26,277	652	(226,726)	175,528	-	175,528
Borrowings											221,015	-	221,015
Unallocated corporate liabilities											49,461	-	49,461
Total liabilities											446,004	-	446,004
Capital expenditure	54	6,185	65	2,860	126	7,997	2,131	127	-	-	19,545	-	19,545
Depreciation and amortisation	1,161	3,993	238	6,409	486	1,770	5,816	1,330	82	-	21,285	-	21,285
Non-cash expenses, other than												-	
depreciation and amortisation	623	1,134	471	-	154	26	1,836	1,025	-	-	5,269	-	5,269

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

48. SEGMENTAL INFORMATION *(cont'd)*

(a) Business segment *(cont'd)*

2008	Investment holding RM'000	Agricultural And Industrial Chemicals RM'000	Oil and gas services RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Engineering RM'000	Building products RM'000	Elimination RM'000	Total RM'000	Discontinued operations Switchgear, system integration and trading total RM'000	Total operations RM'000
	Continuing operations												
Revenue													
External sales	90	1,748,502	3,443	48,733	24,505	16,891	132,072	63,531	6,150	-	2,043,917	347,251	2,391,168
Inter-segment sales	149,186	26,260	-	4,591	2,215	-	19	-	-	(182,271)	-	-	-
Total	149,276	1,774,762	3,443	53,324	26,720	16,891	132,091	63,531	6,150	(182,271)	2,043,917	347,251	2,391,168
Result													
Segment results	(16,691)	75,923	(4,073)	10,210	461	(8,220)	5,902	(4,300)	354	-	59,566	149,893	209,459
Unallocated corporate expenses											(6,247)	-	(6,247)
Operating profits											53,319	149,893	203,212
Finance costs											(21,460)	(3,669)	(25,129)
Share of results of associates											(618)	-	(618)
Profit before tax											31,241	146,224	177,465
Tax (expense)/income											(11,931)	1,486	(10,445)
Profit for the financial year											19,310	147,710	167,020

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

48. SEGMENTAL INFORMATION *(cont'd)*

(a) Business segment *(cont'd)*

2008	Investment holding RM'000	Agricultural And Industrial Chemicals RM'000	Oil and gas services RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Engineering RM'000	Building products RM'000	Elimination RM'000	Total RM'000	Discontinued operations Switchgear, system integration and trading total RM'000	Total operations RM'000
	Continuing operations												
Other information													
Segment assets	514,341	560,593	6,841	89,741	8,738	51,132	125,033	224,010	11,469	(526,394)	1,065,504	-	1,065,504
Investment in associates											11,083	-	11,083
Goodwill on consolidation											76,775	-	76,775
Unallocated corporate assets											94,364	-	94,364
Total assets											1,247,726	-	1,247,726
Segment liabilities	117,425	258,103	2,745	4,817	7,760	30,752	44,152	25,153	1,510	(252,524)	239,893	-	239,893
Borrowings											418,938	-	418,938
Unallocated corporate liabilities											83,249	-	83,249
Total liabilities											742,080	-	742,080
Capital expenditure	305	8,065	72	4,563	465	3,896	5,688	7,937	73	-	31,064	6,896	37,960
Depreciation and amortisation	1,221	3,258	350	7,201	520	948	5,843	3,309	89	-	22,739	8,697	31,436
Non-cash expenses, other than depreciation and amortisation	247	(84)	1,284	(3,293)	490	376	5,149	8,084	-	-	12,253	2,695	14,948

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

48. SEGMENTAL INFORMATION *(cont'd)*

(b) Geographical segment

In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.

	Revenue		Segment assets		Capital expenditure	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia	**701,237**	963,728	**660,662**	945,124	**14,212**	33,109
Singapore	**579,726**	764,303	**176,266**	254,015	**1,801**	125
Philippines	**88,156**	111,148	**-**	-	**-**	-
China	**13,246**	82,019	**-**	-	**-**	747
Hong Kong	**5,529**	28,960	**5,835**	13,810	**23**	56
Australia	**37,880**	69,182	**-**	-	**-**	184
Indonesia	**60,465**	40,065	**25,538**	19,732	**242**	430
Middle East	**3,893**	109,395	**-**	-	**-**	-
Europe	**-**	8,990	**-**	-	**-**	-
Thailand	**7,517**	17,399	**-**	-	**-**	-
Africa	**7,942**	21,153	**-**	-	**-**	-
Vietnam	**56,152**	55,842	**12,254**	-	**3,267**	-
Sri Lanka	**25,266**	31,317	**-**	-	**-**	-
United States	-	5,532	**-**	-	**-**	-
Japan	**12,232**	3,803	**-**	-	**-**	-
Other countries	**51,694**	78,332	**-**	6,594	**-**	3,309
	1,650,935	2,391,168	**880,555**	1,239,275	**19,545**	37,960

49. SUBSIDIARIES AND ASSOCIATES

Details of subsidiaries are as follows:

Company	Country of incorporation	Group's effective equity interest 2009	2008	Principal activities
Direct:				
Ancom Crop Care Sdn. Bhd.	Malaysia	**100%**	100%	Manufacture and marketing of agricultural chemical products
Ancom Overseas Ventures Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding company and provision of management services
Ancom Energy & Services Sdn. Bhd.	Malaysia	**50.2%**	50.2%	Supply of goods and services to oil and gas industry

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2009 *(cont'd)*

49. SUBSIDIARIES AND ASSOCIATES *(cont'd)*

Company	Country of incorporation	Group's effective equity interest 2009	2008	Principal activities
Direct:				
Synergy Tanker Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding
Landasan Murni Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
WorldSOL.com Sdn. Bhd.	Malaysia	**100%**	100%	Provision of business to business exchange portal services, portal development services, web and multimedia design and other related services
OrganiGro Sdn. Bhd,	Malaysia	**81.2%**	81.2%	Manufacture and marketing of organic fertilisers
* Rhodemark Development Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding
HSO Business Systems Sdn. Bhd.	Malaysia	**48.0%**	48.0%	Dormant
MSTi Corporation Sdn. Bhd.	Malaysia	**45.0%**	45.0%	Trading of computer hardware and software and rendering of IT related consulting services
iEnterprise Online Sdn. Bhd.	Malaysia	**97.3%**	97.3%	Provision of IT services
Vision IP Services Sdn. Bhd.	Malaysia	**100.0%**	70.0%	Providing call centre services
Synergy Trans-Link Sdn. Bhd.	Malaysia	**75.2%**	75.2%	Investment holding
RedBerry Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding
Wheel Sport Management Sdn. Bhd.	Malaysia	**77.0%**	51.0%	Promoters and organizer of motor sports and to buy, sell and deal in all kinds of motors
Rentas Cabaran Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding
Indirect:				
Meru Utama Sdn. Bhd.	Malaysia	**54.9%**	54.9%	General traders and rental of media space at airport, baggage trolleys and signages

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

49. SUBSIDIARIES AND ASSOCIATES *(cont'd)*

Company	Country of incorporation	Group's effective equity interest 2009	2008	Principal activities
Indirect:				
* Ancom-ChemQuest Terminals Sdn. Bhd.	Malaysia	**38.3%**	38.3%	Build, own, operate, lease and manage chemical tank farm and warehouse
* Synergy Concepts Sdn. Bhd.	Malaysia	**-**	75.2%	Under voluntary liquidation
* Synergy Point Sdn. Bhd.	Malaysia	**-**	75.2%	Under voluntary liquidation
* Ancom Ship Management Sdn. Bhd.	Malaysia	**75.2%**	75.2%	Ship management services
* Syarikat Wandeerfull Sdn. Bhd.	Malaysia	**100%**	100%	Investing holding, dealing in and subletting of land
Ancom Bioscience Sdn. Bhd.	Malaysia	**100%**	100%	Trading of gardening products
Polytensides Sdn. Bhd.	Malaysia	**100%**	100%	Manufacture and sale of agricultural chemical products and chemicals
Timber Preservatives Sdn. Bhd.	Malaysia	**51.0%**	51%	Manufacture and distribution of timber preservatives and related chemical products
* Ancom do Brasil Ltda	Brazil	**99.9%**	99.9%	Dormant. Holder of licenses for certain agricultural chemical products
* Ancom Australia Pty. Ltd.	Australia	**100%**	100%	Dormant. Holder of licenses for certain agricultural chemical products
* Malancom Agrochemicals (Pte) Limited	South Africa	**100%**	100%	Dormant. Holder of licenses for certain agricultural chemical products
* ChemResources China (Agencies) Limited	Hong Kong	**84.1%**	84.1%	Trading of petro-chemical and other chemical products
RedBerry Media Sdn. Bhd.	Malaysia	**49.0%**	100%	The Company has not commenced business yet
RedBerry Outdoors Sdn. Bhd.	Malaysia	**100%**	100%	The Company has not commenced business yet

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

49. SUBSIDIARIES AND ASSOCIATES *(cont'd)*

Company	Country of incorporation	Group's effective equity interest 2009	2008	Principal activities
Indirect:				
RedBerry Events Sdn. Bhd.	Malaysia	**100%**	100%	The Company has not commenced business yet
RedBerry Outdoors Productions Sdn. Bhd.	Malaysia	**100%**	100%	The Company has not commenced business yet
Focus Media Network Sdn. Bhd.	Malaysia	**85.5%**	85.5%	Provision of digital advertising media space
* RedBerry Animation Sdn. Bhd.	Malaysia	**51.0%**	-	Production and marketing and animation television series
# RBL Pte. Ltd.	Singapore	**60.0%**	-	Investment holding
# Point Cast (Asia) Sdn. Bhd.	Malaysia	**60.0%**	-	Investment holding
# Point Cast (Singapore) Pte. Ltd.	Singapore	**60.0%**	-	Dormant
# PT Point Cast Indonesia	Indonesia	**60.0%**	-	Dormant
Point Cast (M) Sdn. Bhd.	Malaysia	**60.0%**	-	Provision of digital advertising media space
* Akra Engineering Sdn. Bhd.	Malaysia	**41.0%**	25.9%	Manufacture of steel structures for oil and gas industry and other related maintenance and engineering services
AES Mayak Sdn. Bhd.	Malaysia	**50.2%**	50.2%	Dormant
Indah Segar Sdn. Bhd.	Malaysia	**42.7%**	42.7%	Dormant
* SM Integrated Transware Pte. Ltd.	Singapore	**-**	75.2%	Providing transportation, container haulage, bulk cargo handling, chemical warehousing and drumming services
* Sinsenmoh Transportation Pte. Ltd.	Singapore	**75.2%**	75.2%	Freight forwarding, packaging and crafting services
* Pengangkutan Cogent Sdn. Bhd.	Malaysia	**75.2%**	75.2%	Providing transportation and related services

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

49. SUBSIDIARIES AND ASSOCIATES *(cont'd)*

Company	Country of incorporation	Group's effective equity interest 2009	2008	Principal activities
Indirect:				
* Nylex (Malaysia) Berhad	Malaysia	**48.2%**	59.7%	Investment holding and manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other polymer products, including geotextiles and prefabricated sub-soil drainage systems
* Dynamic Chemical Trading Pte. Ltd.	Singapore	**43.4%**	53.7%	Trading in industrial chemicals
* Fermpro Sdn. Bhd.	Malaysia	**48.2%**	59.7%	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products
* Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	**48.2%**	59.7%	Trading in petrochemicals and industrial chemicals
* Kumpulan Kesuma Sdn. Bhd.	Malaysia	**48.2%**	59.7%	Manufacture and marketing of sealants and adhesive products
* Wedon Sdn. Bhd.	Malaysia	**48.2%**	59.7%	Marketing of sealants and adhesive products
* Nycon Manufacturing Sdn. Bhd.	Malaysia	**48.2%**	59.7%	Manufacture and marketing of rotomoulded plastic products, including bulk chemical containers, road barriers, playground equipment and disposal bins
* Malaysian Roofing Industries Sdn. Bhd.	Malaysia	**33.7%**	41.8%	Dormant
* Nylex Polymer Marketing Sdn. Bhd.	Malaysia	**23.6%**	59.7%	Trading of PU and PVC synthetic leather, films and sheets
* PT Indomalay Ekatana Roofing Industries	Indonesia	**23.6%**	29.3%	Manufacture and marketing of metal roofing tiles
* PT Nylex Indonesia	Indonesia	**48.2%**	59.7%	Manufacture, marketing and distribution of PVC and PU leather cloth

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

49. SUBSIDIARIES AND ASSOCIATES *(cont'd)*

Company	Country of incorporation	Group's effective equity interest 2009	2008	Principal activities
Indirect:				
* Nylex Specialty Chemicals Sdn. Bhd.	Malaysia	**48.2%**	59.7%	Manufacture and sale of phosphoric acid
* Speciality Phosphates (Malaysia) Sdn. Bhd.	Malaysia	**24.6%**	30.4%	Manufacture and sale of chemicals
* CKG Chemicals Pte. Ltd.	Singapore	**48.2%**	59.7%	Trading and distribution of industrial chemicals and gasoline blending components
* Perusahaan Kimia Gemilang (Vietnam) Ltd	Vietnam	**24.6%**	30.4%	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals
* PT PKG Lautan Indonesia	Indonesia	**24.6%**	30.4%	Importation and distribution of industrial chemicals
* Tamco Corporate Holdings Berhad	Malaysia	**36.2%**	40.3%	Design, manufacture, installation, commissioning and maintenance of equipment and systems for power distribution and motor control. Transferred its operation to a wholly owned subsidiary during the financial year
* Ancom Electrical (Malaysia) Sdn. Bhd. (formerly known as Tamco Electrical (Malaysia) Sdn. Bhd.)	Malaysia	**36.2%**	40.3%	Trading and contracting in electrical engineering products
* Ancom Systems (Singapore) Pte. Ltd. (formerly known as Tamco Systems (Singapore) Pte Ltd.)	Singapore	**36.2%**	40.3%	Trading and contracting in electrical engineering products
* Ancom Electrical (Hong Kong) Limited (formerly known as Tamco Electrical (Hong Kong) Limited)	Hong Kong	**36.2%**	40.3%	Trading and contracting in electrical engineering products

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

49. SUBSIDIARIES AND ASSOCIATES *(cont'd)*

Company	Country of incorporation	Group's effective equity interest 2009	Group's effective equity interest 2008	Principal activities
Indirect:				
* Ancom Components Sdn. Bhd. (formerly known as Tamco Components Sdn. Bhd.)	Malaysia	**24.1%**	27.0%	Manufacturing and marketing of low voltage switchgear
* Ancom Electrical & Environmental (Singapore) Pte. Ltd. (formerly known as Tamco Electrical & Environmental (Singapore) Pte. Ltd.)	Singapore	**36.2%**	40.3%	Trading and contracting in electrical engineering products
* Ancom PTX Technology (Singapore) Pte. Ltd. (formerly known as Tamco PTX Technology (Singapore) Pte. Ltd.)	Singapore	**25.3%**	28.2%	Trading and contracting in electrical engineering products
* Decom GmbH	Germany	**21.7%**	24.2%	Provision of management services
* Deteg GmbH	Germany	**15.6%**	17.3%	Dormant
* Decom Limited	Hong Kong	**21.7%**	24.2%	Distribution and development of medium voltage switchgear and other power products and related services
* German Switchcraft GmbH	Germany	**13.0%**	14.5%	Dormant
* Ancom Systems Technology (Malaysia) Sdn. Bhd. (formerly known as Tamco Systems Technology (Malaysia) Sdn. Bhd.)	Malaysia	**36.2%**	40.3%	Trading and contracting in electrical engineering products
Hikmat Ikhlas Sdn. Bhd.	Malaysia	**12.7%**	14.1%	Trading and contracting in electrical engineering products

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

49. SUBSIDIARIES AND ASSOCIATES *(cont'd)*

Company	Country of incorporation	Group's effective equity interest 2009	2008	Principal activities
Direct:				
* iSpring Capital Sdn. Bhd.	Malaysia	**42.0%**	42.0%	Providing and sourcing private equity finance and providing related consultancy services, business accelaration and other value added facilities and services to technology ventures
Indirect:				
Nufarm Technologies (Malaysia) Sdn. Bhd.	Malaysia	**49.0%**	49.0%	Trading in timber wood preservative and other chemical products
* Wandeerfull Industries Sdn. Bhd.	Malaysia	**30.0%**	30.0%	Property investment
* Ancom Kimia Sdn. Bhd.	Malaysia	**14.5%**	17.9%	Distributor of petrochemicals and industrial chemicals
+Ancom Philippines Inc.	Philippines	**39.6%**	39.6%	Dormant. Holder of licenses for certain agricultural chemical products
* Tamco Chongqing Switchgear Company Limited	China	**17.7%**	20.0%	Manufacturing and marketing of switchgear and related products
* I & D Switchgear Sdn. Bhd.	Malaysia	**6.9%**	7.6%	Dormant
* Guangxi Yinhe Decom Electric Co. Ltd.	China	**-**	7.7%	Manufacture and sale of medium voltage switchgear
* Sinaran Takhta - Tamco Sdn. Bhd.	Malaysia	**-**	12.1%	Strike off

* *Not audited by BDO Binder or BDO Member Firms.*

\+ *Audited by BDO Member Firms.*

\# *No auditors' report on the financial statements of these subsidiaries were issued as they were newly incorporated during the financial year.*

NOTES TO **THE FINANCIAL STATEMENTS - 31 MAY 2009** *(cont'd)*

50. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the current financial year's presentation:

	As previously reported RM'000	Reclassifications RM'000	As restated RM'000
Group			
Balance sheet			
Receivables	376,474	8,451	384,925
Amounts owing to associates	-	(8,451)	(8,451)
Payables	286,858	(566)	286,292
Borrowings - current liabilities	348,745	566	349,311
Group			
Cash flow statement			
Cash flow from operating activities	36,052	21,146	57,198
Cash flow from investing activities	205,713	3,983	209,696
Cash flow used in financing activities	(13,667)	(25,129)	(38,796)
Company			
Cash flow statement			
Cash flow from operating activities	43,219	4,675	47,894
Cash flow from investing activities	(56,560)	28,418	(28,142)
Cash flow used in financing activities	62,203	(33,093)	29,110

ADDITIONAL **INFORMATION**

IN COMPLIANCE WITH THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

SHARE BUY BACK

The details of Share Buy Back by the Company during the financial year are as disclosed in the Directors' Report in the financial statements.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, the Company :

(i) did not issue any options, warrants or convertible securities ;

(ii) received applications from holders of convertible warrant 2005/2008 of the Company ("Warrants") to convert 16,618,204 Warrants into 16,618,204 new ordinary shares of the Company ("Shares") at a conversion price of RM1 each increasing the paid-up share capital to RM218,956,342 comprising of 218,956,342 Shares as at 31 May 2009.

The remaining 80,672,408 Warrants expired on 20 June 2008 and were delisted from the Bursa Malaysia Securities Berhad on 23 June 2008.

UTILISATION OF PROCEEDS

During the financial year, the Company received RM16,618,204 cash proceeds arising from the conversion of Warrants and the proceeds was used as working capital for the Group.

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

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

SANCTIONS AND/OR PENALTIES

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

NON-AUDIT FEE

The Company paid a total of RM6,000 to the external auditors of the Company in the financial year for non-audit assignments.

COST OF INTERNAL AUDIT FUNCTION

During the financial year, the internal audit function of the Company was carried out by a Head of Internal Audit with a cost of RM107,500.

ADDITIONAL **INFORMATION**

IN COMPLIANCE WITH THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD *(cont'd)*

VARIATION IN RESULTS

There were no material variances between the results for the financial year ended 31 May 2009 and the unaudited results previously announced. The Company did not announce any profit estimates, forecasts and projections for the financial year.

PROFIT GUARANTEE

The Company did not give any profit guarantee in respect of the financial year ended 31 May 2009.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS

During the financial year, the Company did not enter into any material contract involving Directors'/major shareholders' interests.

REVALUATION POLICY

The Group revalues its properties once in every five (5) years. The Group's properties were not revalued during the financial year ended 31 May 2009.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

Details of the RRPT entered into during the financial year in accordance with the shareholders' mandate obtained in the last annual general meeting of the Company are as follows :

Related Party	Nature of Transaction	Interested directors, major shareholders and connected persons	Value of RRPT (RM'000)
Perusahaan Kimia Gemilang Sdn Bhd	Provision of transportation services by Pengangkutan Cogent Sdn Bhd	Dato' Johari Razak Dato' Siew Ka Wei Siew Nim Chee & Sons Sdn Bhd	3,726
	Provision of storage services by Ancom-ChemQuest Terminals Sdn Bhd		68
	Provision of handling and pipeline services by Ancom-ChemQuest Terminals Sdn Bhd		1,753

LIST OF **PROPERTIES**

AS AT 31 MAY 2009

	Location	Tenure	Land area	Descriptions	Net book value as at 31 May 2009 RM'000	Date of acquisition/ revaluation
Ancom Berhad						
1	Q.T.(R) 4353 Mukim of Damansara Daerah Klang Selangor	Unexpired leasehold interest of 99 years (Expiring in 2108)	2.22 hectares	Office and factory buildings Age of buildings : approximately 39 years	14,418.7	18 May 2005
2	P.T. 4227 Mukim of Kapar Daerah Klang Selangor	Unexpired leasehold interest of 77 years (Expiring on 9 June 2086)	2.52 hectares	Office and factory buildings Age of buildings : approximately 18 years	5,700.6	18 May 2005
Ancom Energy & Services Sdn Bhd						
1	Lot 140, Section 4 Phase 2B Pulau Indah Industrial Park West Port Selangor	Unexpired leasehold interest of 92 years (Expiring on 25 July 2101) *(Land held under Master Title P.N.7938, Lot 74075)*	0.22 hectare	Vacant land	432	18 May 2005
Akra Engineering Sdn Bhd						
1	Lot 118 Senawang Industrial Estate Seremban Negeri Sembilan	Unexpired leasehold interest of 63 years (Expiring on 22 March 2073)	0.81 hectare	Office with covered workshop Age of building : approximately 34 years	2,582	18 May 2005
Ancom-ChemQuest Terminals Sdn Bhd						
1	Jeti Petrokimia Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 15 years (Expiring on 31 August 2024)	9.8 acres	Tank farm, office and warehouse Age of building : approximately 12 years	21,363,880 *(Value for building only)*	N/A
OrganiGro Sdn Bhd						
1	P.T. 2978 Mukim of Chuping Perlis	Unexpired leasehold interest of 49 years (Expiring on 7 February 2059)	0.81 hectare	Office and factory buildings Age of buildings : approximately 7 years	3,121 *(Value for building only)*	18 May 2005
	and Part of P.T.1113 Mukim of Chuping Perlis	Unexpired leasehold interest of 37 years (Expiring on 22 November 2046)	0.08 hectare			

LIST OF **PROPERTIES**
AS AT 31 MAY 2009 *(cont'd)*

	Location	Tenure	Land area	Descriptions	Net book value as at 31 May 2009 RM'000	Date of acquisition/ revaluation
Meru Utama Sdn Bhd						
1	Unit No E-13-21 13th Floor Block E Plaza Mont Kiara Kuala Lumpur	Freehold	144.37 sq.m.	Office Age of buildings: approximately 9 years	517.8	Dec-06
2	Unit No E-13-19 13th Floor Block E Plaza Mont Kiara Kuala Lumpur	Freehold	75.62 sq.m.	Office Age of buildings: approximately 9 years	318.2	Nov-00
3	Unit No E-13-20 13th Floor Block E Plaza Mont Kiara Kuala Lumpur	Freehold	96.34 sq.m.	Office Age of buildings : approximately 9 years	408.4	Apr-05
4	Cempaka Court B-5-30 Cempaka Court Bandar Baru Nilai, held under HS (D) 89742 for Lot No PT No 10663, in Mukim of Labu District of Seremban	Freehold	97.57 sq.m.	Apartment Age of buildings : approximately 13 years	112	May-97
5	Cempaka Court B-5-29 Cempaka Court Bandar Baru Nilai, held under HS (D) 89742 for Lot No PT No 10663, in Mukim of Labu District of Seremban	Freehold	97.57 sq.m.	Apartment Age of buildings : approximately 13 years	112	May-97

LIST OF **PROPERTIES**
AS AT 31 MAY 2009 *(cont'd)*

	Location	Tenure	Land area	Descriptions	Net book value as at 31 May 2009 RM'000	Date of acquisition/ revaluation
SinSenMoh Transportation Pte Ltd						
1.	32 Tanjong Penjuru Singapore 609028	Unexpired lease period of 38 years (Expiring on 30 June 2047)	12,311.3 sq.m.	Office and warehouse Age of building : approximately 22 years	18,936 (S$7,828,149) *(Value for building only)*	N/A
Syarikat Wandeerfull Sdn Bhd						
1	Apartment 8E Kayangan Apartments Genting Highlands Pahang	Freehold	190 sq.m.	Apartment Age of building : approximately 30 years	206.8	31 May 2004
2	Shoplot No. 1.30 First Floor Wisma Cosway Kuala Lumpur	Freehold	40 sq.m.	Shoplot Age of building : approximately 33 years	141	31 May 2004
3	Geran 11679 Lot 40268 Mukim of Batu Daerah Wilayah Persekutuan	Freehold	597 sq.m.	Vacant land	20	31 May 2004
Nylex (Malaysia) Berhad						
1.	H.S.(D) 256546 Lot 16 Persiaran Selangor Section 15 Shah Alam Selangor	Unexpired leasehold interest of 61 years (Expiring on 29 June 2108)	3.02 hectares	Office and factory buildings Age of buildings : approximately 38 years		
2.	H.S.(D) 256546 Lot 16 Persiaran Selangor Section 15 Shah Alam Selangor	Unexpired leasehold interest of 65 years (Expiring on 29 June 2108)	1.21 hectares	Warehouse, factory and buildings Age of buildings : approximately 29 years	16,795	18 May 2005

LIST OF **PROPERTIES**
AS AT 31 MAY 2009 *(cont'd)*

Location		Tenure	Land area	Descriptions	Net book value as at 31 May 2009 RM'000	Date of acquisition/ revaluation
Nylex Specialty Chemicals Sdn Bhd						
1	H.S.(M) 5507 PT 593, Persiaran Raja Lumu Pandamaran Industrial Estate Port Klang	Unexpired leasehold interest of 65 years (Expiring on 1 September 2074)	0.81 hectare	Warehouse, factory and office buildings Age of buildings : approximately 34 years	2,249	1 Mar 2005
2	H.S.(M) 6588 PT 624 Persiaran Raja Lumu Pandamaran Industrial Estate Port Klang	Unexpired leasehold interest of 67 years (Expiring on 19 February 2076)	0.83 hectare	Warehouse, factory and office buildings Age of buildings : Approximately 32 years	3,521	1 Mar 2005
Fermpro Sdn Bhd						
1	H.S.(M) 748 Lot 1113 Mukim of Chuping Perlis	Unexpired leasehold interest of 37 years (Expiring on 22 November 2046)	1.62 hectares	Office and factory buildings Age of buildings : approximately 21 years	1,927	1 Jul 2004
2	H.S.(M) 1804 Plot 3 & 4 P.T. 924A Mukim of Chuping Perlis	Unexpired leasehold interest of 49 years (Expiring on 7 February 2059)	2.43 hectares	Spent molasses treatment pond	1,086	1 Jul 2004
3	H.S.(M) 1803 P.T. 2978 Mukim of Chuping Perlis and Part of P.T. 1113 Mukim of Chuping Perlis	Unexpired leasehold interest of 49 years (Expiring on 7 February 2059) Unexpired leasehold interest of 37 years (Expiring on 22 November 2046)	0.81 hectare 0.08 hectare	Office and factory buildings Age of buildings : approximately 7 years	456 *(Value for land only)*	1 Jul 2004

LIST OF **PROPERTIES**

AS AT 31 MAY 2009 *(cont'd)*

	Location	Tenure	Land area	Descriptions	Net book value as at 31 May 2009 RM'000	Date of acquisition/ revaluation
Perusahaan Kimia Gemilang Sdn Bhd						
1	H.S.(D) 27613, 27614, 27640 & 27641 Lot 1506,1507, 1533 & 1534 Mukim 12 Seberang Perai Selatan Pulau Pinang	Freehold	0.12 hectare	2 units 1½ storey semi-detached factory Age of building : approximately 15 years	563	1 Jul 2004
2	PT 4228 Mukim of Kampar Daeral Klang Selangor	Unexpired leasehold interest of 77 years (expiring 9 June 2086)	2.85 hectares	Office and warehouse Age of building : approximately 18 years	6,561	1 Jul 2004
Tamco Corporate Holdings Berhad						
1	H.S.(D) 7524 2A Jalan 13/2 Petaling Jaya Selangor	Unexpired leasehold interest of 96 years (Expiring in 2105)	1.31 hectares	Office and factory buildings Age of buildings : approximately 24 to 34 years	12,892	18 May 2005

ANALYSIS OF **SHAREHOLDINGS**
AS AT 30 SEPTEMBER 2009

No. Of Holders Of Each Class Of Equity Securities

Class of securities	:	Ordinary shares of RM1.00 each ("Shares")
Total no. issued	:	218,956,342
No. of holders	:	9,683
Voting rights	:	One vote per Share on a poll One vote per shareholder on a show of hands

Distribution Schedule

Holdings	No. of holders	Total Holdings	%
Less than 100	1,357	42,187	0.02%
100 to 1,000	752	437,855	0.20%
1,001 to 10,000	5,990	23,383,579	10.81%
10,001 to 100,000	1,440	39,290,816	18.17%
100,001 to less than 5% of issued Shares	142	122,879,100	56.83%
5% and above of issued Shares	2	30,211,778	13.97%
	9,683	216,245,315	100.0%
Treasury shares	-	2,711,027	-
	9,683	218,956,342	100.0%

Substantial Shareholders

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Siew Ka Wei	14,586,765	6.75%	19,398,848 (a)	8.97%
Pacific & Orient Berhad	19,017,278	8.79%	9,703,124 (b)	4.49%
Chan Thye Seng	-	-	29,050,402 (c)	13.43%
Siew Nim Chee & Sons Sdn Bhd	13,346,087	6.17%	-	-
ECM Libra Investment Bank Berhad	11,194,500	5.18%	-	-
ECM Libra Financial Group Berhad	-	-	11,194,500 (d)	5.18%
Equity Vision Sdn Bhd	-	-	11,194,500 (e)	5.18%
Tan Sri Dato' Azman Hashim	-	-	11,194,500 (f)	5.18%

Note:

(a) Held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Siew Ka Kheong, Datin Young Ka Mun and Quek Lay Kheng.

(b) Held through Pacific & Orient Insurance Co. Berhad, a wholly-owned subsidiary of Pacific & Orient Berhad.

(c) Held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn Bhd and Tan Soo Leng.

(d) Held through ECM Libra Investment Bank Berhad

(e) Held through ECM Libra Financial Group Berhad

(f) Held through Equity Vision Sdn Bhd

	Direct		Indirect	
Directors' Shareholdings	No. of shares	%	No. of shares	%
Dato' Johari Razak	465,427	0.22%	-	-
Dato' Siew Ka Wei	14,586,765	6.75%	19,398,848 (a)	8.97%
Tan Sri Dato' Dr Lin See Yan	165,375	0.08%	-	-
Chan Thye Seng	-	-	29,050,402 (b)	13.43%

Note:

(a) Held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Siew Ka Kheong, Datin Young Ka Mun and Quek Lay Kheng.

(b) Held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn Bhd and Tan Soo Leng.

ANALYSIS OF **SHAREHOLDINGS**
AS AT 30 SEPTEMBER 2009 *(cont'd)*

Thirty Largest Shareholders As Per Record of Depositors
(Without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares	%
1.	Pacific & Orient Berhad	13,874,116	6.415
2.	ECM Libra Investment Bank Berhad - IVT (A02) for ECM Libra Investment Bank Berhad	11,194,500	5.176
3.	ECM Nominees (Asing) Sdn Bhd - Plato Capital Investment Fund	9,569,700	4.425
4.	Lembaga Tabung Haji	9,545,111	4.414
5.	Lim Chui Kui @ Lim Chooi Kui	7,076,243	3.272
6.	HDM Nominees (Tempatan) Sdn Bhd - HDM Capital Sdn Bhd for Siew Ka Wei	6,642,203	3.071
7.	TA Nominees (Tempatan) Sdn Bhd - Siew Nim Chee & Sons Sendirian Berhad	5,454,893	2.522
8.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB for Pacific & Orient Insurance Co. Berhad	5,392,878	2.493
9.	Pacific & Orient Berhad	5,143,162	2.378
10.	Malaysia Nominees (Tempatan) Sendirian Berhad - Silver Dollars Sdn Bhd	4,727,683	2.186
11.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Nim Chee & Sons Sdn Bhd	4,461,317	2.063
12.	Pacific & Orient Insurance Co Berhad	4,310,246	1.993
13.	CitiGroup Nominees (Asing) Sdn Bhd - Exempt An for Citibank NA, Singapore (Julius Baer)	4,074,800	1.884
14.	ECML Nominees (Tempatan) Sdn Bhd - Siew Ka Wei	3,798,963	1.756
15.	EB Nominees (Tempatan) Sendirian Berhad - E & O Developers Sdn Bhd	3,643,762	1.685
16.	HDM Nominees (Tempatan) Sdn Bhd - HDM Capital Sdn Bhd for Siew Nim Chee & Sons Sendirian Berhad	3,307,500	1.529
17.	Mayban Nominees (Tempatan) Sdn Bhd - Avenue Invest Berhad for Kumpulan Wang Simpanan Pekerja	2,886,803	1.339
18.	Asian Strategic Investments Group Limited	2,581,020	1.193
19.	Thong Yaw Hong	2,480,625	1.147
20.	EB Nominees (Tempatan) Sendirian Berhad - Eastern & Oriental Berhad	1,821,881	0.842
21.	RHB Nominees (Tempatan) Sdn Bhd - Mohamed Ayub bin Mohamed Ali	1,654,000	0.764
22.	RHB Capital Nominees (Tempatan) Sdn Bhd - Alya Chew binti Abdullah	1,400,000	0.647
23.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Ka Wei	1,288,796	0.595
24.	Basariah binti Hashim	1,230,410	0.568
25.	HDM Nominees (Tempatan) Sdn Bhd - Tan Tung Lai	1,154,300	0.533
26.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB for Chan Hua Eng	1,100,000	0.508
27.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Ang Eng Chuan	1,097,100	0.507
28.	HLB Nominees (Tempatan) Sdn Bhd - Tan Teng Heng	1,000,000	0.462
29.	Astro (M) Sdn Bhd	961,980	0.440
30.	Kota Sas Sdn Bhd	911,000	0.421
	Total	**123,784,992**	**57.228**

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of the Company will be held at Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 26 November 2009 at 2.30 p.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and of the Group and the Reports of the Directors and the Auditors thereon for the financial year ended 31 May 2009; **(Please refer Explanatory Note 1)**

2. To approve the final dividend of 1.5% (less income tax) for the financial year ended 31 May 2009; **[Resolution 1]**

3. To approve Directors' fees for the financial year ended 31 May 2009; **[Resolution 2]**

4. To re-elect the following Directors who retire pursuant to the Company's Articles of Association:

   4.1 Dato' Johari Razak (Article 81) **[Resolution 3]**

   4.2 Dato' Siew Ka Wei (Article 81) **[Resolution 4]**

   4.3 Dato' Mohammed Hussein (Article 87) **[Resolution 5]**

5. To re-appoint Tan Sri Dato' Dr. Lin See Yan, a Director who retires pursuant to Section 129(2) of the Companies Act, 1965 to hold office until the next annual general meeting of the Company; **[Resolution 6]**

6. To re-appoint BDO Binder as Auditors of the Company and to authorise the Board of Directors to fix their remuneration; **[Resolution 7]**

AS SPECIAL BUSINESS
To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions :

7. <u>Proposed Issuance Of New Ordinary Shares Of RM1 Each Pursuant To Section 132D of the Companies Act, 1965</u> **[Resolution 8]**

   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares of RM1 each in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may deem fit PROVIDED THAT the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company and that such authority shall unless revoked or varied by an ordinary resolution by the shareholders of the Company in general meeting commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company AND THAT the Directors are further authorised to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

NOTICE OF **ANNUAL GENERAL MEETING** *(cont'd)*

8. Proposed Renewal And New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("Proposed RRPT Mandate") **[Resolution 9]**

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature with those related parties as specified in Section 2.2 of Part A of the Company's Circular to Shareholders / Statement dated 4 November 2009 subject to the following:

(i) that the transactions are in the ordinary course of business, made on arm's length and on normal commercial terms and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders;

(ii) that disclosure is made in the annual report a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year with particulars of the types of transactions made and the names of the related parties involved in each type of transactions made and their relationships with the Company and that such approval shall unless revoked or varied by an ordinary resolution by the shareholders of the Company in general meeting commence upon the passing of this resolution and shall remain valid until the conclusion of the next annual general meeting of the Company or after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act; and

(iii) that the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

9. Proposed Renewal Of Shareholders' Mandate To Purchase Ancom Berhad's Own Shares ("Proposed SBB Mandate") **[Resolution 10]**

"THAT subject to the provisions of the Companies Act, 1965 ("Act"), the Articles of Association of the Company, the regulations and guidelines issued from time to time by Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities, the Directors be and are hereby authorised to utilise an amount not exceeding the total audited share premium and retained profits of the Company as at 31 May 2009 of RM4,332,000 and RM19,672,000 respectively to purchase such number of ordinary shares of the Company PROVIDED THAT the ordinary shares so purchased shall, in aggregate with the treasury shares as defined under section 67A of the Act ("Treasury Shares") then still held by the Company, not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being AND THAT such authority shall unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company AND THAT the Directors may retain the ordinary shares so purchased as Treasury Shares and may distribute the Treasury Shares as share dividend or may resell the Treasury Shares or may cancel the ordinary shares so purchased in a manner they deem fit and expedient as prescribed by the Act and the applicable regulations and guidelines of Bursa Securities and any other relevant authorities for the time being in force AND THAT authority be and is hereby given to the Directors to take all such steps to implement finalise and to give effect to the aforesaid transactions with full power to assent to any conditions modifications variations and amendments as may be imposed by the relevant authorities or as they deem fit and expedient at their discretion in the best interest of the Company in accordance with the aforesaid Act, regulations and guidelines."

NOTICE OF **ANNUAL GENERAL MEETING** *(cont'd)*

10. Other Ordinary Business

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

By order of the Board,

CHOO SE ENG
WONG WEI FONG
Secretaries

Petaling Jaya
4 November 2009

NOTES

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

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

3. A member shall be entitled to appoint not more than two (2) proxies pursuant to Section 149(1)(c) of the Companies Act, 1965 to attend and vote at the same meeting. Where a member is an authorized nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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

5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.

EXPLANATORY NOTES

1. Item 1 of the Agenda

   This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 7 of the Agenda

   Resolution 8 proposed under item 7 of the Agenda, is for the purpose of granting a renewal of a general mandate and if passed, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors would consider to be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the shareholders of the Company at a subsequent general meeting, expire at the next annual general meeting.

NOTICE OF **ANNUAL GENERAL MEETING** *(cont'd)*

2. Item 7 of the Agenda *(cont'd)*

   As at the date of this Notice, the Company has not issued any new shares in the Company pursuant to the mandate granted to the Directors at the last annual general meeting held on 20 November 2008.

   The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

3. Item 8 of the Agenda

   Resolution 9 proposed under item 8 of the Agenda, if passed, will give the Company authority to enter into recurring transactions of a revenue or trading nature with its related parties as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the shareholders of the Company at a subsequent general meeting, expire at the next annual general meeting.

   Further details relating to Resolution 9 are set out in the Company's Circular to Shareholders / Statement dated 4 November 2009, a copy of which is sent together with the Company's 2009 Annual Report.

4. Item 9 of the Agenda

   Resolution 10 proposed under item 9 of the Agenda, if passed, will give the Directors authority to purchase and/or hold up to 10% of the total issued and paid-up share capital of the Company for the time being. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the shareholders of the Company at a subsequent general meeting, expire at the next annual general meeting.

   Further details relating to Resolution 10 are set out in the Company's Circular to Shareholders / Statement dated 4 November 2009, a copy of which is sent together with the Company's 2009 Annual Report.

ANCOM BERHAD

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

Proxy Form

CDS A/C No.	
No. of shares held	

I/We ____
(Full Name in Block Letters)

of ____
(Full Address)

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

____
(Full Name in Block Letters)

of ____ or
(Full Address)

____
(Full Name in Block Letters)

of ____ or
(Full Address)

failing him / her, the Chairman of the Meeting as my / our proxy to attend and to vote for me / us on my / our behalf at the 40th Annual General Meeting of the Company to be held at Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 26 November 2009 at 2.30 p.m. or any adjournment thereof and to vote as indicated below -

Item	Agenda	Resolution	For	Against
1.	To receive Audited Financial Statements and Reports			
2.	To approve a final dividend	1		
3.	To approve Directors' fees	2		
4.	To re-elect the following Directors who retire pursuant to the Company's Articles of Association :			
	Dato' Johari Razak (Article 81)	3		
	Dato' Siew Ka Wei (Article 81)	4		
	Dato' Mohammed Hussein (Article 87)	5		
5.	To re-appoint Tan Sri Dato' Dr. Lin See Yan who retires pursuant to Section 129(2) of the Company's Articles of Association.	6		
6.	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration	7		
7.	To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965.	8		
8.	To approve the renewal and new recurring related party transactions mandate	9		
9.	To approve the renewal of share buy-back mandate	10		

(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 2009

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

Telephone no.
during office hours : ....

Notes:

1. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149 (1) (b) of the Act shall not apply to the Company.*
2. *If the appointor is a corporation, this form must be executed under its common seal or under the hand of its attorney.*
3. *A member shall be entitled to appoint not more than two (2) proxies pursuant to Section 149(1)(c) of the Companies Act, 1965 to attend and vote at the same meeting. Where a member is an authorized nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.*
5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.*

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AFFIX STAMP

ANCOM BERHAD
(Company No. : 8440-M)

Registered Office :
c/o Tricor Corporate Services Sdn Bhd
Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

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