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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 33rd Annual General Meeting of the Company will be held at 3.00 pm on Wednesday, 13 November 2002 at Junior Ballroom 1, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur for the following purposes:

AGENDA

1. To receive and adopt the audited accounts, report of the Directors and the Auditors thereon for the year ended 31 May 2002; [\[Resolution 1\]](#)
2. To approve a final dividend of 4 % less 28% income tax in respect of the year ended 31 May 2002; [\[Resolution 2\]](#)
3. To approve Directors' fees for the year ended 31 May 2002; [\[Resolution 3\]](#)
4. To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association:
 - 4.1 Y. Bhg. Dato' Mohd Ismail bin Che Rus [\[Resolution 4\]](#)
 - 4.2 Mr. Chan Thye Seng [\[Resolution 5\]](#)
5. To re-elect the following Directors who retire pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next annual general meeting:
 - 5.1 YABM Raja Tun Mohar bin Raja Badiozaman [\[Resolution 6\]](#)
 - 5.2 Y. Bhg. Dato' Siew Nim Chee [\[Resolution 7\]](#)
6. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration; [\[Resolution 8\]](#)
7. **As special business, to consider and if thought fit, to pass the following Ordinary Resolution:**

"THAT pursuant to Section 132D of the Companies Act, 1965 and the Articles of Association of the Company, approval be and is hereby given to the Directors to offer and grant options to eligible employees and executive directors of the Company and its subsidiary companies ("the Group") pursuant to Ancom Berhad Employees' Share Option Scheme ("ESOS") and to allot and issue such new ordinary shares of RM1.00 each in the Company from time to time during the existence of the ESOS to the eligible employees and executive directors of the Group pursuant to their exercise of the options under the ESOS." [\[Resolution 9\]](#)
8. **As special business, to consider and if thought fit, to pass the following Ordinary Resolution:**

"THAT subject to the approvals of the relevant authorities including the approval-in-principle being obtained from the Kuala Lumpur Stock Exchange for the listing of and quotation for the Placement Shares (as defined herein) to be issued hereunder, the Directors be and are hereby authorised to allot and issue up to 10% of the Company's issued and paid-up share capital of the Company less any treasury shares held at the time of issuance to such persons as the Directors shall deem fit ("Proposed Private Placement") and that the new ordinary shares to be issued pursuant to the Proposed Private Placement ("Placement Shares") shall upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company, except that they will not be entitled to any dividends, rights, allotment or other distributions declared prior to the date of the allotment of the Placement Shares AND THAT the Directors be and are hereby authorised to enter into all agreements and arrangements and to do all such acts and things as they consider fit or expedient in order to implement, finalise and give full effect to the Proposed Private Placement and with full power to assents to any conditions, modifications, variations and/or amendments thereto as may be required by the relevant authorities." [\[Resolution 10\]](#)
9. **As special business, to consider and if thought fit, to pass the following Ordinary Resolution:**

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares of RM1.00 each in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may deem fit provided that the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten (10) per centum of the total issued capital of the Company and that such authority shall commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company AND THAT the Directors are further authorised to make the necessary applications to the Kuala Lumpur Stock Exchange and to do all such things necessary and upon such terms and conditions as the Directors may in their discretion deem fit and expedient in the best interest of the Company for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution." [\[Resolution 11\]](#)

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

By order of the Board,

NANDITA K.K. CHOUDHURY
CHOO SE ENG
Secretaries

Kuala Lumpur
18 October 2002

NOTES:

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

EXPLANATORY NOTES

1. Item 7 of the Agenda

Resolution 9 proposed under item 7 of the Agenda, if passed, will empower the Directors to offer and grant options and issue new ordinary shares in the Company pursuant to the ESOS which was approved at the Company's Extraordinary General Meeting held on 24 February 1999.

2. Item 8 of the Agenda

Resolution 10 proposed under item 8 of the Agenda will, if passed, give the Directors authority, subject to the approvals of the relevant authorities, to issue and allot new ordinary shares pursuant to the Proposed Private Placement as announced by the Company on 2 July 2002.

3. Item 9 of the Agenda

Resolution 11 proposed under item 9 of the Agenda, if passed, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the issued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. The 33rd Annual General Meeting will be held at:

Place : Junior Ballroom 1, Level 2, Hotel Nikko Kuala Lumpur
165 Jalan Ampang, 50450 Kuala Lumpur

Date : Wednesday, 13 November 2002

Time : 3.00 pm

2. The name of Directors who are standing for re-election at this Annual General Meeting:

- i. Under Article 81 of the Company's Articles of Association:

- Y. Bhg. Dato' Mohd Ismail bin Che Rus
- Mr. Chan Thye Seng

- ii. Under Section 129(6) of the Companies Act, 1965:

- YABM Raja Tun Mohar bin Raja Badiozaman
- Y. Bhg. Dato' Siew Nim Chee

3. The attendance record at Board Meetings and other details required as per Appendix 8A of the KLSE Listing Requirements of the above named Directors can be found in Profile of Board of Directors of this Annual Report.

PROFILE OF BOARD OF DIRECTORS



Name
YABM Raja Tun Mohar bin Raja Badiozaman

Age
80

Nationality
Malaysian

Qualification
Diploma in Agricultural Economics, Oxford University, United Kingdom ;
Bachelor of Arts (Hons) in Economics, Cambridge University, United Kingdom.

Position in the Company
Non-executive Chairman

Working experience and occupation
He joined the Malaysian Civil Service in 1938 and served in various capacities before being appointed the Secretary General of the Finance Ministry in January 1971. He served in this capacity until December 1971 when he was appointed as Special Economic Advisor to the Prime Minister. He served three Prime Ministers in this capacity until his retirement in 1988. He was formerly, amongst others, Chairman of the Foreign Investment Committee, PETRONAS, Malaysia Airlines System Berhad, the Tourist Development Corporation, Bank Islam Malaysia Berhad and Pengurusan Danaharta Nasional Berhad.

Date first appointed to the Board
23 December 1992

Board Meeting attendance
3 / 4

Other Board Committee
None

Other directorship of public companies
Nylex (Malaysia) Berhad ; YTL Power International Berhad ; Johan Holdings Berhad ; Socfin Company Berhad ; Socship Company Berhad.

Securities holdings in the Company and its subsidiaries

Refer Directors' Report of this Annual Report

Family relationship with any director / substantial shareholder of the Company
None

Conflict of interest with the Company
He is deemed interested in 9.9% equity held by Shamazdaso Holdings Sdn Bhd in OrganiGro Sdn Bhd, a 69.6%-owned subsidiary of the Company.

List of convictions for offences within the past 10 years other than traffic offences
None



Name
Y Bhg Dato' Ahmad Johari bin Tun Abdul Razak

Age
48

Nationality
Malaysian

Qualification
Bachelor of Law (Hons), University of Kent, United Kingdom.

Position in the Company
Group Managing Director

Working experience and occupation
He was called to the Bar of England and Wales in November 1976. In July 1977, he was admitted as an advocate and solicitor of the High Court of Malaya. He practised as an Advocate and Solicitor with Messrs. Shearn Delamore & Co. from 1979 and was a partner of the firm from 1981 to 1994.

Date first appointed to the Board
27 November 1992

Board Meeting attendance
4 / 4

Other Board Committee
Audit Committee (Member)

Other directorship of public companies
Nylex (Malaysia) Berhad ; Daiman Development Berhad ; Hong Leong Industries Berhad ; Courts Mammoth Berhad ; Daiman Golf Berhad.

Securities holdings in the Company and its subsidiaries

Refer Directors' Report of this Annual Report

Family relationship with any director / substantial shareholder of the Company
None

Conflict of interest with the Company
None

List of convictions for offences within the past 10 years other than traffic offences
None



Name
Y Bhg Dato' Siew Ka Wei

Age
47

Nationality
Malaysian

Qualification
Bachelor of Science (Hons) in Chemical Engineering and Master of Science in Operational Research, Imperial College of Science, Technology and Medicine, London, United Kingdom.

Position in the Company
Deputy Group Managing Director and Chief Operating Officer

Working experience and occupation
He has local and international working experience and is well-versed in the field of petrochemicals having been in the business for more than 20 years.

He was the past Chairman of the Young President Organisation ("YPO"), Malaysian Charter and is currently a director of the International Board of Directors of YPO, an international grouping of over 8,500 chief executive officers of major companies over the world.

Date first appointed to the Board
23 October 1985

Board Meeting attendance
4 / 4

Other Board Committee
None

Other directorship of public companies
Nylex (Malaysia) Berhad ; Eastern & Oriental Berhad ; Kamunting Corporation Berhad.

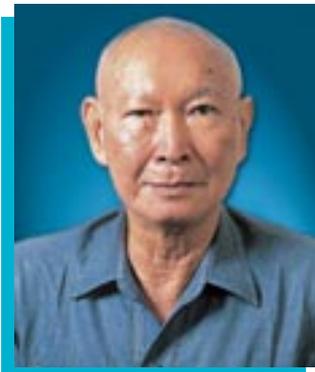
Securities holdings in the Company and its subsidiaries

Refer Directors' Report of this Annual Report

Family relationship with any director / substantial shareholder of the Company
Son of Y Bhg Dato' Siew Nim Chee, a director and a substantial shareholder of the Company.

Conflict of interest with the Company
He is deemed to have an indirect interest in 41.9% equity not already owned by the Company in Malay Sino Technologies Sdn Bhd, now known as MSTi Corporation Sdn Bhd ("MSTi"), a 50.1%-owned subsidiary of the Company.

List of convictions for offences within the past 10 years other than traffic offences
None

**Name**

Y Bhg Dato' Siew Nim Chee

Age

77

Nationality

Malaysian

Qualification

Bachelor of Arts (Hons) in Economics, University of Malaya ;
Master of Science in Industrial Labour Relations, Cornell University, USA.

Position in the Company

Executive Director

Working experience and occupation

He was formerly a lecturer in University of Malaya and Head of Economic Research and Chief Economist of Bank Negara Malaysia. He was an Advisor with Exxon (M) Berhad, Managing Director of Magnum Corporation Berhad and Group Consultant to Genting Berhad. He was the Founder, Fellow, past President of the Malaysian Economic Association and Executive Council Member of the MEA Foundation. He was past President, currently Deputy President of the Cornell University Graduate Club of Malaysia, a Member of the Cornell University Council and a Member of the Panel of Advisors Cornell SEAP.

Date first appointed to the Board

27 November 1992

Board Meeting attendance

4 / 4

Other Board Committee

None

Other directorship of public companies

Johan Holdings Berhad ; Malaysia Oxygen Berhad ; UAC Berhad ; Asiatic Development Berhad ; Malaysia Smelting Corporation Berhad ; Resorts World Berhad.

Securities holdings in the Company and its subsidiaries

Refer Directors' Report of this Annual Report.

Family relationship with any director / substantial shareholder of the Company

Father of Y Bhg Dato' Siew Ka Wei, the Deputy Group Managing Director and a substantial shareholder of the Company.

Conflict of interest with the Company

He is deemed to have an indirect interest in 41.9% equity not already owned by the Company in Malay Sino Technologies Sdn Bhd, now known as MSTi Corporation Sdn Bhd ("MSTi"), a 50.1%-owned subsidiary of the Company.

List of convictions for offences within the past 10 years other than traffic offences

None

**Name**

Y Bhg Tan Sri Dato' Dr Lin See Yan

Age

63

Nationality

Malaysian

Qualification

Bachelor of Arts (Hons) in Economics, University of Malaya ;
Ph.D in Economics, Harvard University, USA.

Position in the Company

Independent Non-executive Director

Working experience and occupation

He has a long and distinguished history of services to the Government of Malaysia and the private sector in various posts, the most important being Deputy Governor of Bank Negara Malaysia from 1980 to 1994. He was Executive Chairman of Pacific Bank and later its President and Chief Executive Officer in 1994 to 1997. He was also a Director and Chairman of the Executive Committee of Khazanah Nasional Berhad from 1994 to 2000. He is currently the Pro-Chancellor of Universiti Sains Malaysia and a Professor of Economics (Adjunct) in University Utara Malaysia. He also holds various positions in international institutions such as the Chairman of the Expert Group on Finance for Sustainable Development, UN Commission on Sustainable Development ; Consultant of the United Nations ; Chairman, Harvard's Graduate School Alumni Association Council and the Regional Director of Harvard Alumni Association at the university. He is also an Eisenhower Fellow and Member of the General Council of the Malaysian Institute of Management.

Date first appointed to the Board

30 October 2000

Board Meeting attendance

4 / 4

Other Board Committee

Remuneration and Nomination Committee (Chairman)

Other directorship of public companies

Kumpulan Guthrie Berhad ; F & N Holdings Berhad ; Genting Berhad ; Resorts World Berhad ; Bank Industri & Teknologi Berhad.

Securities holdings in the Company and its subsidiaries

Refer Directors' Report of this Annual Report.

Family relationship with any director / substantial shareholder of the Company

None

Conflict of interest with the Company

None

List of convictions for offences within the past 10 years other than traffic offences

None

**Name**

Y Bhg Datuk Hj Mohamed Al Amin bin Hj Abdul Majid

Age

47

Nationality

Malaysian

Qualification

Bachelor of Science (Hons) in Civil Engineering, University of Aston, United Kingdom.

Position in the Company

Non-Independent Non-executive Director

Working experience and occupation

He began his career as a project engineer with the Perak State Development Corporation in 1979. He was made the Executive Director of its subsidiary, Maju Bangun Sdn Bhd from 1981 to 1982. He is active in the fields of politics and voluntary organisations where he has served, amongst others, as Head of Perak UMNO Youth and National UMNO Youth Exco and Secretary of Badminton Association of Malaysia. He is currently Chairman of Chemical Industries Council of Malaysia ("CICM") and a Corporate member of Institute of Engineers Malaysia ("MIEM").

Date first appointed to the Board

16 June 1997

Board Meeting attendance

3 / 4

Other Board Committee

None

Other directorship of public companies

KUB Malaysia Berhad ; I Berhad ; Kamunting Corporation Berhad ; Country View Berhad ; Gabungan Pemborong Bumiputera Perak Berhad ; MCIS Zurich Insurance Berhad.

Securities holdings in the Company and its subsidiaries

None

Family relationship with any director / substantial shareholder of the Company

None

Conflict of interest with the Company

None

List of convictions for offences within the past 10 years other than traffic offences

None



Name

Y Bhg Dato' Mohd Ismail bin Che Rus

Age

59

Nationality

Malaysian

Qualification

Training Management at Royal Institute of Public Administration London, United Kingdom ; Post Graduate Senior Management at the University of Manchester, United Kingdom.

Position in the Company

Independent Non-executive Director

Working experience and occupation

He started his career with the Royal Malaysian Police as an Inspector in 1962. He was promoted on numerous occasions before being appointed the Chief Police Officer for three states in Malaysia and the Metropolitan Police of Kuala Lumpur. Prior to his retirement, he was holding the rank of Commissioner of Police with the appointment as the Director of Criminal Investigation Department. Currently he is an executive council member of the Malaysia Crime Prevention Foundation.

Date first appointed to the Board

29 October 1999

Board Meeting attendance

2 / 4

Other Board Committee

Audit Committee (Chairman)
Remuneration and Nomination Committee (Member)

Other directorship of public companies

Nylex (Malaysia) Berhad ; Kop Mantap Berhad ; Selangor Dredging Berhad.

Securities holdings in the Company and its subsidiaries

None

Family relationship with any director / substantial shareholder of the Company

None

Conflict of interest with the Company

None

List of convictions for offences within the past 10 years other than traffic offences

None



Name

Chieng Ing Huong

Age

45

Nationality

Malaysian

Qualification

Bachelor of Commerce (Hons) in Accounting, Finance and Information Systems, University of New South Wales, Australia.

Position in the Company

Independent Non-executive Director

Working experience and occupation

He qualified as a Chartered Accountant and is a member of the Institute of Chartered Accountants in Australia and a Chartered Accountant registered with the Malaysian Institute of Accountants. He was the managing director of Equity & Property Investment Corporation Limited, Australia, a director of Hillgrove Gold NL, Australia and an executive director of OSK Holdings Berhad. He was the founder of Nationwide Courier Express Services Berhad. He is currently the Senior Vice-President, Business Development of Hwang-DBS Securities Berhad and is the Managing Director of a few private limited companies.

Date first appointed to the Board

23 August 2001

Board Meeting attendance

2 / 3

Other Board Committee

Audit Committee (Member)
Remuneration and Nomination Committee (Member)

Other directorship of public companies

Nylex (Malaysia) Berhad ; QL Resources Berhad ; Nationwide Courier Express Services Berhad ; Selangor Dredging Berhad.

Securities holdings in the Company and its subsidiaries

Refer Directors' Report of this Annual Report

Family relationship with any director / substantial shareholder of the Company

None

Conflict of interest with the Company

None

List of convictions for offences within the past 10 years other than traffic offences

None

Name

Chan Thye Seng

Age

46

Nationality

Malaysian

Qualification

Bachelor of Law (Hons), University College Cardiff, United Kingdom.

Position in the Company

Non-independent Non-executive Director

Working experience and occupation

He practised as an Advocate and Solicitor for more than 13 years after being called to the Malaysian Bar in 1982. He is at present the Chief Executive Officer of Pacific & Orient Berhad and its subsidiaries.

Date first appointed to the Board

19 October 1999

Board Meeting attendance

3 / 4

Other Board Committee

None

Other directorship of public companies

Pacific & Orient Berhad ;
Pacific & Orient Insurance Co. Berhad.

Securities holdings in the Company and its subsidiaries

Refer Directors' Report of this Annual Report

Family relationship with any director / substantial shareholder of the Company

None

Conflict of interest with the Company

None

List of convictions for offences within the past 10 years other than traffic offences

None

CORPORATE INFORMATION

AUDIT COMMITTEE

Y.Bhg. Dato' Mohd Ismail bin Che Rus
Chairman

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

Chieng Ing Huong
Member

REMUNERATION & NOMINATION COMMITTEE

Y.Bhg. Tan Sri Dato' Dr Lin See Yan
Chairman

Y.Bhg. Dato' Mohd Ismail bin Che Rus
Member

Chieng Ing Huong
Member

SECRETARIES

Choo Se Eng
Nandita K K Choudhury

AUDITORS

BDO Binder
Chartered Accountants

PRINCIPAL PLACE OF BUSINESS

102-1002 Blok A
Pusat Dagangan Phileo Damansara I
No 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7660 0008
Fax : 03-7660 0010
Email : cosec@ancom.com.my

SHARE REGISTRAR

Signet Share Registration Services Sdn Bhd
10th & 11th Floor
Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2145 4337
Fax : 03-2141 5757

REGISTERED OFFICE

Suite 1005, 10th Floor
Wisma Hamzah Kwong Hing
No. 1, Leboh Ampang
50100 Kuala Lumpur
Tel : 03-2070 0644
Fax : 03-2072 6503

PRINCIPAL BANKERS

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

INVESTORS' AND SHAREHOLDERS' CONCERNS ON THE COMPANY

To be directed to :

Y Bhg Dato' Mohd Ismail bin Che Rus
Senior Independent Non-Executive Director

C/O Ancom Berhad
102-1002 Blok A
Pusat Dagangan Phileo Damansara I
No 9, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Email : corp@ancom.com.my

SOLICITORS

Shearn Delamore & Co
Lee Hishammuddin

WEBSITE

www.ancom.com.my

STOCK EXCHANGE LISTING

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

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

BOARD OF DIRECTORS

Composition

The Board currently consists of nine (9) members, three (3) of whom are Executive Directors and six (6) Non-Executive Directors (out of whom three (3) are Independent Non-Executive Directors). The composition of the Board reflects a balance of Executive and Non-Executive Directors with a mix of legal, accounting, economics, corporate finance, business and other experiences that have been vital in steering the Group to its present level. In the Board's opinion, the Directors possess the skills, experiences and depth to consider and decide issues in terms of business strategies, financial and operational performance, resources and standard of conduct.

Meetings

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

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

Duties and Responsibilities

There is clear segregation of responsibilities between the Chairman, the Group Managing Director and the Deputy Group Managing Director to ensure a balance of power and authority. The Chairman is responsible for the orderly conduct of the Board while the Group Managing Director and the Deputy Group Managing Director are responsible for the day to day running of the business and implementation of the Board's decisions and policies. The Non-Executive Directors and the Independent Non-Executive Directors play an important role in ensuring that no individual or a minority group of Directors control the significant decisions and policies of the Board. They provide unbiased and independent views, advice and judgment in the decision making process by the Board. All Board's decisions are decided by a simple majority of votes of the Directors present at the meeting.

The Independent Non-Executive Directors are responsible to safeguard the interests of the Company's minority shareholders. None of the Independent Non-Executive Directors participated in the daily operations and management of the Group. The Group Managing Director and the Deputy Group Managing Director are subject to the control of the Board of Directors.

During the year, the Board did not appoint any Independent Director to whom concerns relating to the affairs of the Group will be directed to as the Board practised "open" policy where all such concerns can be directed to the Chairman or the Group Managing Director / Deputy Group Managing Director.

Duties and Responsibilities [cont'd]

On 20 September 2002, Y Bhg Dato' Mohd Ismail bin Che Rus was elected by the Board to be the Senior Independent Non-Executive Director to whom concerns on the Company/Group may be directed or conveyed to.

Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Programme prescribed by the Kuala Lumpur Stock Exchange. As an integral part of the education programme for all Directors, management will update the Directors on the business aspects of the Group while the Company Secretaries will provide the relevant guidelines on the statutory and regulatory requirements and updates for the reference of all Directors.

All Directors will receive further training to keep abreast with the latest development in business practices, laws and regulations where appropriate from time to time.

Re-election

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to retirement and are entitled for re-election at the first annual general meeting after their appointment. All Directors, except the Directors who have attained the age of 70, retire on a rotational basis once every three years and are entitled to offer themselves for re-election at the Company's annual general meeting. For Directors who have attained the age of 70, they will retire at every annual general meeting and subject to Section 129(2) of the Companies Act, 1965, are entitled to offer themselves for re-election. None of the Executive Directors has a service contract which the notice period for termination is more than one year.

In the case of re-election of Directors at the general meeting, the notice of general meeting will state the name of the Directors seeking to be re-elected with a brief description of his/her:

- > Age and nationality
- > Status (whether independent or non-independent)
- > Relevant experience / qualifications / occupations
- > Directorships in other listed companies
- > Shareholding in the Company and its subsidiaries
- > Family relationship with any directors and/or substantial shareholders of the Company
- > Any conflict of interest with the Company
- > Any convictions for offences within the past 10 years other than traffic offences

The motions to re-elect Directors are voted on individually.

Appointment to the Board

In accordance with the best practice of the Code, the Company has established a Remuneration and Nomination Committee ("R&N Committee") on 24 September 2001, comprised of Y Bhg Tan Sri Dato' Dr Lin See Yan and Y Bhg Dato' Mohd Ismail bin Che Rus, both Independent Non-Executive Directors. The Board has decided to combine the functions of the Remuneration Committee and Nomination Committee into one R&N Committee.

On 20 September 2002, Y Bhg Tan Sri Dato Dr. Lin See Yan was elected Chairman and Chieng Ing Huong, an Independent Non-Executive Director, was appointed an additional member of the R&N Committee.

Appointment to the Board [cont'd]

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

Remuneration

The R&N Committee will engage professional advise to implement procedures to assess all the elements of the framework of remuneration package and the terms of employment of the Executive Directors. It will be the ultimate responsibility of the entire Board to approve the remuneration of these Directors. The determination of the remuneration of the Non-Executive Directors will be a matter for the Board as a whole. Directors will not participate in decision on their own remuneration packages.

For the year under review, the remuneration of the Executive Directors was broadly determined based on the market rates commensurate with the experience, knowledge and professional skill of the Executive Directors. The component parts of the remuneration were structured so as to link rewards to corporate and individual performance in the case of Executive Directors. For Non-Executive Directors, the level of remuneration reflects the amount paid by other comparable organizations adjusted for the experience and levels of responsibilities undertaken by the Non-Executive Directors concerned in the Company. In addition, the Company reimburses reasonable out-of-pocket expenses incurred by the Directors in the course of their duties as Directors of the Company.

The breakdowns of the remuneration received and receivable by the Directors from the Company and its subsidiaries during the year were as follows:

		Executive Director	Non-Executive Director	Total
(a) Total remuneration :				
Fees	RM	101,258	189,825	291,083
Salaries	RM	1,512,000	-	1,512,000
Benefits-in-kind	RM	92,900	5,700	98,600
Other emoluments	RM	1,558,849	404,300	1,963,149
Total		3,265,007	599,825	3,864,832

		Executive Director	Non-Executive Director	Total
(b) Number of Directors whose remuneration falls into the following bands:				
Less than RM50,000	No.	-	2	2
RM50,001 to RM100,000	No.	-	3	3
RM250,001 to RM300,000	No.	-	1	1
RM400,001 to RM450,000	No.	1	-	1
RM1,000,001 to RM1,050,000	No.	1	-	1
RM1,800,001 to RM1,850,000	No.	1	-	1
Total		3	6	9

SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONSHIP POLICY

The Board acknowledges the importance of accountability to its shareholders through proper, adequate and timely dissemination of information on the Group's performance and major development through an appropriate channel of communication. The annual reports, the quarterly results announcements, circulars to shareholders and press releases are the primary modes of communication to report the Group's business, financial performance and activities to all its shareholders and the investing public.

Annual General Meeting (AGM)

The AGM is a platform for the Board and the shareholders to communicate on the Group's performance and any matters which may be of concern or interest to the shareholders. Notice of the AGM accompanied by the financial statements and other related documents are sent out to the shareholders at least 21 days before the date of the AGM. The notice of AGM will be advertised in a leading English newspaper at least 21 days before the date of the AGM. On other general meetings, a circular to shareholders approved by the KLSE together with a notice of meeting will be dispatched to the shareholders at least 14 days or 21 days, as the case may be as required by the Company's Articles of Association or the Companies Act, 1965, before the date of the meeting. The notice of general meeting will also be advertised in a leading English newspaper at least 14 days or 21 days, as the case may be, before the date of the meeting. Each item of special business included in the notice of general meeting will be accompanied by a full explanation of the effects of the proposed resolution to enable shareholders to make an informed judgment.

To encourage shareholders to attend the Company's general meetings, it is the Company's practice to hold its general meetings at a place easily accessible and at a time convenient to the shareholders.

At each meeting, the Group Managing Director will present a review of the Group's performance and other relevant information to the shareholders. Shareholders are given opportunities to ask questions at the meeting. The Board will provide written answers to any questions that cannot be readily answered at the meeting.

ACCOUNTING RECORDS, AUDIT AND INTERNAL CONTROL

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

The Board acknowledges its responsibilities to maintain a sound and effective system of internal control to safeguard shareholders' investments and the Group's assets. The Group has in place a system of internal control which has been designed to meet the Group's particular needs to manage and mitigate the risks to which the business of the Group are exposed. The Board recognizes that the system of internal control, by nature, can only provide reasonable but not absolute assurance against loss.

The Board, through the Audit Committee, will continuously review the adequacy and integrity of the Group's internal control including systems for compliance with appropriate laws, regulations, risks, directives and guidelines.

To assist the Audit Committee in ensuring the adequacy and integrity of the Group's internal control, the Board has appointed Ernst & Young as the Group internal auditors to review the Group's internal control for a period of three (3) years commencing 1 June 2001 to 31 May 2004. The Group internal auditors report to the Audit Committee who shall determine their remit.

CONSTITUTION

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

OBJECTIVES

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

COMPOSITION

The members of the Audit Committee during the year comprised of :

1. Y Bhg Dato' Mohd Ismail bin Che Rus
(Chairman, Independent Non-executive Director)
2. Y Bhg Dato' Ahmad Johari bin Tun Abdul Razak
(Member, Group Managing Director)
3. Mr. Chieng Ing Huong
(Member, Independent Non-executive Director. A member of the Malaysian Institute of Accountants)
(Appointed on 23 August 2001)

TERMS OF REFERENCE

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

Composition

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

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

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

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

Functions

The Audit Committee shall discharge the following functions:

1. Review the following and report same to the Board of Directors of the Company:
 - i. with the external auditors, the audit plan, the scope of work and ascertain that it will meet the needs of the Board, the shareholders and the authorities ;
 - ii. with the external auditors, their evaluation of the quality, effectiveness and the integrity of the Group's systems of internal control ;
 - iii. with the external auditors, their audit report including management letter on internal control weaknesses and the management's response thereof ;
 - iv. the assistance given by the employees of the Company to the external auditors ;
 - v. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work ;
 - vi. the internal audit program, processes, the results of the internal audit program, processes and investigation under taken and whether or not appropriate action is taken on the recommendations of the internal audit functions ;
 - vii. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on :
 - (a) changes in or implementation of major accounting policy changes ;
 - (b) significant and unusual events ;
 - (c) compliance with accounting standards and other legal requirements, and the going concern assumption ; and
 - (d) the accuracy and adequacy of the information disclosed ;
 - viii. any related party transactions and conflict of interest situations that may arise within the Group and with any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity ;
 - ix. any letter of resignation from the external auditors of the Company ;
 - x. whether there is a reason (supported by grounds) to believe that the Company's external auditors are not suitable for reappointment ;
 - xi. nomination of external auditors and to fix their terms of appointment and remuneration ; and
 - xii. any other matters as directed by the Board of Directors from time to time.
2. In discharging the above functions, the Audit Committee shall at the cost of the Company:
 - i. have the authority to investigate any matter within its terms of reference;
 - ii. have the resources which are required to perform its duties;
 - iii. have full and unrestricted access to any information pertaining to the Group;
 - iv. have direct communication channels with the external auditors and persons carrying out the internal audit functions;
 - v. be able to obtain independent professional and other advices and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
 - vi. be able to convene meeting with the external auditors excluding the attendance of the executive member of the Audit Committee, whenever deemed necessary.

Meeting

The Audit Committee shall meet four (4) times a year although additional meetings may be called at any time upon the request of any members of the Audit Committee, the external auditors, the internal auditors 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 members of the Audit Committee and any other persons who may be required to attend the meeting at least seven (7) days prior to the meeting unless the members in the meeting waive such requirement.

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

Minutes

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

MEETING AND ATTENDANCE

During the year, a total of five (5) meetings of the Audit Committee were held. The attendance at the meetings were as follows:

Members	No. of meetings attended	%
Dato' Mohd Ismail bin Che Rus	5	100
Dato' Ahmad Johari bin Tun Abdul Razak	5	100
Chieng Ing Huong (Appointed on 23 August 2001)	4	100

SUMMARY OF ACTIVITIES

During the year under review, the Audit Committee reviewed the audited accounts of the Company and of the Group for the year ended 31 May 2001 with the external auditors to ensure that the audited accounts were drawn up in accordance with the provisions of the Companies Act, 1965 and applicable standards approved by the Malaysian Accounting Standards Board. The Audit Committee also discussed the internal control weakness report from the external auditors. The Audit Committee was satisfied that there was no major breakdown in the internal control of the Group during the year. The Audit Committee also approved the auditors' remuneration for the year ended 31 May 2001.

The statutory audit plan and scope of audit for the year ended 31 May 2002 was discussed and approved by the Audit Committee prior to the commencement of the audit by the external auditors.

In four (4) of the meetings, the Audit Committee reviewed and discussed the Group's draft quarterly results announcements with the management. During the year, the Audit Committee commissioned Ernst & Young ("E&Y"), the internal auditors, to conduct a review of the Group's Interim Accounts Closing Process in order to obtain assurance that the Group's quarterly results announcements are reliable and would not contained material misstatement. Based on the review, E&Y reported that the internal control elements in the Group's Interim Accounts Closing Process were in order to produce reliable quarterly results announcements.

SUMMARY OF ACTIVITIES [cont'd]

After each Audit Committee meeting, the Chairman would report to the Board the Audit Committee's recommendation to release the quarterly results announcement to the KLSE or on other matters for the Board's further actions and/or instructions.

INTERNAL AUDIT FUNCTION

As reported in the previous year's Audit Committee Report, the Board resolved to appoint E&Y as the Group's internal auditors for a period of 3 years covering the financial years 1 June 2001 to 31 May 2004.

Amongst the responsibilities of the internal auditors are:

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

During the year, the Audit Committee approved the internal audit plan and received four (4) internal audit reports from E&Y.

At each of the Audit Committee Meeting, E&Y reported to the Audit Committee their findings with highlight on weaknesses noted, their recommendations as to the types of corrective action to be taken by the management and the management's response on the findings and recommendations. In subsequent internal audit reports, E&Y will report on their findings on the follow up reviews to the Audit Committee.

In addition, E&Y were also commissioned to conduct an Internal Control Readiness Assessment with the primary objective of assessing the Company's readiness to issue the Statement on Internal Control as required by the KLSE Listing Requirements. E&Y were also commissioned to conduct a formal Strategic Risk Assessment exercise to identify the principal business risks faced by the Group. The key activities of the exercise included evaluating and assessing the impact and likelihood of material exposures and identifying the measures taken to manage the identified risks. The Group will also formulate a Risk Management Policy, which, together with the results of the Strategic Risk Assessment exercise, will be reviewed by the Audit Committee and approved by the Board.

CONCLUSION

Based on the above, the Audit Committee is of the opinion that it has discharged its function effectively in accordance with the terms of reference established above.



On behalf of the Board of Directors, I have great pleasure in presenting to you the Annual Report and Audited Accounts of the Group and of the Company for the financial year ended 31 May 2002.

Performance

For the year under review, the Group's turnover was RM715.0 million (2001: RM761.8 million) and the consolidated profit before tax and exceptional items was RM0.9 million (2001: RM34.7 million) after accounting for the write-down amounting to RM33.3 million in the subsidiaries as disclosed below. After taking into account for the exceptional items of RM19.8 million, the Group recorded a consolidated loss before tax of RM18.9 million (there was no exceptional item in 2001). The consolidated loss per share after tax and exceptional items was 6.57 sen (2001: earnings per share of 3.49 sen). The consolidated net tangible assets per share were RM1.54 as at the end of the year (2001: RM1.67).

The Company's turnover was RM24.5 million (2001: RM19.3 million) while the profit before tax was RM10.4 million (2001: RM6.2 million).

As in the previous year, the Board proposed the payment of a final dividend of 4% less 28% income tax for the year under review, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

Review of Operations

The Industrial and Agricultural Chemicals division continued to be the Group's main contributor in turnover. However, it recorded a lower turnover of RM268.9 million (2001: RM312.8 million) and profit before tax of RM9.4 million (2001: RM10.3 million) due to weaker demand for its products and keener competition during the first half of the year. The situation returned to normal subsequently. The overall increase in the prices of all types of chemical products in the second half of the year saw the division achieving higher profits than the first half.

To broaden its range of products, the Industrial and Agricultural Chemicals division successfully secured additional agencies during the year. The new product range will add to the division's turnover and profits in the coming years. In addition, new markets are being explored for the division's agricultural chemical products in South America and South Africa.

The Shipping division continued to play a supporting role to the Industrial and Agricultural Chemicals division in transporting the division's bulk chemical products in the region in addition to servicing third party customers. Its turnover was RM9.3 million (2001: RM9.8 million) and profit before tax was RM67,000 (2001: RM6,000).

The Oil & Gas Engineering Services division performed satisfactorily during the year with a higher turnover of RM43.6 million (2001: RM41.7 million) and a higher profit before tax of RM6.2 million (2001: RM0.3 million). Included in the profit

was an exceptional gain of RM3.7 million arising from the disposal of Petrodril (Malaysia) Sdn Bhd ("PMSB") for RM5.2 million cash. One of its units successfully completed a contract to supply sacrificial anodes to a customer in South America in the first half of the year. The pipe-threading unit continued to perform well during the year working at full capacity.

The Property division launched the development of 214 units of 2-storey terrace houses in Taman Meranti Jaya, Puchong in April 2002. Selling at a price ranging from RM199, 900 to RM232, 800 for a standard unit, the launch was well received with a total 40% of the units sold as at 31 May 2002. The Property division recorded a turnover of RM2.6 million (2001: RM2.7 million) and a loss before tax of RM0.3 million (2001: profit before tax of RM50,000) for the year. It is, however, expected to return to profitability in the next two years from the sales of the new launch. As at the date of this report, a total of 71% of the units has been sold.

The Information Technology division has a mixed fortune during the year. It recorded a higher turnover of RM24.3 million (2001: RM7.9 million) but its profit before tax was lower at RM0.5 million (2001: RM2.7 million) due to the higher losses incurred by one of the units during the year. Malay Sino Technologies Sdn Bhd, now known as MSTi Corporation Sdn Bhd ("MSTi"), in which the Group has a 50.1% equity, achieved a turnover of RM27.1 million (2001: RM14.4 million) and profit before tax of RM2.2 million (2001: RM2.1 million) for the year. Focusing on providing end-to-end IT solutions to its customers in the financial, manufacturing, distribution and telecommunication sectors and etc, the division has proven to be a reliable solution provider based on Oracle platform. Worthy of note was the division's success in securing and completing a software development and implementation for a project overseas. With this, the division is expected to continue with the development and implementation of the other aspects of the project. It is also confident in securing other opportunities in the overseas markets.

WorldSol.com Sdn Bhd, a wholly owned subsidiary, however, recorded a lower turnover of RM0.6 million (2001: RM2.1 million) and a higher loss before tax of RM1.8 million (2001: RM 0.8 million) for the year. The management is exploring various alternatives to turn the unit around. This includes the implementation of Enterprise Resource Planning ("ERP") systems for the small and medium industries in addition to its current activities of maintaining the WorldSOL.com marketplace exchange and the development of Internet exchanges and web designs for its customers. This will complement MSTi who are experts in the implementation of large-scale ERP systems.

The Polymer division, under Nylex (Malaysia) Berhad ("Nylex"), recorded a lower turnover of RM98.3 million (2001: RM109.9 million) and a lower profit before tax of RM11.2 million (2001: RM16.0 million) during the year. The lower turnover and profit was due to the weak overseas markets in the second half of the year, a direct consequent of the weak US economy following the September 11 tragedy. The weak domestic demand affected margins due to price competition from domestic and overseas competitors.

Sample houses for viewing at Taman Meranti Jaya, Puchong with focus on quality finishes and practical layout by Wandeerfull Property & Development Sdn Bnd.

Rumah-rumah contoh di Taman Meranti Jaya, Puchong yang memberi tumpuan kepada persiapan yang berkualiti serta penyusunan yang praktikal oleh Wandeerfull Property and Development Sdn Bhd.

Property





Agricultural Chemicals

Citrus plant treated with fungicide, Topsin M and Anconil 500 marketed by Industrial & Agricultural Chemicals Division.

Tanaman limau madu yang dirawat dengan Topsin M Anconil 500, racun kulat yang dipasarkan oleh Bahagian Kimia Industri & Pertanian.

The Engineering division, also under Nylex, performed better than the previous year with a turnover of RM242.5 million (2001: RM238.6 million). It recorded a same level of profit before tax of RM17.4 million (2001: RM17.3 million) before the write-down mentioned below. During the year, following a strategic review of the division, including its overseas units in Australia, China and Indonesia, the Board of Directors of Nylex resolved to write down the costs of certain obsolete stocks and non-recoverable work-in-progress amounting to RM33.3 million in the accounts of its subsidiaries in the division. As a result of this write-down, the division recorded a loss of RM15.9 million for the year. Following the write-down, management has taken steps to rationalize the overseas operations and made changes to its senior management in an effort to improve future performance.

The Building Product division recorded a lower turnover of RM25.0 million (2001: RM37.3 million) mainly due to the lower sales contributed by the glasswool insulation unit, Asia Pacific Insulation Corp. Inc. ("APIC"), in the Philippines. The continuing losses incurred by APIC and the depressed market outlook prompted the Board of Nylex to dispose off the investment to a third party for RM1 in March 2002. As a result, the Group recorded an exceptional loss of RM23.6 million (2001: Nil). However, the metal roof tiles manufacturing unit has made a breakthrough in securing sales in the Middle East, Turkey and China in addition to its traditional markets in Taiwan, Korea, Mauritius, Japan, Indonesia and the Philippines.

Exceptional Items

As mentioned earlier, the Group recorded a net exceptional loss amounting to RM19.8 million (2001: Nil) arising from the loss on disposal of its investments in APIC and the gain on disposal of PMSB during the year.

Significant Events

During the year, the Group announced that it has entered into a Conditional Share Sale Agreement to acquire 50.96% equity interest in SM Integrated Transware Pte Ltd ("SMIT"), a company incorporated in Singapore, for S\$6.0 million (or RM12.8 million equivalent) cash. SMIT and its subsidiary, Pengangkutan Cogent Sdn Bhd, are primarily engaged in the provision of specialized chemical transportation, container haulage and bulk cargo handling services to customers mainly in the petrochemical industry. SMIT is also involved in the provision of warehousing and drumming services. This acquisition was completed in September 2002. Together with the 3 IMO Class II/III ships and the chemical tank farm in its stable, this acquisition will enable the Group to provide a complete range of services from marketing, distribution, transportation to storage of industrial chemical products to its customers.

Subsequent Events

As mentioned in the Notes to the Accounts, the Company announced that it has proposed to undertake a private placement of up to 10% of its issued and paid up share capital to raise proceeds to repay part of the bank borrowings of the Company. The Company further announced that it has proposed to undertake a rationalization exercise involving the disposal of four (4) wholly-owned subsidiaries which are involved in the trading and manufacturing of industrial chemical products to Nylex for RM64.247 million.

The rationalization is aimed at reorganizing the Company's existing diverse business activities into defined business entities with complementary businesses. The proposed disposal of the chemical companies will enable the Company to rationalize and consolidate its chemical business under Nylex. The streamlining of the chemical business of the Group will enhance and maximize operational efficiency and synergy. It will enable the Company to unlock its investment in these companies into marketable securities.

As the rationalization is expected to be completed at the end of the year ending 31 May 2003, it will not have any effect on the Group's earnings for the year ending 31 May 2003. The Board strongly believes that there are synergies in terms of cost savings, increase market coverage and market reach in the long run for the merged entity.

Prospects for Next Year

The Group's prospects for the next year will continue to be affected by the economic and trading conditions prevailing in Malaysia and the region. There are signs that the economic and trading conditions have improved over the last one-year as reflected in the improved results in the 4th quarter of the year under review. The Directors, however, remain cautiously optimistic about the performance of the Group for the next year.

Appreciation

The Board would like to acknowledge and extend its appreciation for the considerable efforts by the management and staff of the Group during the year under review.

The Board also wishes to thank our shareholders, customers, suppliers, bankers, business associates and all regulatory authorities for their continued support and co-operation.

YABM RAJA TUN MOHAR BIN RAJA BADIOZAMAN

Chairman

1 October 2002

Kuala Lumpur

Bracelet Aluminium Anodes for Cathodic Protection of offshore underwater pipelines manufactured by MPE Lindung Sdn Bhd.

"Bracelet" Anod Aluminium untuk perlindungan katod bagi saluran paip dasar laut luarpantai dikeluarkan oleh MPE Lindung Sdn Bhd.

**Oil & Gas
Engineering Services**





Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan kepada anda Laporan Tahunan dan Akaun-akaun Teraudit Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Mei 2002.

Prestasi

Bagi tahun yang dilaporkan, perolehan Kumpulan ialah sebanyak RM715.0 juta (2001: RM761.8 juta) dan keuntungan sebelum cukai disatukan dan perkara luarbiasa ialah sebanyak RM0.9 juta (2001: RM34.7 juta) selepas mengambil kira susut nilai berjumlah RM33.3 juta dalam anak-anak syarikat seperti dinyatakan di bawah. Selepas mengambil kira perkara luarbiasa sebanyak RM19.8 juta, Kumpulan telah mencatatkan kerugian sebelum cukai disatukan berjumlah RM18.9 juta (tiada perkara luarbiasa dicatatkan pada tahun 2001). Kerugian disatukan sesaham selepas cukai dan perkara luarbiasa ialah 6.57 sen (2001: perolehan sesaham sebanyak 3.49 sen). Aset ketara bersih disatukan sesaham ialah sebanyak RM1.54 pada akhir tahun kini (2001: RM1.67).

Perolehan Syarikat ialah sebanyak RM24.5 juta (2001: RM19.3 juta) manakala keuntungan sebelum cukai pula berjumlah RM10.4 juta (2001: RM6.2 juta).

Seperti tahun lalu, Lembaga Pengarah telah mencadangkan pembayaran dividen akhir sebanyak 4% tolak 28% cukai pendapatan bagi tahun ini, tertakluk kepada kelulusan pemegang saham pada mesyuarat agung tahunan Syarikat yang akan datang.

Tinjauan Operasi

Bahagian Kimia Perusahaan dan Pertanian terus menjadi penyumbang utama kepada perolehan Kumpulan. Bagaimanapun, ia mencatatkan perolehan yang lebih rendah sebanyak RM268.9 juta (2001: RM312.8 juta) dan keuntungan sebelum cukai sebanyak RM9.4 juta (2001: RM10.3 juta) berikutan permintaan produknya yang agak lemah dan persaingan yang lebih sengit sepanjang separuh tahun pertama. Situasi telah kembali seperti sedia kala selepas itu. Kenaikan harga semua jenis produk kimia pada separuh kedua tahun telah membolehkan bahagian ini memperoleh keuntungan yang lebih tinggi daripada separuh tahun pertama.

Untuk meluaskan rangkaian produknya, bahagian Kimia Perusahaan dan Pertanian telah berjaya memperoleh agensi tambahan dalam tahun ini. Rangkaian produk baru ini akan menambahkan perolehan dan keuntungan bahagian ini pada tahun-tahun akan datang. Selain itu, pasaran-pasaran baru sedang diterokai untuk produk kimia pertanian di Amerika Selatan dan Afrika Selatan.

Bahagian Perkapalan terus memainkan peranan sebagai pelengkap dan penyokong kepada bahagian Kimia Perusahaan dan Pertanian dalam mengangkut produk kimia pukal bahagian ini ke destinasi di rantau ini selain memberi perkhidmatan kepada pelanggan-pelanggan pihak ketiga. Perolehannya berjumlah RM9.3 juta (2001: RM9.8 juta) dan keuntungan sebelum cukainya pula berjumlah RM67,000 (2001: RM6,000).

Bahagian Perkhidmatan Kejuruteraan Minyak & Gas mencatatkan prestasi yang memuaskan dengan perolehan lebih tinggi berjumlah RM43.6 juta (2001: RM41.7 juta) dan juga keuntungan sebelum cukai yang lebih tinggi berjumlah RM6.2 juta (2001: RM0.3 juta). Termasuk dalam keuntungan tersebut ialah keuntungan besar sebanyak RM3.7 juta hasil daripada penjualan Petrodril (Malaysia) Sdn Bhd ("PMSB") pada harga tunai RM5.2 juta. Salah sebuah unitnya telah berjaya menyiapkan kontrak untuk membekalkan anod korban kepada pelanggan di Amerika Selatan pada separuh pertama tahun ini. Unit penguliran paip terus mencapai prestasi yang baik pada tahun ini dengan beroperasi pada keupayaan maksima.

Bahagian Hartanah melancarkan pembinaan 214 unit rumah teres 2 tingkat di Taman Meranti Jaya, Puchong pada April 2002. Rumah-rumah ini dijual pada harga di antara RM199,900 hingga RM232,800 untuk unit standard. Pelancaran ini telah mendapat sambutan yang menggalakkan di mana sejumlah 40% daripada unit tersebut telah terjual setakat 31 Mei 2002. Bahagian Hartanah mencatatkan perolehan berjumlah RM2.6 juta (2001: RM2.7 juta) dan kerugian sebelum cukai berjumlah RM0.3 juta (2001: keuntungan sebelum cukai berjumlah RM50,000) pada tahun laporan. Bagaimanapun, ia dijangka akan mendapat keuntungan daripada jualan pelancaran baru ini dalam tempoh dua tahun akan datang. Pada tarikh laporan ini, sejumlah 71% daripada unit tersebut telah pun dijual.

Bahagian Teknologi Maklumat mempamerkan prestasi yang bercampur. Ia mencatatkan perolehan lebih tinggi sebanyak RM24.3 juta (2001: RM7.9 juta) tetapi keuntungan sebelum cukainya adalah lebih rendah sebanyak RM0.5 juta (2001: RM2.7 juta) berikutan kerugian yang lebih tinggi yang dialami oleh salah sebuah unitnya. Malay Sino Technologies Sdn Bhd, sekarang dikenali sebagai MSTI Corporation Sdn. Bhd. ("MSTI") yang Kumpulan mempunyai 50.1% ekuiti, mencatatkan perolehan sebanyak RM27.1 juta (2001: RM14.4 juta) dan keuntungan sebelum cukai sebanyak RM2.2 juta (2001: RM2.1 juta). Dengan memberi tumpuan kepada penyelesaian IT kepada para pelanggannya dalam sektor kewangan, pembuatan, pengedaran dan telekomunikasi, bahagian ini telah menjadi pembekal penyelesaian yang boleh dipercayai berdasarkan platform Oracle. Sukacita juga saya sebutkan di sini bahawa bahagian ini telah berjaya mendapat dan menyiapkan pembangunan dan pelaksanaan perisian untuk sebuah projek di luar negara. Dengan kejayaan ini, bahagian ini dijangka akan meneruskan pembangunan dan pelaksanaan aspek-aspek lain dalam projek berkenaan. Ia juga berkeyakinan tinggi untuk menerokai peluang-peluang lain di pasaran luar negara.

WorldSol.com Sdn Bhd, sebuah anak syarikat milik penuh Kumpulan, mencatatkan perolehan lebih rendah sebanyak RM0.6 juta (2001: RM2.1 juta) dan kerugian sebelum cukai lebih tinggi sebanyak RM1.8 juta (2001: RM 0.8 juta). Pihak pengurusan sedang mencari usaha-usaha lain untuk memulihkan unit ini, termasuk menjalankan pelaksanaan sistem ERP (Enterprise Resource Planning) untuk industri-industri kecil dan sederhana selain aktiviti-aktiviti menyenggarakan jual beli pasaran WorldSOL.com serta pembangunan sistem jual beli melalui Internet dan reka bentuk web untuk para pelanggannya yang dijalankan pada masa ini. Ini akan melengkapi aktiviti MSTi yang pakar dalam pelaksanaan sistem ERP yang besar.

Bahagian Polimer, di bawah Nylex (Malaysia) Berhad ("Nylex"), mencatatkan perolehan yang lebih rendah sebanyak RM98.3 juta (2001: RM109.9 juta) dan juga keuntungan sebelum cukai yang lebih rendah sebanyak RM11.2 juta (2001: RM16.0 juta). Perolehan dan keuntungan yang lebih rendah ini adalah berikutan pasaran luar yang lemah pada separuh tahun kedua, akibat daripada ekonomi AS yang merusut selepas tragedi 11 September. Permintaan dalam negeri yang lemah juga menjejaskan jualan. Berikutan persaingan harga sengit dengan pengeluar-pengeluar lain di dalam dan luar negara, kadar keuntungan juga turut lebih rendah.

The finishing quality of metal roof tiles produced by Malaysian Roofing Industries Sdn Bhd are examined closely before they are placed into the oven for drying process.

Kualiti jubin bumbung logam yang dikeluarkan oleh Malaysian Roofing Industries Sdn Bhd diperiksa dengan rapi sebelum dimasukkan ke dalam oven bagi proses pengeringan.

Produk Binaan





Baja Organik

OrganiGro 250, a chemical free fertilizer manufactured by OrganiGro Sdn Bhd, is also extensively used to produce organic rice.

OrganiGro 250, baja tanpa bahan kimia yang dikeluarkan oleh OrganiGro Sdn Bhd, juga digunakan secara meluas untuk penghasilan padi organik.

Bahagian Kejuruteraan, juga di bawah Nylex, mencatatkan prestasi yang lebih baik berbanding tahun lalu dengan perolehan sebanyak RM242.5 juta (2001: RM238.6 juta). Ia mencatatkan keuntungan sebelum cukai yang sama seperti tahun sudah sebanyak RM17.4 juta (2001: RM17.3 juta) sebelum susut nilai yang disebutkan di bawah. Berikutan satu kajian atas bahagian ini, termasuk unit-unit di Australia, China dan Indonesia, Lembaga Pengarah Nylex membuat keputusan untuk menurunkan nilai kos stok-stok dan kerja dalam pelaksanaan yang tidak dapat dituntut berjumlah RM33.3 juta dalam akaun anak-anak syarikatnya dalam bahagian ini. Ekoran daripada susut nilai ini, bahagian ini mencatatkan kerugian sebanyak RM15.9 juta bagi tahun laporan. Berikutan susut nilai ini, pihak pengurusan telah mengambil langkah untuk memperkemas kini operasi luar negara dan pengurusan dalam usaha untuk meningkatkan prestasinya di masa depan.

Bahagian Produk Binaan mencatatkan perolehan lebih rendah sebanyak RM25.0 juta (2001: RM37.3 juta) disebabkan terutamanya jualan yang lebih rendah yang dicatatkan oleh unit pembuatan benang bulu kaca, Asia Pacific Insulation Corp. Inc. ("APIC"), di Filipina. Kerugian berterusan yang ditanggung oleh APIC dan pasaran yang berkurangan mendorong Lembaga Pengarah Nylex melupuskan pelaburannya kepada pihak ketiga dengan harga RM1 pada Mac 2002. Berikutan itu, Kumpulan mencatatkan kerugian luarbiasa sebanyak RM23.6 juta (2001: Tiada). Bagaimanapun, perlu disebutkan di sini bahawa unit pembuatan jubin bumbung logam telah mencapai prestasi yang membanggakan kerana berjaya menembusi pasaran di Timur Tengah, Turki dan China di samping pasaran tradisionalnya di Taiwan, Korea, Mauritius, Jepun, Indonesia dan Filipina.

Perkara Luarbiasa

Sebagaimana yang disebutkan sebelum ini, Kumpulan telah mencatatkan kerugian luarbiasa bersih berjumlah RM19.8 juta (2001: Tiada) berikutan kerugian daripada pelupusan pelaburannya dalam APIC dan keuntungan daripada pelupusan PMSB.

Peristiwa Penting

Dalam tahun laporan ini, Kumpulan telah mengumumkan bahawa ia telah memeterai Perjanjian Jualan Saham Bersyarat untuk mengambil alih 50.96% kepentingan ekuiti dalam SM Integrated Transware Pte Ltd ("SMIT"), sebuah syarikat yang diperbadankan di Singapura, pada harga tunai S\$6.0 juta (RM12.8 juta). SMIT dan anak syarikatnya, Pengangkutan Cogent Sdn Bhd, terlibat terutamanya dalam penyediaan perkhidmatan pengangkutan bahan kimia khusus, penghantaran barang dengan kontena dan pengendalian kargo pukal kepada pelanggan-pelanggan terutamanya dalam industri petrokimia. SMIT juga terlibat dalam penyediaan perkhidmatan pergudangan. Pengambilalihan ini telah selesai sepenuhnya pada September 2002. Bersama dengan 3 buah kapal Kelas II/III IMO dan ladang tangki bahan kimia dalam kumpulannya, pengambilalihan ini akan membolehkan Kumpulan menyediakan rangkaian perkhidmatan yang lengkap daripada pemasaran, pengedaran, pengangkutan hingga kepada penyimpanan produk kimia perusahaan kepada para pelanggannya.

Peristiwa Berikutan

Sepertimana yang disebutkan dalam Nota kepada Akaun, Syarikat mengumumkan bahawa ia mencadang untuk menawarkan sehingga 10% daripada modal sahamnya untuk mendapat kewangan bagi membayar balik sebahagian daripada pinjaman bank Syarikat. Syarikat selanjutnya mengumumkan cadangannya membabitkan pelupusan 4 buah anak syarikat milik penuh yang terlibat dalam perdagangan dan pembuatan produk kimia perusahaan kepada Nylex pada harga RM64.247 juta. Ini bertujuan untuk menyusun semula pelbagai aktiviti perniagaan Syarikat yang sedia ada. Cadangan pelupusan syarikat-syarikat kimia ini akan membolehkan Syarikat menyatukan perniagaan kimianya di bawah Nylex. Langkah memperkemas perniagaan kimia Kumpulan akan meningkat dan memaksimumkan kecekapan dan pengendalian, sekaligus membolehkan Syarikat memindahkan pelaburannya dalam syarikat-syarikat ini ke dalam sekuriti yang boleh dipasarkan.

Oleh sebab langkah penyusunan semula ini dijangka siap pada akhir tahun kewangan 31 Mei 2003, maka ia tidak akan mendatangkan kesan kepada perolehan Kumpulan bagi tahun kewangan berakhir 31 Mei 2003. Lembaga Pengarah percaya penyatuan perniagaan akan menjimat kos, meningkat liputan dan jangkauan pasaran dalam jangka panjang bagi entiti-entiti yang digabungkan ini.

Prospek untuk Tahun Depan

Prospek Kumpulan untuk tahun depan akan terus dipengaruhi oleh keadaan ekonomi dan perdagangan yang menyelubungi Malaysia dan rantau ini. Terdapat tanda-tanda yang menunjukkan keadaan ekonomi dan perdagangan telah mula pulih sepanjang tempoh setahun lalu dan hasil-hasil yang bertambah baik pada suku ke-4 tahun dalam laporan. Para Pengarah optimistik tetapi berhati-hati tentang prestasi Kumpulan untuk tahun akan datang.

Penghargaan

Lembaga Pengarah ingin merakamkan setinggi-tinggi penghargaan dan terima kasihnya di atas usaha dan kerjasama yang telah diberikan oleh pihak pengurusan dan kakitangan Kumpulan sepanjang tahun.

Lembaga Pengarah juga ingin mengucapkan terima kasih kepada para pemegang saham, pelanggan, pembekal, bank, rakan-rakan niaga dan semua pihak berkuasa di atas sokongan dan kerjasama mereka yang berterusan kepada Kumpulan.

YABM RAJA TUN MOHAR BIN RAJA BADIOZAMAN

Pengerusi

1 Oktober 2002

Kuala Lumpur

Perkapalan

MT Suhaila, operating chemical loading at terminal, is well managed and maintained to high standard to meet the stringent demands of oil majors.

MT Suhaila yang sedang menjalankan operasi memuat bahan kimia di limbungan, telah diuruskan dengan cekap dan kekal memenuhi kehendak pembekal minyak utama antarabangsa.



STATEMENT ON INTERNAL CONTROL

Introduction

Pursuant to paragraph 15.27(b) of the Kuala Lumpur Stock Exchange ("KLSE") Listing Requirements, the Board of Directors ("the Board") of Ancom Berhad ("the Company") is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia and as adopted by the KLSE.

For the purposes of this statement, the Group refers to the Company and its subsidiary companies, excluding the associated companies.

Responsibilities for Internal Control

The Board acknowledges its responsibility for maintaining an effective and sound system of internal control throughout the Group, and for reviewing its adequacy and integrity in order to safeguard the Group's assets and shareholders' investments. Notwithstanding that, stakeholders must be aware that there are inherent limitations to any system of internal control as they are designed to manage and to mitigate the effects rather than to eliminate the risk of failure to achieve business objectives. It can only be relied on to provide reasonable and not absolute assurance against material misstatement of management or financial information or against any financial losses or fraud. It should also be recognized that the cost of control procedures should not outweigh or exceed the benefits to be expected to arise from such control procedures.

Key Elements of Internal Control

The Group has in place a risk-based system of internal control, embedded in the operations of the business with sufficient assurance mechanism to safeguard the Group's assets and to preserve shareholders' investments. The Group has also implemented good governance practices and demonstrated management's commitment toward achieving a sound system of internal control. These include:

> **Organization structure and responsibility levels**

The Group's operating functions have been aligned under appropriate divisions based on the industries within which they operate, headed by a Divisional Managing Director who is "hands-on" in running the respective division. The Group has defined the management structure with clear lines of accountability and authority. It has in place an organization structure with key responsibilities clearly and properly segregated as well as clear reporting lines within each division and up to the Board. Experienced and competent staff are placed in positions of responsibility to support the effectiveness of the Group's system of internal control.

> **Audit Committee and internal audit**

The Audit Committee was established with a view to assist and to provide the Board with added focus in discharging the Board's duties. To assist the Audit Committee to discharge its duties and responsibilities, the Board had outsourced the internal audit function to an independent professional accounting firm.

Following the appointment of the internal audit function, a high-level risk assessment of the Group's key business processes was carried out to determine the areas of internal audit focus. Periodic audit visits have been carried out based on the audit plan that had been reviewed and approved by the Audit Committee to monitor compliance with the Group's procedures and to provide assurance on the effectiveness of the Group's system of internal control.

The internal auditors advise executive and operational management on areas for improvement and subsequently a follow-up review to determine the extent to which its recommendations have been implemented.

> **Audit Committee and internal audit [cont'd]**

The Audit Committee also ensures there is continuous efforts by management to address and resolve areas with control weaknesses. Reports on findings of the internal audit visits are presented to the Audit Committee. These, together with the External Auditors' reports provide reasonable assurance that control procedures are in place, and are being followed.

> **Risk management**

The Group's operations involve management of a wide range of risks. The Board is responsible for identifying business risks and in ensuring the implementation of appropriate systems to manage these risks. In doing so, the Board, through the Audit Committee and the internal audit function, reviews the adequacy and integrity of the Group's internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

> **Reporting and review**

The Group has in place a management reporting mechanism whereby financial information is generated for management review on a timely basis. The Group Managing Director and Deputy Group Managing Director meet with the Divisional Managing Directors and the senior management regularly to discuss and resolve operational, corporate, financial and key management issues.

The Company's financial system records business transactions to produce monthly management accounts that allow management to focus on key areas of concern. The announcement of the quarterly results of the Group will only be made after being reviewed by the Audit Committee and approved by the Board.

Events After the Year

Subsequent to the year under review, in its continuous effort to improve the Group's system of internal control, the Board has:

- i) taken steps to formalize the Group's Policies and Procedures that set the tone of control consciousness in employees' day-to-day conduct. The Group's Policies and Procedures cover the following core areas; authority limits and authorization mandates, protection and maintenance of assets, human resource 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;
- ii) conducted a formal Strategic Risk Assessment exercise to identify the principal business risks faced by the Group. The key activities of the exercise included evaluating and assessing the impact and likelihood of material exposures and identifying the measures taken to manage the identified risks. Management undertook this process with the assistance of a professional accounting firm. The Group will also formulate a Risk Management Policy, which, together with the results of the Risk Assessment exercise, will be reviewed by the Audit Committee and approved by the Board.

Conclusion

The Board is satisfied that, during the year under review, there is a continuous process in identifying, evaluating and managing significant risks faced by the Group. The Board is of the opinion that the existing system of internal control is adequate to achieve the above objectives.

The Board recognizes the importance of operating a system of internal control that supports the business objectives of the Group. As the Group operates in a dynamic business environment, and continues to grow and evolve, the Board will continuously assess the adequacy of the Group's system of internal control and make enhancement to the system, as and when necessary.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In Relation to The Audited Financial Statements

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

The Directors are responsible to ensure that the Company and the Group keep proper accounting records to enable the Company to disclose, with reasonable accuracy and without any material misstatement in the financial statements, the financial position and the profit and loss of the Company and the Group. The Directors are also responsible to ensure that the financial statements comply with the Companies Act, 1965 and the relevant accounting standards.

In preparing the financial statements for the year ended 31 May 2002, the Directors have:

- > adopted the appropriate accounting policies, which are consistently applied ;
- > made judgements and estimates that are reasonable and prudent ;
- > ensured applicable accounting standards have been followed, subject to any material departures which will be disclosed and explained in the financial statements ; and
- > prepared the financial statements on the assumption that the Company and the Group will operate as a going concern.

The Directors have provided the auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they considered appropriate for the purpose of enabling them to give their audit report on the financial statements.

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Financial

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 2002.

PRINCIPAL ACTIVITIES

The Company is an investment holding and management company.

The principal activities of the subsidiary companies are disclosed in Note 43 to the financial statements.

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

RESULTS

		Group	Company
Net (loss)/profit after taxation	RM	(34,785,448)	6,948,576
Minority interests		27,020,659	-
Net (loss)/profit for the financial year	RM	(7,764,789)	6,948,576

DIVIDEND

Since the end of the previous financial year, the Company had, on 20 December 2001, paid a final dividend of 4 sen, less income tax, amounting to RM3,405,721 for the financial year ended 31 May 2001 instead of RM3,423,663 as proposed in the Directors' Report for that financial year. The difference was due to overprovision of dividend for that financial year.

The directors proposed a final dividend of 4 sen, less income tax, amounting to RM3,389,362 in respect of the financial year ended 31 May 2002 subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from 120,476,195 ordinary shares of RM1 each to 120,503,195 ordinary shares of RM1 each by an allotment of 27,000 new ordinary shares of RM1 each pursuant to the ESOS at the option price as follows:-

Number of shares	Option price (RM)
10,000	1.476
2,000	1.470
15,000	1.290
27,000	

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

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

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

The salient features of the ESOS are as follows:-

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

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

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

- e) The option price for each new share shall be the average of the mean market quotation of the shares of the Company as shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the 5 preceding market days immediately prior to the date of offer or the last transacted price of the shares of the Company on the market day immediately prior to the date of offer, whichever is higher and in no event should be lower than the par value of the shares of the Company.

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

(f) Any share option exercised shall be in multiples of and not less than 1,000 shares and in accordance with the limits set out in the table below:-

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

* 40% or 20,000 shares whichever is higher

** 30% or the remaining number of shares

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

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

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

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

	Options over Ordinary Shares of RM1 each				
	Balance at 1.6.2001	Granted	Exercised	Forfeited	Balance at 31.5.2002
Number of unissued shares under the ESOS at an exercise price of:					
- RM1.476 per share	1,904,000	-	(10,000)	(33,000)	1,861,000
- RM3.680 per share	819,000	-	-	(99,000)	720,000
- RM1.470 per share	714,000	-	(2,000)	(54,000)	658,000
- RM1.290 per share	-	1,768,000	(15,000)	(47,000)	1,706,000

SHARE BUY-BACK

At the Annual General Meeting held on 8 November 2001, the shareholders of the Company by an ordinary resolution authorised the directors to buy back the Company's own shares based on the following terms:-

(i) The number of shares to be purchased shall not exceed 9,900,000 ordinary shares of RM1 each, being the number of ordinary shares which when aggregated with the ordinary shares already purchased and held as treasury shares of 2,148,000 shares by the Company, representing ten (10) per centum of its existing issued and paid up share capital of the Company.

SHARE BUY-BACK [cont'd]

- (ii) The amount to be utilised shall not exceed the total retained profits and share premium of the Company as at 31 May 2001 of RM485,601 and RM75,040,632 respectively.
- (iii) The directors may retain the shares so purchased as treasury shares as defined under Section 67A of the Companies Act, 1965 and may resell such treasury shares in a manner they deemed fit in accordance with the Companies Act, 1965 and the applicable guidelines of the Kuala Lumpur Stock Exchange.

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

	No. of shares	Lowest RM	Highest RM	Average RM	Total consideration RM
June 2001	207,000	1.53	1.63	1.5830	327,689.50
July 2001	92,000	1.54	1.62	1.5682	144,278.80
August 2001	50,000	1.51	1.62	1.5508	77,539.80
September 2001	200,000	1.11	1.56	1.3569	271,382.80
October 2001	73,000	1.23	1.33	1.2637	92,255.80
November 2001	15,000	1.26	1.39	1.3053	19,580.01
December 2001	13,000	1.27	1.32	1.2908	16,780.20
January 2002	138,000	1.31	1.44	1.3367	184,459.15
February 2002	113,000	1.23	1.32	1.2807	144,719.77
March 2002	209,000	1.13	1.33	1.2105	252,999.54
April 2002	108,000	1.23	1.44	1.3030	140,719.88
	1,218,000				1,672,405.25

All the shares so purchased during the financial year were retained as treasury shares as defined in the Companies Act, 1965. As at 31 May 2002, a total of 2,817,000 Ordinary shares were held as treasury shares. None of the treasury shares were resold during the financial year.

DIRECTORS

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

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

DIRECTORS [cont'd]

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

In accordance with Article 81 of the Company's Articles of Association, Y. Bhg. Dato' Mohd Ismail bin Che Rus and Chan Thye Seng retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

Except as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 which is stated below, no other directors who held office at the end of the financial year had any beneficial interests in the ordinary shares of the Company and related corporations during the financial year ended 31 May 2002:-

Shares of the Company Number of Ordinary Shares of RM 1 each				Balance at 31.5.2002
	Balance at 1.6.2001	Bought	Options Exercised	Sold	
Direct Interest					
YABM Raja Tun Mohar bin Raja Badiozaman	20,791	-	-	-	20,791
Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak	499,126	-	-	-	499,126
Y. Bhg. Dato' Siew Ka Wei	4,721,000	-	-	(600,000)	4,121,000
Y. Bhg. Dato' Siew Nim Chee	846,000	-	-	-	846,000
Y. Bhg. Tan Sri Dato' Dr Lin See Yan	100,000	-	-	-	100,000
Indirect Interest					
YABM Raja Tun Mohar bin Raja Badiozaman	348,947	-	-	-	348,947
Y. Bhg. Dato' Siew Ka Wei	12,096,427	-	-	(700,000)	11,396,427
Y. Bhg. Dato' Siew Nim Chee	15,971,427	-	-	(1,300,000)	14,671,427
Chan Thye Seng	14,999,489	-	-	-	14,999,489
Shares of subsidiary Companies					
Nylex (Malaysia) Berhad					
Direct Interest					
Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak	-	150,000	-	-	150,000
Y. Bhg. Dato' Siew Nim Chee	1,000	-	-	(1,000)	-
Y. Bhg. Tan Sri Dato' Dr Lin See Yan	50,000	-	-	-	50,000
Indirect Interest					
Y. Bhg. Dato' Siew Ka Wei	116,588,972	-	-	(1,000)	116,587,972
Y. Bhg. Dato' Siew Nim Chee	116,587,972	-	-	-	116,587,972
Chieng Ing Huong	28,000	-	-	-	28,000

DIRECTORS' INTERESTS [cont'd]

 Number of Ordinary Shares of RM 1 each				Balance at 31.5.2002
	Balance at 1.6.2001	Bought	Options Exercised	Sold	
Shares of subsidiary Companies					
Organigro Sdn. Bhd.					
Indirect Interest					
YABM Raja Tun Mohar bin Raja Badiozaman	270,000	146,667	-	-	416,667
MSTi Corporation Sdn. Bhd.					
(formerly known as Malay Sino Technologies Sdn. Bhd.)					
Indirect interest					
Y. Bhg. Dato' Siew Ka Wei	1,940,000	-	-	(100,000)	1,840,000
Y. Bhg. Dato' Siew Nim Chee	1,940,000	-	-	(100,000)	1,840,000

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

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

 Options over Ordinary Shares of RM1 each			
	Balance at 1.6.2001	Granted	Exercised	Balance at 31.5.2002
Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak	150,000	-	-	150,000
Y. Bhg. Dato' Siew Ka Wei	120,000	-	-	120,000
Y. Bhg. Dato' Siew Nim Chee	80,000	-	-	80,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 28 to the financial statements) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling any directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted to Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak, Y. Bhg. Dato' Siew Ka Wei and Y. Bhg. Dato' Siew Nim Chee pursuant to the ESOS which remain unexercised at the end of the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

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

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

- (c) The directors are not aware of any circumstances:-
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the directors:-
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may substantially affect the 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.

SIGNIFICANT EVENTS AND EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The significant events and events subsequent to the balance sheet date are disclosed in Note 39 and 40 to the financial statements.

AUDITORS

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

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

.....

YABM Raja Tun Mohar bin Raja Badiozaman



DIRECTORS

.....

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



Petaling Jaya
25 September 2002

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 38 to 84 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the state of affairs of the Group and of the Company as at 31 May 2002 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 31 May 2002.

On behalf of the Board,

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

.....
DIRECTORS

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

Petaling Jaya
25 September 2002

STATUTORY DECLARATION

I, Y. Bhg. Dato' Ahmad Johari Bin Tun Abdul Razak, being the director primarily responsible for the financial management of Ancom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 84 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
Petaling Jaya, Selangor Darul
Ehsan this 25 September 2002

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

Before me:-

G.Vijayan @ Baskaran PPN
Pesuruhjaya Sumpah (B014)
Malaysia

REPORT OF THE AUDITORS

To The Members Of Ancom Berhad

We have audited the financial statements set out on pages 38 to 84. These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion:-

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 May 2002 and of their results and cash flows for the financial year then ended; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 43 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

BDO Binder

AF : 0206

Chartered Accountants

Siew Kah Toong

1045/03/04 (J)

Partner

Kuala Lumpur

25 September 2002

BALANCE SHEETS

As At 31 May 2002

	NOTE	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
ASSETS EMPLOYED					
PROPERTY, PLANT AND EQUIPMENT	5	260,675,967	285,529,571	28,209,365	28,865,046
DEVELOPMENT PROPERTIES	6	20,360,281	26,557,583	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	7	-	-	268,813,337	263,847,207
AMOUNT OWING BY A SUBSIDIARY COMPANY	8	-	-	9,226,361	947,501
INVESTMENT IN ASSOCIATED COMPANIES	9	14,972,944	16,848,471	3,903,275	3,853,925
OTHER INVESTMENTS - At Cost	10	44,309,151	44,348,856	40,698,856	40,698,856
INTANGIBLE ASSETS	11	11,964,918	12,896,783	-	-
GOODWILL ARISING ON CONSOLIDATION	12	59,027,635	54,271,606	-	-
CURRENT ASSETS					
Development properties	6	6,375,076	3,398,416	-	-
Inventories	13	123,823,598	139,950,022	-	-
Receivables	14	249,208,127	262,877,034	1,934,033	916,318
Amounts owing by subsidiary companies	15	-	-	3,385,915	1,870,732
Amounts owing by associated companies	16	844,266	1,365,487	-	-
Tax recoverable		7,078,056	3,886,636	2,711,827	1,426,716
Short term investments		-	20,000	-	-
Short term deposits	17	23,301,236	30,531,490	-	266,329
Cash and bank balances		32,552,146	23,616,577	27,641	8,224
		443,182,505	465,645,662	8,059,416	4,488,319
LESS: CURRENT LIABILITIES					
Payables	18	170,669,613	170,190,266	2,831,310	1,158,760
Amounts owing to subsidiary companies	15	-	-	57,393,071	41,595,518
Amounts owing to associated companies	16	6,673,984	8,049,577	-	-
Hire-purchase and lease creditors	19	935,250	1,432,207	250,750	257,694
Short term borrowings	20	215,796,687	227,385,723	31,883,955	29,796,577
Proposed dividend		3,389,362	3,423,663	3,389,362	3,423,663
Provision for taxation		4,433,888	3,412,139	-	-
		401,898,784	413,893,575	95,748,448	76,232,212
NET CURRENT ASSETS / (LIABILITIES)		41,283,721	51,752,087	(87,689,032)	(71,743,893)
		452,594,617	492,204,957	263,162,162	266,468,642
FINANCED BY					
SHARE CAPITAL	21	120,503,195	120,476,195	120,503,195	120,476,195
RESERVES	22	136,405,739	145,765,752	131,278,173	127,690,975
		256,908,934	266,241,947	251,781,368	248,167,170
LESS: COST OF TREASURY SHARES		(4,142,357)	(2,454,964)	(4,142,357)	(2,454,964)
SHAREHOLDERS' EQUITY		252,766,577	263,786,983	247,639,011	245,712,206
MINORITY INTERESTS		134,003,007	154,981,204	-	-
DEFERRED AND LONG TERM LIABILITIES	23	65,825,033	73,436,770	15,523,151	20,756,436
		452,594,617	492,204,957	263,162,162	266,468,642

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

INCOME STATEMENTS

For The Financial Year Ended 31 May 2002

	NOTE	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
OPERATING REVENUE	26	715,033,083	761,815,359	24,541,115	19,344,761
COST OF SALES		(593,602,797)	(615,294,495)	-	-
GROSS PROFIT		121,430,286	146,520,864	24,541,115	19,344,761
OTHER OPERATING INCOME		7,026,887	6,810,467	91,888	386,905
SELLING AND DISTRIBUTION COSTS		(46,528,212)	(43,155,921)	-	-
ADMINISTRATION EXPENSES		(56,018,484)	(48,721,683)	(6,725,466)	(7,253,121)
OTHER OPERATING EXPENSES		(9,209,138)	(8,855,839)	-	-
EXCEPTIONAL ITEMS	27	(19,833,686)	-	-	-
(LOSS)/PROFIT FROM OPERATIONS		(3,132,347)	52,597,888	17,907,537	12,478,545
FINANCE COST		(16,331,135)	(18,665,401)	(7,516,614)	(6,260,262)
SHARE OF RESULTS OF ASSOCIATED COMPANIES		497,357	758,405	-	-
(LOSS)/PROFIT BEFORE TAXATION	28	(18,966,125)	34,690,892	10,390,923	6,218,283
TAXATION	29				
- group		(15,310,290)	(15,471,589)	(3,442,347)	(3,511,573)
- associated companies		(509,033)	(362,974)	-	-
NET (LOSS)/PROFIT AFTER TAXATION		(34,785,448)	18,856,329	6,948,576	2,706,710
MINORITY INTERESTS		27,020,659	(14,670,397)	-	-
NET (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(7,764,789)	4,185,932	6,948,576	2,706,710
(LOSS)/EARNINGS PER ORDINARY SHARE (SEN)	30	(6.57)	3.49		
DIVIDEND PER SHARE (SEN)					
- proposed final dividend of 4 sen (2001: 4 sen), less tax		2.88	2.88	2.88	2.88

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 May 2002

GROUP	Share capital RM	Share premium RM	Merger reserve RM	Revaluation reserve RM	Capital reserve RM	Foreign exchange reserve		Treasury shares		Capital redemption reserve		Retained profits RM	Total RM
						RM	RM	RM	RM	RM	RM		
Balance as at 31 May 2000	120,361,195	75,038,686	1,282,044	20,441,670	2,349,307	(2,107,293)	-	4,917,000	44,875,181	267,157,790			
Share issue expenses	-	(52,794)	-	-	-	-	-	-	-	-	-	(52,794)	
Currency translation differences	-	-	-	-	-	(2,275,296)	-	-	-	-	-	(2,275,296)	
Net losses not recognised in the consolidated income statements	-	(52,794)	-	-	-	(2,275,296)	-	-	-	-	-	(2,328,090)	
Issue of shares under ESOS	115,000	54,740	-	-	-	-	-	-	-	-	-	169,740	
Purchase of company's own shares	-	-	-	-	-	-	(2,454,964)	-	-	-	-	(2,454,964)	
Amortisation of foreign exchange reserves	-	-	-	-	-	483,600	-	-	-	-	-	483,600	
Net profit for the financial year	-	-	-	-	-	-	-	-	4,185,932	-	4,185,932	4,185,932	
Dividends (Note 31)	-	-	-	-	-	-	-	-	-	-	(3,427,025)	(3,427,025)	
Balance as at 31 May 2001	120,476,195	75,040,632	1,282,044	20,441,670	2,349,307	(3,898,989)	(2,454,964)	4,917,000	45,634,088	263,786,983			

	Share capital RM	Share premium RM	Merger reserve RM	Revaluation reserve RM	Capital reserve RM	Foreign exchange reserve RM	Treasury shares RM	Capital		Total RM
								redemption reserve RM	Retained profits RM	
GROUP										
Share issue expenses	-	(8)	-	-	-	-	-	-	-	(8)
Currency translation differences	-	-	-	-	-	(8,026,052)	-	-	-	(8,026,052)
Realisation of translation losses upon disposal of foreign subsidiary company	-	-	-	-	-	9,792,206	-	-	-	9,792,206
Net gains and losses not recognised in the consolidated income statements	-	(8)	-	-	-	1,766,154	-	-	-	1,766,146
Issue of shares under ESOS	27,000	10,050	-	-	-	-	-	-	-	37,050
Purchase of company's own shares	-	-	-	-	-	-	(1,687,393)	-	-	(1,687,393)
Transfer to capital redemption reserve	-	-	-	-	-	-	-	2,300	(2,300)	-
Net (loss)/profit for the financial year	-	-	-	-	-	-	-	-	(7,764,789)	(7,764,789)
Dividends (Note 31)	-	-	-	-	-	-	-	-	(3,371,420)	(3,371,420)
Balance as at 31 May 2002	120,503,195	75,050,674	1,282,044	20,441,670	2,349,307	(2,132,835)	(4,142,357)	4,919,300	34,495,579	252,766,577

The attached notes form an integral part of the statements.

STATEMENTS OF CHANGES IN EQUITY [cont'd]

For The Financial Year Ended 31 May 2002

COMPANY	Capital							Total RM
	Share capital RM	Share premium RM	Merger reserve RM	Revaluation reserve RM	redemption reserve RM	Treasury shares RM	Retained profits RM	
Balance as at 31 May 2000	120,361,195	75,038,686	32,494,629	14,753,113	4,917,000	-	1,205,916	248,770,539
Issue of shares under ESOS	115,000	54,740	-	-	-	-	-	169,740
Share issue expenses	-	(52,794)	-	-	-	-	-	(52,794)
Net loss not recognised in the income statement	-	(52,794)	-	-	-	-	-	(52,794)
Purchase of company's own shares	-	-	-	-	-	(2,454,964)	-	(2,454,964)
Net profit for the financial year	-	-	-	-	-	-	2,706,710	2,706,710
Dividends (Note 31)	-	-	-	-	-	-	(3,427,025)	(3,427,025)
Balance as at 31 May 2001	120,476,195	75,040,632	32,494,629	14,753,113	4,917,000	(2,454,964)	485,601	245,712,206
Issue of shares under ESOS	27,000	10,050	-	-	-	-	-	37,050
Share issue expenses	-	(8)	-	-	-	-	-	(8)
Net loss not recognised in the income statement	-	(8)	-	-	-	-	-	(8)
Purchase of company's own shares	-	-	-	-	-	(1,687,393)	-	(1,687,393)
Net profit for the financial year	-	-	-	-	-	-	6,948,576	6,948,576
Dividends (Note 31)	-	-	-	-	-	-	(3,371,420)	(3,371,420)
Balance as at 31 May 2002	120,503,195	75,050,674	32,494,629	14,753,113	4,917,000	(4,142,357)	4,062,757	247,639,011

The attached notes form an integral part of the statements.

CASH FLOW STATEMENTS

For The Financial Year Ended 31 May 2002

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(18,966,125)	34,690,892	10,390,923	6,218,283
Adjustments for:-				
Allowance for doubtful debts	4,694,588	1,980,666	-	-
Amortisation of intangible assets	5,360,401	5,835,980	-	-
Amortisation of foreign exchange losses	-	483,600	-	-
Bad debts written off	1,072,522	443,281	283,511	388,511
Depreciation of property, plant and equipment	26,970,120	25,144,571	813,963	811,253
Interest expense	16,138,676	17,969,914	7,476,359	6,225,980
Long term unquoted investments written-down	39,705	-	-	-
Loss on disposal of investment in an associated company	-	160,334	-	-
Loss on partial disposal of a subsidiary company	-	51,012	-	-
Preliminary and pre-operating expenses written off	-	292,642	-	-
Property, plant and equipment written off	83,836	112,770	2,307	18,163
Provision for retirement benefits	938,000	1,157,000	-	-
Write-down of assets in subsidiary company	23,324,793	-	-	-
Write-down of goodwill in a subsidiary company	221,207	-	-	-
Allowance for doubtful debts no longer required	(949,551)	-	-	-
Dividend income (gross)	(9,760,078)	(7,244,255)	(18,210,154)	(12,688,466)
Gain on disposal of a subsidiary company	(3,712,314)	-	-	-
Gain on disposal of investments	(2,795)	(55,210)	-	(55,210)
Gain on disposal of property, plant and equipment	(26,791)	(825,953)	(7,888)	(331,315)
Interest income	(758,971)	(2,112,179)	(152,092)	(380,023)
Share of results of associated companies	(497,357)	(758,405)	-	-
Translation adjustment	(4,536,206)	(4,931,000)	-	-
Operating profit before working capital changes	39,633,660	72,395,660	596,929	207,176
Decrease/(Increase) in inventories	18,050,218	(26,661,166)	-	-
Decrease/(Increase) in receivables	4,965,033	9,880,655	(1,301,226)	467,601
(Decrease)/Increase in payables	(4,006,165)	(54,003,706)	(76,390)	74,496
Decrease in development properties expenditure	3,220,642	1,756,996	-	-
Cash generated from/(used in) operations	61,863,388	3,368,439	(780,687)	749,273
Retirement benefits paid	(850,000)	(642,143)	-	-
Interest received	758,971	2,112,179	6,123	1,766
Dividend received	9,592,056	7,094,083	13,864,655	10,133,722
Tax paid	(16,857,039)	(16,429,643)	(364,495)	(685,042)
Net cash from/(used in) operating activities	54,507,376	(4,497,085)	12,725,596	10,199,719

CASH FLOW STATEMENTS [cont'd]

For The Financial Year Ended 31 May 2002

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary companies (Note 32)	(658,106)	508,722	-	-
Disposal of subsidiary companies (Note 33)	5,371,281	-	-	-
(Placement)/Withdrawal of short term deposits pledged with a licensed bank	(75,831)	4,287,458	266,329	(266,329)
Proceeds from disposal of investments	22,795	1,083,334	-	1,083,210
Proceeds from partial disposal of a subsidiary company	-	20,000	-	2
Proceeds from sale of property, plant and equipment	1,952,900	11,364,976	62,001	461,052
Purchase of additional shares in existing subsidiary companies	(1,447,187)	(1,036,255)	(3,447,190)	(6,029,045)
Purchase of intangible assets	(4,288,456)	(8,402,863)	-	-
Purchase of investments	-	(3,293,250)	-	(3,273,250)
Purchase of property, plant and equipment (Note 34)	(23,880,254)	(42,457,257)	(214,702)	(535,433)
Purchase of shares in associated companies	(825,001)	(5,030,174)	(1,049,350)	(3,804,925)
Interest received from subsidiary companies	-	-	145,969	378,257
Net (advances to)/repayment from subsidiary companies	-	-	(9,794,043)	11,835,048
Proceeds from disposal of shares in associated company	-	-	1,000,000	-
Redemption of preference shares in subsidiary company	-	-	230,000	-
Net cash used in investing activities	(23,827,859)	(42,955,309)	(12,800,986)	(151,413)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(3,405,721)	(3,469,764)	(3,405,721)	(3,469,764)
Dividends paid to minority interests	(1,551,000)	(548,900)	-	-
Interest paid	(16,138,676)	(17,969,914)	(7,476,359)	(6,225,980)
Net advances from/(repayment to) subsidiary companies	-	-	15,797,553	(4,772,470)
Net drawdown of bank borrowings	12,370,890	71,657,711	200,000	2,600,000
Proceeds from issue of shares to minority interests	660,000	620,000	-	-
Proceeds from shares issued under the ESOS	37,042	116,946	37,042	116,946
Drawdown of term loans	16,678,287	8,524,749	-	3,662,050
Purchase of Company's own shares	(1,687,393)	(2,454,964)	(1,687,393)	(2,454,964)
Repayment of hire-purchase creditors	(1,709,647)	(1,899,908)	(257,693)	(196,736)
Repayment of term loans	(10,887,201)	(60,912,601)	(3,662,050)	-
Net cash used in financing activities	(5,633,419)	(6,336,645)	(454,621)	(10,740,918)
Net increase/(decrease) in cash and cash equivalents	25,046,098	(53,789,039)	(530,011)	(692,612)
Cash and cash equivalents at the beginning of the financial year	17,645,167	71,434,206	(2,926,303)	(2,233,691)
Effects of exchange rate changes on cash and cash equivalents	(753,153)	-	-	-
	16,892,014	71,434,206	(2,926,303)	(2,233,691)
Cash and cash equivalents at the end of the financial year (Note 35)	41,938,112	17,645,167	(3,456,314)	(2,926,303)

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Suite 1005, 10th Floor, Wisma Hamzah Kwong Hing, No. 1, Leboh Ampang, 50100 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.

2. PRINCIPAL ACTIVITIES

The Company is an investment holding and management company.

The principal activities of the subsidiary companies are disclosed in Note 43 to the financial statements.

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

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards 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) unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. The Company adopts both the acquisition and merger method of consolidation.

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

4.2 Basis of consolidation [cont'd]

The gain or loss on disposal of a subsidiary company is the difference between the net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition and exchange differences which were not previously recognised in the consolidated income statements.

Inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

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

4.3 Development properties

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

4.4 Investments

(i) Subsidiary companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies which are eliminated on consolidation are stated in the Company's financial statements at cost less allowance for permanent diminution in value, if any.

(ii) Associated companies

An associated company is a company in which the Group and the Company have a long term equity interest of between 20% to 50% and where the Group and the Company is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Company's investment in associated companies is stated at cost less allowance for permanent diminution in value, if any.

Investment in associated companies are accounted for in the consolidated financial statements using the equity method. The Group's interests in associated companies are stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies.

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

The Group's share of results and reserves in the associated companies acquired or disposed of are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

4.4 Investments [cont'd]

(iii) Other investments

Investment in shares held as long term investments are stated at cost less allowance for permanent diminution in value, if any.

4.5 Property, plant and equipment and depreciation

The gross carrying amounts of property, plant and equipment are initially measured at cost. Land and buildings which have been subsequently revalued are stated at valuation less accumulated depreciation and accumulated impairment losses. All other property, plant and equipment are stated at cost less accumulated depreciation and 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.

Surplus arising from such valuations will be credited to shareholders' equity as a revaluation surplus and any deficit will be charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charged to the income statements.

Long leasehold land and improvements to long leasehold land are amortised over the lease period of 53-99 years. The mining lease has been fully amortised. Ships are depreciated over 17-19 years after taking into account their estimated residual values. Building and plant and machinery under construction and freehold land are not depreciated. Depreciation on other property, plant and equipment is calculated to write off the costs of the assets on a straight line basis over their estimated useful lives at the following annual depreciation rates:-

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

4.6 Inventories

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

4.7 Receivables

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

4.8 Expenditure carried forward

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

Trademarks and patents are amortised over ten years.

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

4.9 Deferred taxation

Deferred taxation is provided for under the liability method at the current taxation rate in respect of all material timing differences except where it is reasonably probable that such timing differences will not crystallise in the foreseeable future.

Deferred tax benefits are recognised in the financial statements only when there are reasonable assurance of their realisation.

4.10 Provision for retirement benefits

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

4.11 Voyage accounting

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

4.12 Foreign currency transactions and translations**(i) Transactions in foreign currencies**

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange at the balance sheet date except where there are related or matching forward contracts in respect of trading transactions, in which case the rates of exchange specified in those contracts are used.

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

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

(ii) Translation of foreign currency financial statements

For consolidation purposes, the assets and liabilities of foreign entities are translated into Ringgit Malaysia at the rates ruling at the balance sheet date. Income statement items are translated at exchange rates at the dates of transactions. The translation differences arising therefrom are taken up and reflected in the exchange fluctuation reserve.

Goodwill arising on the acquisition of a foreign entity and fair value adjustments to the carrying amounts of assets and liabilities acquired are translated at the exchange rate at the date of transaction.

4.12 Foreign currency transactions and translations [cont'd]

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

	2002	2001
	RM	RM
(i) 1 US Dollar	3.75	3.80
(ii) 1 Singapore Dollar	2.20	2.20
(iii) 1 Australian Dollar	2.11	1.92
(iv) 1 Chinese Renminbi	0.46	0.46
(v) 1 Hong Kong Dollar	0.48	0.48
(vi) 1,000 Indonesia Rupiah	0.42	0.34
(vii) 100 Philippine Peso	0.07	0.07

4.13 Research and development expenditure

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

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

4.14 Assets acquired under hire-purchase and lease agreements

Assets financed by hire-purchase and lease arrangements which transfer substantially all the risks and rewards of ownership to the Group 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 property, plant and equipment.

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

4.15 Revenue recognition

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.

Revenue relating to property development are accounted for under the percentage of completion method. The stage of completion is determined based on the proportion of actual costs incurred to-date to the estimated total costs for each contract.

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

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

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

4.16 Cash and cash equivalents

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

5. PROPERTY, PLANT AND EQUIPMENT

Group 2002	Balance at 1.6.2001 RM	Additions RM	Disposals RM	Subsidiary companies acquired RM	Subsidiary companies disposed of RM	Exchange fluctuation RM	Written off RM	Reclassi- fication RM	Balance at 31.5.2002 RM	Net book value at 31.5.2002 RM	Net book value at 31.5.2001 RM
Cost/Valuation											
Freehold land and buildings - at 2000 valuation	9,294,000	-	-	-	(1,137,000)	34,000	-	71,000	8,262,000	8,153,967	9,236,167
Freehold land, at cost	8,287,945	-	-	4,285,289	-	-	-	-	12,573,234	12,324,952	8,287,945
Long leasehold land and buildings											
- at 1985 valuation	8,241,000	-	-	-	-	-	-	-	8,241,000	7,920,000	8,038,000
- at 2000 valuation	33,230,084	-	-	-	-	-	-	-	33,230,084	32,151,757	32,650,273
- at cost	7,435,475	-	(24,000)	388,892	-	-	-	6,515,000	14,315,367	13,267,403	6,686,178
Buildings											
- at 1985 valuation	3,301,000	-	-	-	-	-	-	-	3,301,000	2,488,000	2,811,000
- at cost	42,338,030	317,965	-	146,160	(1,465,000)	366,000	(3,600)	(4,003,000)	37,696,555	34,861,993	40,178,413
Leasehold improvements	322,336	39,769	-	189,841	-	-	-	-	551,946	65,549	1,605
Plant, machinery and equipment	178,452,268	8,947,329	(258,000)	276,351	(27,228,699)	(164,000)	(380,623)	3,388,940	163,033,566	100,496,954	128,060,864
Plant, machinery and equipment under lease											
and hire-purchase	3,980,275	-	-	-	-	-	-	(716,640)	3,263,635	1,992,544	2,763,597
Motor vehicles	7,011,476	2,869,704	(3,023,622)	57,188	(220,000)	73,000	-	543,396	7,311,142	3,911,283	3,441,121
Motor vehicles under hire-purchase	4,062,747	302,715	(516,823)	-	(274,000)	-	-	(35,396)	3,539,243	2,786,666	3,726,323
Office equipment, fixtures and fittings	19,382,809	1,771,737	(346,796)	259,732	(1,849,588)	258,000	(156,350)	1,350,000	20,669,544	13,283,814	14,018,089
Office equipment, fixtures and fittings under lease	168,488	-	-	-	-	-	-	-	168,488	136,525	153,923
and hire-purchase											
Building, plant and machinery under construction	5,687,708	9,606,210	(81,000)	-	-	(3,000)	-	(7,113,300)	8,096,618	8,096,618	5,687,708
Mining lease	2,326,149	-	-	-	-	-	-	-	2,326,149	-	-
Ships	28,096,954	-	-	-	-	-	-	-	28,096,954	17,706,865	18,914,012
Renovation	998,355	262,525	(84,448)	-	-	-	-	-	1,176,432	1,031,077	874,353
	362,617,099	24,117,954	(4,334,689)	5,603,453	(32,174,287)	564,000	(540,573)	-	355,852,957	260,675,967	285,529,571

5. PROPERTY, PLANT AND EQUIPMENT [cont'd]

Group	Balance at 1.6.2001 RM	Charge for the financial year RM	Disposals RM	Subsidiary companies acquired RM	Subsidiary companies disposed of RM	Exchange fluctuation RM	Written off RM	Reclassification RM	Balance at 31.5.2002 RM
Accumulated Depreciation									
Freehold land and buildings - at 2000 valuation	57,833	50,200	-	-	-	-	-	-	108,033
Freehold land, at cost	-	-	-	248,282	-	-	-	-	248,282
Long leasehold land and buildings - at 1985 valuation	203,000	118,000	-	-	-	-	-	-	321,000
- at 2000 valuation	579,811	498,516	-	-	-	-	-	-	1,078,327
- at cost	749,297	298,667	-	-	-	-	-	-	1,047,964
Buildings - at 1985 valuation	490,000	323,000	-	-	-	-	-	-	813,000
- at cost	2,159,617	1,093,175	-	16,370	(471,000)	40,000	(3,600)	-	2,834,562
Leasehold improvements	320,731	38,212	-	127,454	-	-	-	-	486,397
Plant, machinery and equipment	50,391,404	17,494,063	(222,000)	108,485	(5,090,208)	(76,000)	(313,886)	244,754	62,536,612
Plant, machinery and equipment under lease and hire-purchase	1,216,678	299,167	-	-	-	-	-	(244,754)	1,271,091
Motor vehicles	3,570,355	1,765,879	(1,865,024)	20,254	(179,000)	52,000	-	35,395	3,399,859
Motor vehicles under hire-purchase	336,424	662,276	(87,493)	-	(123,235)	-	-	(35,395)	752,577
Office equipment, fixtures and fittings	5,364,720	3,076,142	(227,138)	224,685	(1,148,428)	235,000	(139,251)	-	7,385,730
Office equipment, fixtures and fittings under lease and hire-purchase	14,565	17,398	-	-	-	-	-	-	31,963
Building, plant and machinery under construction	-	-	-	-	-	-	-	-	-
Mining lease	2,326,149	-	-	-	-	-	-	-	2,326,149
Ships	9,182,942	1,207,147	-	-	-	-	-	-	10,390,089
Renovation	124,002	28,278	(6,925)	-	-	-	-	-	145,355
	77,087,528	26,970,120	(2,408,580)	745,530	(7,011,871)	251,000	(456,737)	-	95,176,990

5. PROPERTY, PLANT AND EQUIPMENT [cont'd]

Company	Balance at 1.6.2001	Additions	Disposals	Written off	Balance at 31.5.2002	Net book value at 31.5.2002	Net book value at 31.5.2001
2002	RM	RM	RM	RM	RM	RM	RM
Cost/Valuation							
Long leasehold land and buildings - at 2000 valuation	26,800,000	-	-	-	26,800,000	25,977,683	26,357,214
Motor vehicles	4,300	59,540	(4,300)	-	59,540	49,107	-
Motor vehicles under hire-purchase	1,645,448	-	(61,823)	-	1,583,625	903,842	1,274,147
Office equipment, fixtures and fittings	813,642	22,778	(1,359)	(2,550)	832,511	456,865	527,876
Renovation	772,384	132,384	-	-	904,768	821,868	705,809
	30,035,774	214,702	(67,482)	(2,550)	30,180,444	28,209,365	28,865,046

	Balance at 1.6.2001	Charge for the financial year	Disposals	Written off	Balance at 31.5.2002
	RM	RM	RM	RM	RM
Accumulated Depreciation					
Long leasehold land and buildings - at 2000 valuation	442,786	379,531	-	-	822,317
Motor vehicles	4,300	10,433	(4,300)	-	10,433
Motor vehicles under hire-purchase	371,301	316,725	(8,243)	-	679,783
Office equipment, fixtures and fittings	285,766	90,949	(826)	(243)	375,646
Renovation	66,575	16,325	-	-	82,900
	1,170,728	813,963	(13,369)	(243)	1,971,079

5. PROPERTY, PLANT AND EQUIPMENT [cont'd]

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

Certain freehold land, long leasehold land and buildings, plant, machinery and equipment, and ships of the Group costing RM84,540,231 (2001: RM86,792,174) have been charged as securities for banking facilities granted to the Group as disclosed in Notes 20 and 24 to the financial statements.

The long leasehold land and buildings of the Company costing RM26,800,000 (2001: RM26,800,000) have been charged as securities for banking facilities granted to the Company as disclosed in Notes 20 and 24 to the financial statements.

6. DEVELOPMENT PROPERTIES

	Group	
	2002	2001
	RM	RM
Freehold land - at cost	5,940,062	10,770,638
Development expenditure	21,476,338	62,871,588
	<u>27,416,400</u>	<u>73,642,226</u>
Less: Long term portion	(20,360,281)	(26,557,583)
	<u>7,056,119</u>	<u>47,084,643</u>
Add: Attributable profit recognised	464,203	21,241,283
	<u>7,520,322</u>	<u>68,325,926</u>
Less: Progress billings	(1,145,246)	(64,927,510)
Short term portion included under current assets	<u>6,375,076</u>	<u>3,398,416</u>

A development property costing RM1,904,247 (2001: RM5,854,009) is charged to a licensed bank as security for a bank over draft facility granted to a subsidiary company.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2002	2001
	RM	RM
Unquoted shares - at cost	<u>268,813,337</u>	<u>263,847,207</u>

7. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

7.1 Acquisition of a subsidiary company

On 30 November 2001, Ancom Overseas Ventures Sdn. Bhd. ("AOV"), a wholly-owned subsidiary company of the Company, acquired an additional 380,000 new ordinary shares of HK\$10 each in an associated company, ChemResources China (Agencies) Limited ("CRC"), at par for cash or RM1.9 million equivalent. Consequently, AOV's interest in the issued and paid-up share capital of CRC increased from 48.65% to 54.72% and CRC became a subsidiary of AOV.

Goodwill arising on the acquisition which has been accounted for using the acquisition method of accounting effective 1 November 2001 amounted to RM1,805,276.

The effect of this acquisition on the financial results of the Group during the financial year is as follows:-

	RM
Revenue	10,847,422
Operating costs	(11,346,797)
Loss before taxation	(499,373)
Minority interest	-
Increase in Group net loss	(499,373)

The effect of this acquisition on the financial position at the end of the financial year is as follows: -

	RM
Property, plant and equipment	4,775,890
Investment in an associated company	18,270
Inventories	1,869,599
Trade receivables	416,247
Other receivables, deposits and prepaid expenses	1,317,469
Amount owing by an associated company	53,682
Cash and bank balances	318,188
Trade payables	(1,042,992)
Other payables and accruals	(438,292)
Short term borrowing	(2,170,273)
Increase in Group net assets	5,117,788

7.2 Disposal of subsidiary companies

7.2.1 Petrodril (Malaysia) Sdn. Bhd.

During the financial year, the Group disposed of its equity interest in a subsidiary company, Petrodril (Malaysia) Sdn. Bhd.

The effect of the disposal on the financial results of the Group for the financial year ended 31 May 2002 is as follows:-

	Up to the date of disposal	
	2002	2001
	RM	RM
Revenue	13,164,072	7,773,620
Cost of sales	(9,517,519)	(5,530,105)
Operating costs	(1,491,918)	(935,298)
Gain on disposal of a subsidiary company	3,712,314	-
Profit from operations	5,866,949	1,308,217
Finance costs	(402,805)	(345,563)
Profit before taxation	5,464,144	962,654
Taxation	(645,353)	(184,000)
Profit after taxation	4,818,791	778,654
Minority interest		
- direct	(2,168,456)	-
- indirect	(476,051)	-
Increase in Group profit	2,174,284	778,654

The effect of the disposal on the financial position of the Group is as follows:-

	Up to the date of disposal	
	2002	2001
	RM	RM
Assets and liabilities disposed of:-		
Property, plant and equipment	8,330,416	9,932,250
Investment in an associated company	80,000	80,000
Inventories	481,935	70,053
Receivables	2,578,438	2,434,649
Cash and bank balances	33,756	77,763
Payables	(2,484,140)	(2,270,597)
Bank borrowings	(6,195,715)	(9,251,259)
Deferred taxation	(829,353)	(184,000)
Net assets disposed of	1,995,337	888,859

7.2 Disposal of subsidiary companies [cont'd]

7.2.2 Asia Pacific Insulation Corporation

During the financial year, the Group disposed of its equity interest in a subsidiary company, Asia Pacific Insulation Corporation.

The effect of the disposal on the financial results of the Group for the financial year ended 31 May 2002 is as follows:-

	Up to the date of disposal 2002 RM	1.1.2000 to 31.5.2001 RM
Revenue	9,963,509	35,798,917
Cost of sales	(10,210,649)	(34,153,182)
Other operating income	311,915	95,723
Operating costs	(2,171,566)	(11,742,777)
Loss from operations	(2,106,791)	(10,001,319)
Finance costs	(1,562,491)	(4,175,163)
Loss before taxation	(3,669,282)	(14,176,482)
Taxation	(7,354)	(14,132)
Loss after taxation	(3,676,636)	(14,190,614)
Minority interest	1,764,000	6,811,000
Increase in Group loss	(1,912,636)	(7,379,614)

The effect of the disposal on the financial position of the Group is as follows:-

	Up to the date of disposal 2002 RM	2001 RM
Fair value of assets disposed of:-		
Property, plant and equipment	16,832,000	19,105,976
Investments	202,000	216,017
Inventories	3,493,000	5,676,811
Receivables	6,577,588	12,446,720
Cash and bank balances	95,000	516,068
Tax recoverable	144,000	154,027
Future income tax benefits	3,211,000	3,273,286
Payables	(5,197,000)	(26,471,645)
Short term bank borrowings	(11,825,000)	(493,989)
Foreign exchange reserve	9,792,206	-
Long term bank borrowings	-	(12,926,226)
	23,324,794	(1,497,045)
Write-down of assets	(23,324,793)	-
Net assets disposed of	1	(1,497,045)

The details of the subsidiary companies are disclosed in Note 43 to the financial statements.

8. AMOUNT OWING BY A SUBSIDIARY COMPANY

Company

	Company	
	2002 RM	2001 RM
Amount which bears interest at 8% (2001: 8%) per annum	4,878,855	928,720
Non-interest bearing amount	4,347,506	18,781
	9,226,361	947,501

The amount owing by a subsidiary company represents advances, payments made on behalf and balances arising from the purchase of investment and the amount owing is unsecured and not repayable within the next 12 months.

9. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unquoted shares - at cost	12,240,659	15,011,509	3,903,275	3,853,925
Group's share of post acquisition results	2,732,285	1,836,962	-	-
	14,972,944	16,848,471	3,903,275	3,853,925
The Group's investment in associated companies is represented by:-				
Group's share of net assets	14,972,944	16,848,471		

The details of the associated companies are disclosed in Note 43 to the financial statements.

10. OTHER INVESTMENTS - At Cost

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Long term				
- quoted shares in Malaysia	33,080,199	33,080,199	33,080,199	33,080,199
- quoted shares outside Malaysia	7,402,079	7,402,079	7,402,079	7,402,079
- unquoted investments	3,826,873	3,866,578	216,578	216,578
	44,309,151	44,348,856	40,698,856	40,698,856
Market value				
- quoted shares in Malaysia	20,206,658	15,963,835	20,206,658	15,963,835
- quoted shares outside Malaysia	4,953,423	4,482,796	4,953,423	4,482,796

In 2001, investments in quoted shares amounting to RM27,464,154 were pledged to a financial institution as security for a short term loan granted to the Company. However, as at 31 May 2002, the pledge has been lifted.

11. INTANGIBLE ASSETS

	Group	
	2002 RM	2001 RM
Trademarks and patents	141,217	137,500
Preliminary expenses	-	37,832
Pre-operating expenses	-	349,707
Technical know-how	251,505	293,870
Ship maintenance expenses	6,002,028	6,738,918
Development expenditure	16,601,763	12,869,934
	22,996,513	20,427,761
Less: Accumulated amortisation	(11,031,595)	(7,238,336)
Preliminary and pre-operating expenses written off	-	(292,642)
	11,964,918	12,896,783

12. GOODWILL ON CONSOLIDATION

	Group	
	2002 RM	2001 RM
As at 1 June	54,271,606	54,136,801
Arising from acquisition of subsidiary companies	1,805,276	55,605
Additional investment cost arising from subsidiary company meeting profit target	3,196,127	87,255
Write-down of goodwill in a subsidiary company	(221,207)	-
Disposal of a subsidiary company	(24,167)	(8,055)
As at 31 May	59,027,635	54,271,606

13. INVENTORIES

	Group	
	2002 RM	2001 RM
Raw materials	53,076,404	64,990,387
Packing materials	171,393	138,541
Work-in-progress	32,079,118	34,225,419
Finished goods	37,680,709	40,351,383
Consumables	815,974	244,292
	123,823,598	139,950,022

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

	Group	
	2002 RM	2001 RM
Raw materials	2,841,744	-

14. RECEIVABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade receivables	232,454,725	235,921,934	-	-
Less: Allowance for doubtful debts	(5,977,187)	(4,340,768)	-	-
	226,477,538	231,581,166	-	-
Other receivables	14,305,575	25,760,710	831,350	651,780
Deposits	3,817,099	1,754,202	159,485	151,956
Prepayments	4,671,365	4,010,316	943,198	112,582
	22,794,039	31,525,228	1,934,033	916,318
Less: Allowance for doubtful debts	(63,450)	(229,360)	-	-
	22,730,589	31,295,868	1,934,033	916,318
	249,208,127	262,877,034	1,934,033	916,318

The allowance for doubtful debts are net of bad debts written off of RM74,528 (2001: RM3,292,963).

15. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

	Company	
	2002 RM	2001 RM
Amounts owing by subsidiary companies:-		
- amount which bears interest at 8% (2001: Nil) per annum	1,500,000	-
- non-interest bearing amount	1,885,915	1,870,732
	3,385,915	1,870,732
Amounts owing to subsidiary companies:-		
- amount which bears interest at 8% (2001: 3% to 8%) per annum	56,396,916	41,172,752
- non-interest bearing amount	996,155	422,766
	57,393,071	41,595,518

The amounts owing by/to subsidiary companies represent balances arising from advances and payments made on behalf of/by the subsidiary companies which are unsecured and have no fixed terms of repayment.

16. AMOUNTS OWING BY/TO ASSOCIATED COMPANIES

The amounts owing by/to associated companies represent balances arising from normal trade transactions which are unsecured, interest-free and have no fixed terms of repayment.

17. SHORT TERM DEPOSITS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Short term deposits with:-				
- licensed banks	22,051,236	22,336,381	-	266,329
- licensed financial institutions	1,250,000	8,195,109	-	-
	23,301,236	30,531,490	-	266,329

Included in the short term deposits of the Group and of the Company are amounts totalling RM1,842,160 (2001: RM1,766,329) and nil (2001: RM266,329) respectively which have been pledged to licensed banks for banking facilities granted to the Group.

18. PAYABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade payables	118,135,480	112,964,098	-	-
Other payables	37,252,175	38,983,975	2,390,964	653,178
Accruals	15,071,468	18,061,937	440,346	505,582
Amounts owing to directors of subsidiary companies	210,490	180,256	-	-
	170,669,613	170,190,266	2,831,310	1,158,760

19. HIRE-PURCHASE AND LEASE CREDITORS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Minimum hire-purchase and lease payments:-				
- not later than one year	1,080,757	1,701,686	301,704	323,932
- later than one year and not later than five years	738,519	1,971,046	215,725	517,429
	1,819,276	3,672,732	517,429	841,361
Less: Future interest charges	(210,785)	(514,278)	(46,149)	(112,388)
Present value of hire-purchase and lease liabilities	1,608,491	3,158,454	471,280	728,973
Repayable as follows:				
- not later than one year included under current liabilities	935,250	1,432,207	250,750	257,694
- later than one year and not later than five years included under long term liabilities (Note 23)	673,241	1,726,247	220,530	471,279
	1,608,491	3,158,454	471,280	728,973

20. SHORT TERM BORROWINGS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unsecured				
Bankers' acceptances	31,850,000	26,479,000	-	-
Trust receipts and bills payable	-	915,761	-	-
Revolving credits	140,631,000	151,968,000	23,400,000	23,200,000
Bank overdrafts	5,991,555	32,090,003	3,483,955	2,934,527
	178,472,555	211,452,764	26,883,955	26,134,527
Secured				
Bankers' acceptances	1,491,000	913,000	-	-
Bank overdrafts	6,081,555	2,646,568	-	-
Trust receipts	2,256,512	611,249	-	-
Revolving credits	2,300,000	300,000	-	-
Short term loan	1,000,000	3,662,050	-	3,662,050
Long term loans - current portion (Note 24)	24,195,065	7,800,092	5,000,000	-
	37,324,132	15,932,959	5,000,000	3,662,050
	215,796,687	2278,385,723	31,883,955	29,796,577

Certain bankers' acceptances, bank overdrafts, trust receipts and revolving credits of the Group are secured by a fixed charge over the freehold land and buildings of certain subsidiary companies as disclosed in Note 5 to the financial statements and guaranteed by the Company.

The short term loan of the Company in 2001 was secured by a fixed charge over certain quoted investments and short term deposit of the Company as disclosed in Note 10 and 17 to the financial statements.

The short term borrowings bear interest at rates ranging from 1.25% to 8.90% (2001: 2.90% to 9.55%) per annum.

The contractual terms of the long term loans are disclosed in Note 24 to the financial statements.

21. SHARE CAPITAL

	Group and Company			
	2002		2001	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM1 each:-				
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:-				
As at 1 June	120,476,195	120,476,195	120,361,195	120,361,195
Issue of shares under ESOS	27,000	27,000	115,000	115,000
As at 31 May	120,503,195	120,503,195	120,476,195	120,476,195

During the financial year, the issued and paid-up share capital of the Company was increased from 120,476,195 ordinary shares of RM1 each to 120,503,195 ordinary shares of RM1 each by an allotment of 27,000 new ordinary shares of RM1 each pursuant to the Company's Employees' Share Option Scheme ("ESOS") at the option price as follows:-

Number of shares	Option price (RM)
10,000	1.476
2,000	1.470
15,000	1.290
<hr/> 27,000	

During the financial year, the Company repurchased 1,218,000 (2001: 1,599,000) of its issued ordinary shares from the open market. The shares repurchased are being held as treasury shares in accordance with the provisions of Section 67A of the Companies Act, 1965.

22. RESERVES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
i) Non-distributable				
Share premium	75,050,674	75,040,632	75,050,674	75,040,632
Merger reserve	1,282,044	1,282,044	32,494,629	32,494,629
Revaluation reserve arising from revaluation of land and buildings	20,441,670	20,441,670	14,753,113	14,753,113
Capital reserve	2,349,307	2,349,307	-	-
Foreign exchange reserve	(2,132,835)	(3,898,989)	-	-
Capital redemption reserve	4,919,300	4,917,000	4,917,000	4,917,000
ii) Distributable				
Retained profits	34,495,579	45,634,088	4,062,757	485,601
	136,405,739	145,765,752	131,278,173	127,690,975

23. DEFERRED AND LONG TERM LIABILITIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Hire-purchase and lease creditors (Note 19)	673,241	1,726,247	220,530	471,279
Long term loans (Note 24) - secured	56,169,391	65,799,669	15,000,000	20,000,000
Deferred taxation (Note 25)	5,101,401	2,170,854	302,621	285,157
Provision for retirement benefits	3,881,000	3,740,000	-	-
	65,825,033	73,436,770	15,523,151	20,756,436

24. LONG TERM LOANS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Secured				
As at 31 May	80,364,456	73,599,761	20,000,000	20,000,000
Repayable within the next twelve months (Note 20)	(24,195,065)	(7,800,092)	(5,000,000)	-
Repayable after the next twelve months (Note 23)	56,169,391	65,799,669	15,000,000	20,000,000

Other than as disclosed in Note 5 to the financial statements, the long term loans of the Group and of the Company are further secured by:-

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

The long term loans bear interest at rates ranging from 6.00% to 9.30% (2001: 5.75% to 8.38%) per annum.

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

25. DEFERRED TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
As at 1 June	2,170,854	(1,812,969)	285,157	185,157
Transfer from income statements (Note 29)	598,900	3,898,849	17,464	100,000
Deferred taxation of subsidiary company disposed of	2,380,647	-	-	-
Others	290,000	-	-	-
Exchange differences	(339,000)	84,974	-	-
As at 31 May	5,101,401	2,170,854	302,621	285,157
Represented by:-				
- Deferred taxation	12,179,401	12,548,854	302,621	285,157
- Future income tax benefits	(7,078,000)	(10,378,000)	-	-
	5,101,401	2,170,854	302,621	285,157

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

As at 31 May 2002, the amount of timing differences of the Group which are not recognised in the financial statements are as follow:-

	2002 RM	2001 RM
Timing differences in respect of:-		
Excess of tax capital allowances over book depreciation of property, plant and equipment	(6,980,500)	(4,868,494)
Unabsorbed capital allowances and unutilised tax losses	39,095,000	35,207,368
Others	40,000	275,000
	32,154,500	30,613,874

26. OPERATING REVENUE

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sale of goods	674,602,899	722,087,560	-	-
Rendering of services	33,933,275	33,418,450	5,993,869	6,078,272
Rental income	4,630,551	2,528,133	185,000	198,000
Interest income	121,034	301,765	152,092	380,023
Dividend income (gross)	350,078	781,751	18,210,154	12,688,466
Property development	1,395,246	2,697,700	-	-
	715,033,083	761,815,359	24,541,115	19,344,761

27. EXCEPTIONAL ITEMS

	Group	
	2002 RM	2001 RM
Write-down of goodwill in subsidiary company	221,207	-
Write-down of assets in subsidiary company	23,324,793	-
Gain on disposal of a subsidiary company	(3,712,314)	-
	19,833,686	-

28. (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
The (loss)/profit before taxation is arrived at after charging/(crediting):-				
Allowance for doubtful debts	4,694,588	1,980,666	-	-
Amortisation of foreign exchange losses	-	483,600	-	-
Amortisation of intangible assets	5,360,401	5,835,980	-	-
Auditors' remuneration:-				
- current year	823,025	747,127	15,000	15,000
- (over)/under provision in prior years	(3,895)	(1,800)	1,000	-
Bad debts written off	1,072,522	443,281	283,511	388,511
Directors' remuneration:-				
- fees	291,083	520,892	136,573	139,375
- other emoluments	3,475,149	2,509,733	1,800,192	1,695,608
Depreciation of property, plant and equipment	26,970,120	25,144,571	813,963	811,253

28. (LOSS)/PROFIT BEFORE TAXATION [cont'd]

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Interest expense on:-				
- bank overdrafts	1,776,380	3,639,447	175,664	201,074
- term loans and revolving credits	12,621,849	12,561,736	2,377,356	2,346,648
- advances from subsidiary companies	-	-	4,860,062	3,592,079
- others	1,740,447	1,768,731	63,277	86,179
Loss on disposal of investment in an associated company	-	160,334	-	-
Preliminary and pre-operating expenses written off	-	292,642	-	-
Property, plant and equipment written off	83,836	112,770	2,307	18,163
Long term investment written-down	39,705	-	-	-
Provision for retirement benefits	938,000	1,157,000	-	-
Rental of:-				
- land and premises	3,693,283	3,637,135	202,341	187,518
- others	747,090	686,106	-	-
Write-down of goodwill in subsidiary company	221,207	-	-	-
Write-down of assets in subsidiary company	23,324,793	-	-	-
Allowance for doubtful debts no longer required	(949,551)	-	-	-
Dividend (gross) from associated companies	(250,000)	-	-	-
Dividend (gross) from investment in quoted shares:-				
- in Malaysia	(350,078)	(558,782)	(350,078)	(558,278)
- outside Malaysia	-	(223,473)	-	(223,473)
Dividend (gross) from investment in unquoted shares	(9,160,000)	(6,462,000)	-	-
Dividend (gross) from unquoted subsidiary companies	-	-	(17,860,076)	(11,906,715)
Gain on disposal of investments	(2,795)	(55,210)	-	(55,210)
Gain on disposal of property, plant and equipment	(26,791)	(825,953)	(7,888)	(331,315)
(Gain)/Loss on disposal of a subsidiary company	(3,712,314)	51,012	-	-
Loss/(Gain) on foreign exchange:-				
- realised	6,233,547	(1,461,157)	-	(380)
- unrealised	(770)	27,958	4	-
Interest income from:-				
- advances to subsidiary companies	-	-	(145,969)	(378,257)
- others	(758,971)	(2,112,179)	(6,123)	(1,766)
Rental income from:-				
- a subsidiary company	-	-	(185,000)	(198,000)
- others	(2,788,918)	(3,022,610)	-	-

The estimated monetary value of benefits-in-kind received by certain directors of the Group amounted to RM98,600 (2001: RM63,283).

29. TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Current taxation:-				
- current year's provision				
- Malaysia	12,908,922	10,545,293	3,357,473	2,226,000
- Foreign	1,501,000	546,341	-	-
- under provision in prior years	301,468	481,106	67,410	1,185,573
	14,711,390	11,572,740	3,424,883	3,411,573
Transfer (from)/to deferred taxation (Note 25):-				
- current year provision	(326,100)	3,898,849	17,464	100,000
- over provision in prior years	925,000	-	-	-
	598,900	3,898,849	17,464	100,000
	15,310,290	15,471,589	3,442,347	3,511,573

Eventhough the Group recorded a loss before taxation in the current financial period, provision for taxation is made mainly due to the non-availability of group relief where tax losses of certain subsidiary companies cannot be set-off against the taxable profits of other subsidiary companies and certain expenses being disallowed for tax purposes.

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

The effective tax rate of the Company in 2002 and 2001 is higher than the statutory rate due mainly to certain expenses which are not deductible for tax purposes.

30. (LOSS)/EARNINGS PER ORDINARY SHARE

The (loss)/earnings per ordinary share is calculated based on the Group's (loss)/profit after taxation and minority interests of RM7,764,789 (2001: RM4,185,932) and the weighted average number of 118,176,028 (2001: 120,009,362) ordinary shares in issue during the year.

The diluted earnings per share is not disclosed as the exercise price based on the assumed exercise of the option under the Executive Share Options Scheme ("ESOS") of the Company is higher than the average market price of the shares.

31. DIVIDENDS

	Group and Company	
	2002 RM	2001 RM
Proposed final dividend of 4 sen (2001: 4 sen) per share,		
less income tax	3,389,362	3,423,663
(Decrease)/Increase in dividend paid for dividend proposed in previous year in relation to the allotment of shares pursuant to the ESOS	(17,942)	3,362
	3,371,420	3,427,025

32. ACQUISITION OF SUBSIDIARY COMPANIES

Net assets required:-

	Group	
	2002 RM	2001 RM
Property, plant and equipment	4,857,923	72,596
Investments	18,270	-
Intangible assets	-	6,505
Inventories	1,847,729	-
Trade receivables	499,031	458,349
Other receivables, deposits and prepayments	1,155,120	22,709
Fixed deposits	-	550,000
Cash and bank balances	1,201,614	161,512
Trade payables	(3,321,826)	(202,203)
Other payables	(293,542)	(776,229)
Term loans	(973,609)	-
Minority interests	(2,259,794)	(146,054)
Net assets acquired	2,730,916	147,185
Goodwill on acquisition	1,805,276	55,605
Total purchase price	4,536,192	202,790
Less:-		
Transfer from investment in associated company	(2,676,472)	-
Cash and cash equivalents of subsidiary companies acquired	(1,201,614)	(711,512)
Cash outflow/(inflow) on acquisition, net of cash and cash equivalents acquired	658,106	(508,722)

33. DISPOSAL OF SUBSIDIARY COMPANIES

	Group
	2002
	RM
Net assets disposed of:-	
Property, plant and equipment	25,162,416
Investment in associated company	80,000
Other investments	202,000
Inventories	3,974,935
Receivables	9,156,026
Tax recoverable	144,000
Bank overdrafts	(200,521)
Payables	(7,603,124)
Hire-purchase creditors	(78,016)
Short term bank borrowings	(17,691,438)
Foreign exchange reserve	9,792,206
Future income tax benefits	2,381,647
Share of net assets disposed of	25,320,131
Goodwill	245,374
Minority interest	(561,059)
Write-down of assets in subsidiary company	(23,324,793)
Write-down of goodwill in subsidiary company	(221,207)
Gain on disposal of investment	3,712,314
Total disposal proceeds	5,170,760
Cash and cash equivalents in subsidiary companies disposed of	200,521
Net cash inflow on disposal	5,371,281

34. 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	
	2002	2001	2002	2001
	RM	RM	RM	RM
Purchase of property, plant and equipment (Note 5)	24,117,954	44,605,993	214,702	1,037,433
Financed by hire-purchase and lease arrangements	(237,700)	(2,148,736)	-	(502,000)
Cash payments on purchase of property, plant and equipment	23,880,254	42,457,257	214,702	535,433

35. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Bank overdrafts	(12,073,110)	(34,736,571)	(3,483,955)	(2,934,527)
Short term deposits	23,301,236	30,531,490	-	266,329
Cash and bank balances	32,552,146	23,616,577	27,641	8,224
	3,780,272	19,411,496	(3,456,314)	(2,659,974)
Less: Short term deposits pledged with a licensed bank	(1,842,160)	(1,766,329)	-	(266,329)
	41,938,112	17,645,167	(3,456,314)	(2,926,303)

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group	
	2002 RM	2001 RM
Sales to:-		
- Fernz Timber Protection Sdn. Bhd.	1,437,546	1,118,816
- Ancom Kimia Sdn. Bhd.	-	45,771
Purchases from Ancom Kimia Sdn. Bhd.	59,804,606	97,883,731
Commission paid and payable to Fernz Timber Protection Sdn. Bhd.	387,939	494,557
Interest paid and payable to Ancom Kimia Sdn. Bhd.	3,903	-
Insurance premium paid to Pacific & Orient Insurance Co. Berhad	1,146,377	1,019,484

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

The relationships between the Group and the related parties other than that stated below, are disclosed in Note 43 to the financial statements.

Identity of related party

Pacific & Orient Insurance Co. Berhad

Relationship with the Group

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

37. CAPITAL COMMITMENTS

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Authorised and contracted for	17,676,213	16,948,570	3,150,373	9,790,000
Authorised but not contracted for	2,859,000	5,891,108	-	-
	20,535,213	22,839,678	3,150,373	9,790,000
Analysed as follows:-				
- Property, plant and equipment	4,831,340	12,299,677	166,500	-
- Investments	15,703,873	10,540,001	2,983,873	9,790,000
	20,535,213	22,839,678	3,150,373	9,790,000

38. CONTINGENT LIABILITIES - Unsecured

Company

As at 31 May 2002, the Company has given corporate guarantees amounting to RM22,066,196 (2001: RM45,895,029) to licensed banks, finance companies and a leasing company for credit facilities granted to certain subsidiary companies.

Group

As at 31 May 2002, the Group has outstanding contingent liabilities arising from certain subsidiary companies which are contingently liable up to the extent of RM272,000 (2001: Nil) to a licensed bank for a banker's guarantee issued in favour of a state authority on behalf of another subsidiary company for the fulfilment of obligations in respect of a sewerage treatment system.

39. SIGNIFICANT EVENTS

During the financial year:

- (i) Ancom Energy & Services Sdn. Bhd., a 55% owned subsidiary, completed the disposal of its entire shareholding of 55,100 ordinary shares of RM1 each representing 50.1% equity interest and 5,000 8% redeemable preference shares in Petrodril (Malaysia) Sdn. Bhd. to UMW Corporate Sdn. Bhd. for a cash consideration of RM5.2 million.
- (ii) Nylex (Malaysia) Berhad ("Nylex"), a 26.6% owned subsidiary of the Company, completed the disposal of its entire interest in its wholly-owned subsidiary, Asia Pacific Insulation Corporation, Inc., a company incorporated in the Philippines, comprising 540,000 shares of common stock and 60,000 shares of preferred stock, for a cash consideration of RM1.
- (iii) Synergy Tanker Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement to acquire 2,494,574 ordinary shares of SGD1 each representing 50.96% equity interest in SM Integrated Transware Pte. Ltd., a company incorporated in Singapore, for a total cash consideration of SGD6.0 million or RM12.7 million equivalent. This transaction was completed subsequent to the financial year end.

40. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- (i) On 2 July 2002, the Company announced that it is undertaking a private placement of up to 10% of the Company's issued and paid up share capital to raise proceeds to repay some of the Company's bank borrowings. This transaction is subject to the approvals of the Securities Commission ("SC"), Foreign Investment Committee ("FIC"), Kuala Lumpur Stock Exchange ("KLSE") and other relevant authorities.
- (ii) On 3 September 2002, the Company announced that Nylex (Malaysia) Berhad, a subsidiary, is proposing to undertake a capital distribution of its investment to its shareholders as follows:-
- (a) the proposed cancellation of fifty (50) sen from the entire issued and paid-up share capital of Nylex comprising 224,487,720 ordinary shares of RM1 each to be undertaken under Section 64 of the Companies Act, 1965 resulting in a capital reserve of RM112,243,860 ("Proposed Capital Reduction"); and
- (b) the resultant credit of RM112,243,860 is to be applied to distribute Nylex's entire investment in Tamco Corporate Holdings Sdn. Berhad ("Tamco") comprising a proposed share capital of RM112,243,860, to be made up of 224,487,720 ordinary shares of RM0.50 each to the entitled shareholders of Nylex on the basis of one (1) ordinary share of RM0.50 each in Tamco for every one (1) ordinary share at a proposed par value of RM0.50 each in Nylex after the Proposed Capital Reduction on a date to be determined later ("Proposed Capital Distribution").

The Company further announced that it has, on the same day, entered into a conditional sale and purchase agreement with Nylex for the proposed disposal of the entire equity interest in its wholly-owned subsidiaries, namely Perusahaan Kimia Gemilang Sdn. Bhd., Fermpro Sdn. Bhd., Kumpulan Kesuma Sdn. Bhd. and Wedon Sdn. Bhd. to Nylex for a total sale consideration of RM64.427 million to be satisfied by the issuance of 128,854,000 new ordinary shares at a proposed par value of RM0.50 each in Nylex at par credited as fully paid-up after the Proposed Capital Distribution mentioned in (ii)(b) ("Proposed Disposal").

The Proposed Capital Reduction, Proposed Capital Distribution and Proposed Disposal are inter-conditional upon each other and are subject to the approvals of the SC, the High Court of Malaya, FIC, KLSE, Ministry of International Trade and Industry, shareholders of Nylex and of the Company and other relevant authorities, if any.

41. NUMBER OF EMPLOYEES AND STAFF COSTS

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

	Group		Company	
	2002	2001	2002	2001
Number of employees	1,959	2,206	31	30
Staff costs (RM)	72,328,827	79,527,474	2,626,161	2,592,755

42. SEGMENTAL INFORMATION

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

	Operating Revenue		(Loss)/Profit Before Taxation		Total Assets Employed	
	2002 RM	2001 RM	2002 RM	2001 RM	2002 RM	2001 RM
Major segment by industry:-						
Investment holding	470,254	1,080,516	(4,652,130)	(4,941,365)	100,928,605	96,085,861
Agricultural and industrial chemicals	268,910,291	312,813,746	9,397,342	10,261,671	159,702,294	163,926,358
Oil and gas services	43,606,804	41,729,266	6,164,422	288,728	58,861,106	62,473,752
Shipping	9,315,862	9,797,628	67,075	6,220	25,099,964	27,580,595
Property development	2,552,809	2,697,700	(382,032)	4,909	35,998,655	38,516,835
Information technology	24,304,116	7,923,900	470,469	2,682,378	33,888,077	16,028,208
Polymer	98,343,364	109,917,603	11,229,000	16,029,000	141,624,000	148,378,000
Engineering	242,524,504	238,595,000	(15,968,000)	17,302,000	292,125,000	305,868,000
Building products	25,005,079	37,260,000	(25,775,000)	(7,655,000)	13,339,000	57,645,000
Others	-	-	(14,628)	(46,054)	4,700	(26,077)
	715,033,083	761,815,359	(19,463,482)	33,932,487	861,571,401	916,476,532
Group share of results of associated companies	-	-	497,357	758,405	-	-
	715,033,083	761,815,359	(18,966,125)	34,690,892	861,571,401	916,476,532

42. SEGMENTAL INFORMATION [cont'd]

	Operating Revenue RM	(Loss)/Profit Before Taxation RM	Total Assets Employed RM
2002			
Major segment by geographical region:-			
Malaysia	564,677,940	41,036,837	716,865,154
Singapore	22,838,277	907,160	15,085,692
Philippines	11,775,168	(26,474,000)	-
China	36,849,000	(2,604,000)	64,043,000
Hong Kong	34,973,422	189,990	22,427,507
Australia	28,790,677	(28,688,000)	27,527,005
Indonesia	15,113,000	(3,832,000)	15,594,000
Other countries	15,599	531	29,043
	715,033,083	(19,463,482)	861,571,401
Group share of results of associated companies	-	497,357	-
	715,033,083	(18,966,125)	861,571,401
2001			
Major segment by geographical region:-			
Malaysia	618,573,684	45,095,066	722,034,348
Singapore	24,743,675	616,602	15,979,678
Philippines	21,833,000	(8,495,000)	42,861,000
China	21,928,000	(6,573,000)	58,748,000
Hong Kong	31,793,000	1,723,946	17,557,980
Australia	29,679,000	758,000	44,553,005
Indonesia	13,265,000	886,000	14,626,000
Other countries	-	(79,127)	116,521
	761,815,359	33,932,487	916,476,532
Group share of results of associated companies	-	758,405	-
	761,815,359	34,690,892	916,476,532

43. SUBSIDIARY AND ASSOCIATED COMPANIES

Details of subsidiary companies are as follows:-

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2002	2001	
Ancom Crop Care Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of agricultural chemical products
Polytensides Sdn. Bhd.	Malaysia	100%	100%	Manufacture of agricultural products and chemicals
Timber Preservatives Sdn. Bhd.	Malaysia	51%	51%	Manufacture and distribution of timber preservatives and chemicals
Sun Chemicals Sdn. Bhd.	Malaysia	100%	100%	Formulation and repacking of agricultural chemicals
Ancom Overseas Ventures Sdn. Bhd.	Malaysia	100%	100%	Investment holding company and provision of management services
Fermpro Sdn. Bhd.	Malaysia	100%	100%	Manufacture and trading of ethanol and other related chemical products
Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	100%	100%	Trading in petroleum based products and industrial chemicals
Kumpulan Kesuma Sdn. Bhd.	Malaysia	100%	100%	Manufacture of sealants and adhesive products
Wedon Sdn. Bhd.	Malaysia	100%	100%	Trading in sealants and adhesive products
Ancom-ChemQuest Terminals Sdn. Bhd.	Malaysia	51%	51%	Build, own, operate and manage chemical tank farm
Ancom Energy & Services Sdn. Bhd.	Malaysia	55%	55%	Supply of goods and services to oil and gas industry
Elderberry Sdn. Bhd.	Malaysia	100%	100%	Ship-owning and ship-operating
Synergy Concepts Sdn. Bhd.	Malaysia	100%	100%	Ship-owning and ship-operating
Synergy Point Sdn. Bhd.	Malaysia	100%	100%	Ship-owning and ship-operating
Synergy Tanker Sdn. Bhd.	Malaysia	100%	100%	Dormant

43. SUBSIDIARY AND ASSOCIATED COMPANIES [cont'd]

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2002	2001	
Ancom Ship Management Sdn. Bhd.	Malaysia	100%	100%	Ship management
WorldSQL.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
Norwood Sdn. Bhd.	Malaysia	100%	50.1%	Dormant
* Syarikat Wandeerfull Sdn. Bhd.	Malaysia	100%	100%	Investment holding, dealing in and subletting of land
* Bullion Mining and Developments Sendirian Berhad	Malaysia	100%	100%	Property development and investment holding
* Rhodemark Development Sdn. Bhd.	Malaysia	50.1%	50.1%	Investment holding
+ Ancom (Hong Kong) Limited	Hong Kong	100%	100%	Investment holding
* MSTi Corporation Sdn. Bhd. (formerly known as Malay Sino Technologies Sdn. Bhd.)	Malaysia	50.1%	50.1%	Trading of computer hardware and software and rendering of IT related consulting services
Subsidiary companies of Ancom Crop Care Sdn. Bhd.				
<i>OrganiGro Sdn. Bhd.</i>	<i>Malaysia</i>	<i>69.6%</i>	<i>77.5%</i>	<i>Production and trading of organic fertilizers</i>
<i>Ancom Garden Products Sdn. Bhd.</i>	<i>Malaysia</i>	<i>100%</i>	<i>100%</i>	<i>Distributing garden products</i>
<i>Consolidated Specialties Sdn. Bhd.</i>	<i>Malaysia</i>	<i>100%</i>	<i>100%</i>	<i>Trading in industrial textile chemicals</i>
* <i>Ancom do Brasil Ltda</i>	<i>Brazil</i>	<i>99.9%</i>	<i>99.9%</i>	<i>Dormant</i>
+ <i>Ancom Argentina S.A.</i>	<i>Argentina</i>	<i>99.9%</i>	<i>99.9%</i>	<i>Dormant</i>
* <i>Ancom Australia Pty. Ltd.</i>	<i>Australia</i>	<i>100%</i>	<i>100%</i>	<i>Dormant</i>
* <i>Malancom Agrochemicals (Pty.) Limited</i>	<i>South Africa</i>	<i>100%</i>	<i>100%</i>	<i>Dormant</i>

43. SUBSIDIARY AND ASSOCIATED COMPANIES [cont'd]

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2002	2001	
Subsidiary company of Ancom Overseas Ventures Sdn. Bhd.				
* ChemResources China (Agencies) Limited	Hong Kong	54.7%	48.7%	Distributor of printing ink solvent and industrial chemicals
Subsidiary company of ChemResources China (Agencies) Limited				
* ChemResources China (Coating) Ltd.	Hong Kong	54.7%	-	Trading product chemicals
Subsidiary companies of Ancom Energy & Services Sdn. Bhd.				
Tubex Sdn. Bhd.	Malaysia	55%	55%	Provide threading and ancillary services
Akra Engineering Sdn. Bhd.	Malaysia	53.1%	53.1%	Manufacture of steel structures for oil and gas industries and other related maintenance and engineering services
AES Mayak Sdn. Bhd.	Malaysia	55%	55%	Dormant
Petrodril (Malaysia) Sdn. Bhd.	Malaysia	-	33%	Provision of drilling rigs and workover services, and supply of drilling related equipment
Material Performance Engineering Sdn. Bhd.	Malaysia	49.5%	49.5%	Investment holding, trading of anodes and cathodic protection equipment and provision of technical training services
Indah Segar Sdn. Bhd.	Malaysia	55%	55%	Technical and consulting services in the field of corrosion protection, material design, evaluation and environment engineering related work activities

43. SUBSIDIARY AND ASSOCIATED COMPANIES [cont'd]

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2002	2001	
Subsidiary company of Material Performance Engineering Sdn. Bhd.				
<i>MPE Lindung Sdn. Bhd.</i>	<i>Malaysia</i>	<i>49.5%</i>	<i>49.5%</i>	<i>Manufacture and supply of anodes and cathodic protection equipment</i>
Subsidiary company of Perusahaan Kimia Gemilang Sdn. Bhd.				
* <i>Dynamic Chemical Trading Pte. Ltd.</i>	<i>Singapore</i>	<i>100%</i>	<i>100%</i>	<i>Trading in industrial chemicals</i>
Subsidiary companies of Syarikat Wandeerfull Sdn. Bhd.				
* <i>Wandeerfull Industries Sdn. Bhd.</i>	<i>Malaysia</i>	<i>100%</i>	<i>100%</i>	<i>Dormant</i>
* <i>Wandeerfull Property & Development Sdn. Bhd.</i>	<i>Malaysia</i>	<i>70%</i>	<i>70%</i>	<i>Property development</i>
Subsidiary company of Wandeerfull Property & Development Sdn. Bhd.				
* <i>Wandeerfull Mining Sdn. Bhd.</i>	<i>Malaysia</i>	<i>70%</i>	<i>70%</i>	<i>Dormant</i>
Subsidiary company of Rhodemark Development Sdn. Bhd.				
* <i>Nylex (Malaysia) Berhad</i>	<i>Malaysia</i>	<i>26%</i>	<i>26%</i>	<i>Manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other plastic products, including geotextiles and prefabricated sub-soil drainage systems</i>

43. SUBSIDIARY AND ASSOCIATED COMPANIES [cont'd]

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2002	2001	
Subsidiary companies of Nylex (Malaysia) Berhad				
* <i>Tamco Corporate Holdings Sdn. Berhad</i>	<i>Malaysia</i>	26%	26%	<i>Design, manufacture, supply, installation, commissioning and maintenance of equipment and systems of power distribution</i>
* <i>Nycon Manufacturing Sdn. Bhd.</i>	<i>Malaysia</i>	26%	26%	<i>Manufacture and marketing of rotomoulded bulk containers</i>
* <i>Malaysian Roofing Industries Sdn. Bhd.</i>	<i>Malaysia</i>	18.2%	18.2%	<i>Manufacture and marketing of metal roofing tiles and ceiling panels</i>
* <i>Asia Pacific Insulation Corporation</i>	<i>Philippines</i>	-	26%	<i>Manufacture and marketing of glasswool insulation products</i>
* <i>Zonson Sports (Malaysia) Sdn. Bhd.</i>	<i>Malaysia</i>	20.8%	20.8%	<i>Manufacture and marketing of quality golf bags</i>
* <i>Tamco (Singapore) Pte. Ltd.</i>	<i>Singapore</i>	26%	26%	<i>Trading and contracting in electrical engineering products</i>
* <i>Tamco Electrical & Electronics (Malaysia) Sdn. Bhd.</i>	<i>Malaysia</i>	26%	26%	<i>Trading and contracting in electrical engineering products</i>
* <i>Tamco Electrical & Electronics (Singapore) Pte. Ltd.</i>	<i>Singapore</i>	26%	26%	<i>Trading and contracting in electrical engineering products</i>
* <i>Tamco Electrical & Electronics (Hong Kong) Limited</i>	<i>Hong Kong</i>	26%	26%	<i>Trading and contracting in electrical engineering products</i>
* <i>Tamco (Malaysia) Sdn. Berhad</i>	<i>Malaysia</i>	26%	26%	<i>Dormant</i>
* <i>Tamco Industries Sdn. Berhad</i>	<i>Malaysia</i>	26%	26%	<i>Dormant</i>
* <i>TEE Power & Engineering Sdn. Bhd.</i>	<i>Malaysia</i>	26%	26%	<i>Dormant</i>
* <i>Asia Pacific Insulation Development Corporation</i>	<i>Philippines</i>	-	26%	<i>Property holding company</i>
* <i>Asia Pacific Insulation Trading Corporation</i>	<i>Philippines</i>	-	26%	<i>Trading in fibreglass and other related products</i>
* <i>PT Indomalay Ekatan Roofing Industries</i>	<i>Indonesia</i>	12.7%	12.7%	<i>Manufacture and marketing of metal roofing tiles</i>

43. SUBSIDIARY AND ASSOCIATED COMPANIES [cont'd]

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2002	2001	
Subsidiary companies of Nylex (Malaysia) Berhad				
* <i>Universal Motor Kontrol Pty. Limited</i>	<i>Australia</i>	26%	26%	<i>Design and manufacture of electrical motor control centres</i>
* <i>Kontrol Sales Pty. Limited</i>	<i>Australia</i>	26%	26%	<i>Sales of electrical motor control centres and other related equipment</i>
* <i>PT Kontrol Ragam Indonesia</i>	<i>Indonesia</i>	20.8%	20.8%	<i>Design and manufacture of electrical motor control centres</i>
* <i>Universal Motor Kontrol Hong Kong Limited</i>	<i>Hong Kong</i>	26%	26%	<i>Sales of electrical motor control centres and other related equipment</i>
* <i>Tamco Shanghai Switchgear Company Limited</i>	<i>China</i>	26%	26%	<i>Manufacture and marketing of switchgear and related products</i>
* <i>Tamco Gulf Enterprises Sdn. Bhd</i>	<i>Malaysia</i>	26%	26%	<i>Dormant</i>
* <i>Tamco Static Systems (Far East) Limited</i>	<i>Hong Kong</i>	26%	26%	<i>Dormant</i>
Subsidiary companies of MSTi Corporation Sdn. Bhd. (formerly known as Malay Sino Technologies Sdn. Bhd.)				
* <i>I-Enterprise Online.Com Sdn. Bhd.</i>	<i>Malaysia</i>	25.6%	25.6%	<i>Provision of I.T. services</i>
* <i>HSO Business Systems Sdn. Bhd.</i>	<i>Malaysia</i>	25.1%	25.1%	<i>Trading of computer hardware and software and the rendering of I.T. related consulting services</i>
* <i>HSO Business Solutions Sdn. Bhd.</i>	<i>Malaysia</i>	25.1%	25.1%	<i>Dormant</i>

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

+ Subsidiary companies audited by member firms of BDO International.

Details of associated companies are as follows:-

Direct:-

* Fernz Timber Protection (M) Sdn. Bhd.	Malaysia	49%	49%	Trading in timber wood preservative and other chemical products
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43. SUBSIDIARY AND ASSOCIATED COMPANIES [cont'd]

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2002	2001	
* E-Cop.Net Surveillance Sdn. Bhd.	Malaysia	27.3%	37%	Providing network services in electronic and Internet security protection
* iSpring Capital Sdn. Bhd.	Malaysia	40%	-	Providing and sourcing private equity finance and providing related consultancy services, business acceleration and other value added facilities and services to technology ventures
<i>Indirect:-</i>				
Ancom Kimia Sdn. Bhd.	Malaysia	30%	30%	Distributor of petroleum based products and industrial chemicals
* Vision IP Services Sdn. Bhd.	Malaysia	33.3%	20%	Providing call centre services
* Transmare - Chemie (Singapore) Pte. Ltd.	Singapore	20%	20%	Distributor of printing ink solvent and industrial chemicals
* Transmare - Chemie Handelsgesellschaft mbH	Germany	20%	20%	Distributor of printing ink solvent and industrial chemicals
+ Ancom Philippines Inc.	Philippines	39.6%	39.6%	Dormant
* Hikmat Ikhlas Sdn. Bhd.	Malaysia	12.8%	12.8%	Trading and contracting in electrical engineering products
* Suistulin Sdn. Bhd.	Malaysia	7.8%	7.8%	Trading and marketing in switchgear and related products
* Tamco Chongqing Switchgear Company Limited	China	9.8%	9.8%	Manufacturing and sale of switchgear and related products
* Chemsing Chemicals Distribution (China) Ltd.	Hong Kong	25.5%	-	Trading in chemical products
* DBS China Limited	Hong Kong	10.9%	-	Trading in chemical products

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

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

OTHER INFORMATION

SHARE BUY BACK

Details of share buy back are disclosed in the Directors' Report of this Annual Report.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year,

- (i) a total of 1,768,000 options were granted under Ancom Berhad Employees' Share Option Scheme ("ESOS") to eligible employees of the Group at an exercise price of RM1.290 per ordinary share.
- (ii) Other than the above, the Company did not issue any options, warrants or convertible securities.

UTILISATION OF PROCEEDS

The Company raised total proceeds of RM37,050 from the issue of 27,000 new ordinary shares of RM1.00 each in the Company from the exercise of the ESOS. The proceeds were used for working capital purposes.

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

During the year, the Company did not sponsor any ADR or GDR programme.

SANCTIONS AND/OR PENALTIES

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

NON-AUDIT FEE

A total of RM35,000 was paid to the external auditors of the Company in the financial year for non-audit assignments.

VARIATION IN RESULTS

There were variances of not more than 10% between the results for the year ended 31 May 2002 and the unaudited results previously announced. The Company did not announce any profit estimates, forecasts and projections for the year.

PROFIT GUARANTEE

The Company did not give any profit guarantee in respect of the year ended 31 May 2002.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS

- (1) On 8 January 2002, the Company's wholly-owned subsidiary, Ancom Crop Care Sdn Bhd ("ACC"), subscribed for 800,000 new ordinary shares of RM1.00 each in OrganiGro Sdn Bhd ("OrganiGro") at par for cash.

YABM Raja Tun Mohar bin Raja Badiozaman, Chairman of the Company, is deemed interested in the transaction as he is the father of an indirect shareholder of 9.9% in OrganiGro. She is also the managing director of OrganiGro.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS [cont'd]

- (2) On 18 January 2002, Nylex (Malaysia) Berhad ("Nylex"), a subsidiary of the Company, entered into separate Mutual Separation Agreement with Heah Kok Soon ("HKS") and Hung Hin Cheong ("HHC") respectively.

The Mutual Separation Agreement with HKS provided that HKS resigned as Group Managing Director of Nylex and as director in certain subsidiaries of Nylex. HKS was paid an agreed sum of RM584,955, calculated based on 12 months of his last drawn monthly salary and benefits. In addition, a Jaguar S-Type motor vehicle was sold to him for RM203,000, representing 70% of its current market value.

Pursuant to the Mutual Separation Agreement with HHC, HHC resigned as Executive Director of Nylex and Chief Executive of Tamco Corporate Holdings Sdn Berhad ("Tamco"), a wholly-owned subsidiary of Nylex, and as director in certain subsidiaries of Nylex. HHC was paid an agreed sum of RM452,277 calculated based on 12 months of his last drawn monthly salary and benefits. In addition, a BMW728i motor vehicle was sold to him for RM135,707, representing 70% of its current market value.

- (3) On 22 March 2002, the Company's 50.1%-owned subsidiary, Malay Sino Technologies Sdn Bhd, now known as MSTi Corporation Sdn Bhd ("MSTi"), disposed a Mercedes Benz E230 Year 1996 motor vehicle to Nylex for a cash consideration of RM217,430, representing a 10% discount from the net book value of the motor vehicle as at 31 January 2002.

Y Bhg Dato' Siew Ka Wei, the Deputy Group Managing Director and Y Bhg Dato' Siew Nim Chee, a Director, are deemed interested in the transaction. They are the brother-in-law and father-in-law of a director and substantial shareholder of MSTi and are the brother and father of a director of MSTi. Y Bhg Dato' Siew Ka Wei is also the Group Managing Director of Nylex.

YABM Raja Tun Mohar bin Raja Badiozaman, Chairman of the Company and Nylex, is also Chairman of MSTi.

- (4) On 2 April 2002, the Company provided a corporate guarantee of up to RM2,000,000 in favour of Bumiputera-Commerce Bank Berhad ("BCBB") for banking facilities of the same amount granted to MSTi. The Corporate Guarantee is required as security for BCBB to provide the banking facilities to meet MSTi's increasing working capital requirements. The Company obtained a counter indemnity from the other two shareholders of MSTi which provided that if the Corporate Guarantee is enforced by BCBB, the other two shareholders will pay to the Company their share of the payment to BCBB calculated based on the proportion of their shareholding in MSTi.

Details of the interested parties and their relationship have been disclosed in (3) above.

- (5) On 8 April 2002, ACC and Fermpro Sdn Bhd ("Fermpro"), both wholly-owned subsidiaries of the Company, provided letters of undertaking to Malayan Banking Berhad ("Maybank") in respect of the banking facilities totaling RM7.5 million granted to OrganiGro.

ACC undertook that as long as OrganiGro's liabilities with Maybank remain outstanding, it will pay such sum of monies to OrganiGro to fund any cost overrun on the construction of OrganiGro's factory. ACC further undertakes that it will subordinate all advances made or to be made by ACC to OrganiGro (save for advances in relation to trade related transactions) in term of priority of payment to the payment obligations of OrganiGro under the banking facilities.

Fermpro undertook that as long as the banking facilities remain outstanding, it will not execute, create or permit to exist or subsist any security interest over the land leased to OrganiGro where OrganiGro's factory is situated.

Details of the interested parties and their relationship have been disclosed in (1) above.

- (6) On 30 May 2002, the Company awarded the work to implement the Oracle E-Business Suite Application to MSTi at a cost of RM989,000. The implementation of the Application is aimed at improving the financial reporting process and structure of the Company and the Group.

Details of the interested parties and their relationship have been disclosed in (3) above.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS [cont'd]

- (7) On 30 May 2002, Tamco awarded the work to implement the Oracle E-Business Suite Application to MSTi at a price of RM2,800,000.

Details of the interested parties and their relationship have been disclosed in (3) above.

REVALUATION POLICY

The Company does not have a revaluation policy on landed properties for the year ended 31 May 2002.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

During the year, details of the RRPT pursuant to the shareholders' mandate are as follows :

Related Party	Nature of Transaction	Interested directors, major shareholders and connected persons	Value of RRPT (RM)
Pacific & Orient Insurance Co. Berhad	Purchase of general insurance	Pacific & Orient Berhad Chan Thye Seng	1,146,377
MSTi and its subsidiaries namely : - i-Enterprise Online.com Sdn Bhd - HSO Business Systems Sdn Bhd	Receiving of IT related consultancy services Provision of management services by holding company	Y Bhg Dato' Siew Nim Chee Y Bhg Dato' Siew Ka Wei Siew Ka Kheong Young Ka Mun Quek Lay Kheng Silver Dollars Sdn Bhd Siew Nim Chee & Sons Sdn Bhd	1,621,226 231,584
OrganiGro	Provision of management services by holding company Rental of shelter (compost) from Fermpro Sdn Bhd, wholly-owned subsidiary of Ancom Purchase of organic fertiliser for re-sale by Ancom Crop Care Sdn Bhd, wholly-owned subsidiary of Ancom	YABM Raja Tun Mohar bin Raja Badiozaman Toh Puan Norella binti Talib YM Raja Nor Mazli binti Raja Mohar	nil 1,800 7,152

LIST OF PROPERTIES

As at 31 May 2002

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2002
Ancom Berhad				
1. Q.T. (R) 4353 Mukim of Damansara Daerah Klang Selangor Darul Ehsan	Unexpired leasehold interest of 66 years (Expiring on 10.4.2068)	2.22 hectares	Office and factory buildings Age of buildings :- approximately 32 years	RM 12,362,156
2. P.T. 4227 and P.T. 4228 Mukim of Kapar Daerah Klang Selangor Darul Ehsan	Unexpired leasehold Interest of 84 years (Expiring on 9.6.2086)	5.37 hectares	Office and factory buildings Age of buildings :- approximately 11 years	RM 13,615,527
Fermpro Sdn Bhd				
1. H.S. (M) 748 Lot 1113 Mukim of Chuping Perlis	Unexpired leasehold interest of 44 years (Expiring on 22.11.2046)	1.62 hectares	Office and factory buildings Age of buildings :- approximately 14 years	RM 1,987,384
2. H.S. (M) 1804 Plot 3 & 4 P.T. 924A Mukim of Chuping Perlis	Unexpired leasehold interest of 57 years (Expiring on 7.2.2059)	2.43 hectares	Spent molasses treatment pond	RM 982,461
3. H.S. (M) 1803 P.T. 2978 Mukim of Chuping Perlis	Unexpired leasehold interest of 57 years (Expiring on 7.2.2059)	0.81 hectare	Vacant land (Land office is in the process of issuing land title deed)	RM 331,149
Akra Engineering Sdn Bhd				
1. Lot 118 Senawang Industrial Estate, Seremban Negeri Sembilan Darul Khusus	Unexpired leasehold interest of 71 years (Expiring on 22.3.2073)	0.81 hectare	Building with covered workshop Age of building :- approximately 27 years	RM 3,204,227
Perusahaan Kimia Gemilang Sdn Bhd				
1. Lot 279, Sec. 63 Town of Kuala Lumpur	Freehold	0.26 hectare	Two storey bungalow Age of building :- approximately 40 years	RM 5,980,500

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2002
Perusahaan Kimia Gemilang Sdn Bhd (cont'd)				
2. Lot 1219 and 1220 Mukim 12 Seberang Perai Selatan Pulau Pinang	Freehold	0.12 hectare	1 1/2 storey semi-detached factory Age of building :- approximately 8 years	RM 552,667
Material Performance Engineering Sdn Bhd				
1. Lot 1908 Daerah Klang Selangor Darul Ehsan	Freehold	0.38 hectare	Office and factory buildings Age of buildings :- approximately 7 years	RM 2,456,250
Bullion Mining and Developments Sendirian Berhad				
1. Apartment 8E Kayangan Apartments Genting Highlands Pahang	Freehold	2,806 sq. ft	Apartment Age of building :- approximately 23 years	RM 334,250
2. Shoplot No. 1.30 First Floor Wisma Cosway Kuala Lumpur	Freehold	428 sq. ft	Shoplot Age of building :- approximately 26 years	RM 248,300
Ancom Energy & Services Sdn Bhd				
1. Lot 153, Industrial Land Section 5, Phase 2B Jalan 4/8, Pulau Indah Industrial Park West Port, 42920 Pelabuhan Klang Selangor Darul Ehsan	Unexpired leasehold interest of 99 years (Expiring on Feb 2099)	0.22 hectares	Office and factory buildings under Construction	RM 1,651,680

LIST OF PROPERTIES [cont'd]

As at 31 May 2002

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2002
Ancom-ChemQuest Terminals Sdn Bhd				
1. Jeti Petrokimia Pelabuhan Barat 42009 Pelabuhan Klang Selangor Darul Ehsan	Unexpired leasehold interest of 28 years (Expiring on Oct 2024)	1.5 hectares	Warehouse and office Age of building :- approximately 5 years	RM 598,348
Nylex (Malaysia) Berhad				
1. Q.T. (R) 32 Persiaran Selangor Section 15, Shah Alam Industrial Estate Shah Alam Selangor Darul Ehsan	Unexpired leasehold interest of 68 years (Expiring on 19.7.2070)	2.93 hectares	Office and factory buildings Age of buildings :- approximately 31 years	RM 18,319,738
2. H.S. (D) 209 Persiaran Selangor Section 15, Shah Alam Industrial Estate Shah Alam Selangor Darul Ehsan	Unexpired leasehold interest of 73 years (Expiring on 10.2.2075)	1.21 hectares	Warehouse, factory and buildings Age of buildings :- approximately 22 years	
Tamco Corporate Holdings Sdn Berhad				
1. H. S. (D) 7524 2A, Jalan 13/2 46200 Petaling Jaya Selangor Darul Ehsan	Unexpired leasehold interest of 56 years (Expiring on 20.7.2058)	1.31 hectares	Office and factory buildings Age of buildings :- approximately 17 to 27 years	RM 24,515,286
2. H.M. 30892 Lot 24 Mukim of Kapar Daerah Klang Selangor Darul Ehsan	Freehold	2.75 hectares	Office and factory buildings Age of buildings :- approximately 10.5 years	

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2002
Malaysian Roofing Industries Sdn Bhd 1. H.S. (D) 33792 Lot 12 Nilai Industrial Estate 71800 Nilai Negeri Sembilan Darul Khusus	Unexpired leasehold interest of 42 years (expiring on 18.6.2044)	2.17 hectares	Office and factory buildings Age of buildings :- approximately 18 years	RM 2,505,461
Universal Motor Kontrol Pty Limited 1. V 9922 /510 31, Kitchen Road Dandenong Australia 2. V 9922 /509 Lot 29, Kitchen Road Dandenong Australia 3. V 10363 /524 Lot 11, Nissan Drive Dandenong Australia	Freehold Freehold Freehold	0.04 hectare 0.04 hectare 0.61 hectare	Factory Age of building :- approximately 17 years Factory Age of building :- approximately 8 years Vacant	RM 4,328,920 (A\$ 2,044,116)
Tamco Shanghai Switchgear Company Ltd 1. 1997-000180 You Ai Village Tangwan Town Minhang District Shanghai, China 2. 1997-000181 No. 379 Jianchuan Road Tangwan Town Minhang District Shanghai, China	Unexpired leasehold interest of 43 years (Expiring on 2.10.2045) Unexpired leasehold interest of 43 years (Expiring on 2.10.2045)	1.25 hectares 2.09 hectares	Office and factory buildings Age of buildings :- approximately 9 years Office and factory buildings Age of buildings :- approximately 9 years	RM 8,296,347 (RMB 18,220,438)

LIST OF PROPERTIES [cont'd]

As at 31 May 2002

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2002
ChemResources China (Agencies) Limited				
1. Room 904 South Seas Centre Tower II 75 Mody Road Tsim Sha Tsui East Kowloon	Unexpired leasehold interest of 50 years (Expiring on 2046)	1729 sq. ft	Office and shoptlot Age of building :- approximately 20 years	RM 4,037,008 (HKD 8,286,140)
2. Zhongshan, China	Unexpired leasehold (Expiring on 7.10.2009)	0.05 hectares	Vacant land	RM 388,892 (HKD 798,218)
Zonson Sports (Malaysia) Sdn Bhd				
1. H. S. (D) 27690 Lot 13260 Jalan Hj. Abd. Manan Mukim of kapar Daerah Klang Selangor Darul Ehsan	Freehold	1.20 hectares	Office and buildings Age of buildings :- approximately 13 years	RM 3,930,373

ANALYSIS OF SHAREHOLDING

As at 9 September 2002

Pursuant to Para 9.25 (2) of the KLSE Listing Requirements, the information set out below is made up to a date not earlier than six (6) weeks from the date of Notice of the 33rd Annual General Meeting.

No. Of Holders Of Each Class Of Equity Securities

Class of shares : Ordinary shares of RM1.00 each
Total no. of shares issued : 120,507,195
No. of holders : 9,898

Distribution Schedule

Holdings	No. of Holders	Total Holdings	%
Less than 1,000	494	236,810	0.20
1,000 to 10,000	8,622	23,952,284	20.35
10,001 to 100,000	705	18,125,881	15.40
100,001 to less than 5% of issued shares	74	54,596,338	46.39
5% and above of issued shares	3	20,778,882	17.66
	9,898	117,690,195	100.00
Treasury shares	-	2,817,000	-
	9,898	120,507,195	100.00

Substantial Shareholders As Per The Register Of Substantial Shareholders

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Siew Nim Chee	846,000	0.72	14,671,427 (a)	12.47
Dato' Siew Ka Wei	4,121,000	3.50	11,396,427 (b)	9.68
Silver Dollars Sdn Bhd	6,979,655	5.93	-	-
Pacific & Orient Berhad	11,499,489	9.77	3,500,000 (c)	2.97
Chan Thye Seng	-	-	14,999,489 (d)	12.74
The Straits Trading Company Limited	-	-	6,525,000 (e)	5.54
Sword Investments Pte. Ltd.	5,965,500	5.07	-	-
Lembaga Tabung Haji	6,423,893	5.46	-	-

Note :

- (a) Held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Dato' Siew Ka Wei, Siew Ka Kheong, Young Ka Mun and Quek Lay Kheng.
(b) Held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Dato' Siew Nim Chee, Siew Ka Kheong, Young Ka Mun and Quek Lay Kheng.
(c) Held through Pacific & Orient Insurance Co. Berhad, a wholly-owned subsidiary of Pacific & Orient Berhad.
(d) Held through Pacific & Orient Berhad.
(e) Held through Sword Investments Pte. Ltd. and Baxterley Pte. Ltd, wholly owned subsidiaries of The Straits Trading Company Limited.

Directors' Shareholdings As Per the Register of Directors' Shareholdings

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
YABM Raja Tun Mohar bin Raja Badiozaman	20,791	0.02	348,947 (a)	0.30
Tan Sri Dato' Dr Lin See Yan	100,000	0.08	-	-
Dato' Siew Nim Chee	846,000	0.72	14,671,427 (b)	12.47
Dato' Ahmad Johari bin Tun Abdul Razak	499,126	0.43	-	-
Dato' Siew Ka Wei	4,121,000	3.50	11,396,427 (c)	9.68
Datuk Haji Mohamed Al-Amin bin Haji Abdul Majid, JP	-	-	-	-
Chan Thye Seng	-	-	14,999,489 (d)	12.74
Dato' Mohd Ismail bin Che Rus	-	-	-	-
Chieng Ing Huong	-	-	-	-

Note :

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

Thirty Largest Shareholders As Per Record of Depositors

	Name	No. of shares	%
1.	Pacific & Orient Berhad	8,389,489	7.13
2.	Lembaga Tabung Haji	6,423,893	5.46
3.	Mayban Nominees (Asing) Sdn Bhd - Sword Investments Private Limited	5,965,500	5.07
4.	Malaysia Nominees (Tempatan) Sendirian Berhad - Silver Dollars Sdn Bhd	5,347,655	4.54
5.	UOBM Nominees (Tempatan) Sdn Bhd - Siew Ka Wei	4,389,000	3.73
6.	DB (Malaysia) Nominees (Asing) Sdn Bhd - BNP Paribas Nominees Singapore Pte Ltd for ESEE Ltd	3,771,000	3.20
7.	Tee Kim Chan	3,500,000	2.97
8.	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	3,316,000	2.82
9.	UMB Nominees (Tempatan) Sdn Bhd - Eastern & Oriental Berhad	3,305,000	2.81
10.	Pacific & Oriental Berhad	3,110,000	2.64
11.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Nim Chee & Sons Sdn Bhd	2,371,698	2.02
12.	Pacific & Orient Insurance Co. Berhad	2,302,000	1.96
13.	Malaysia Nominees (Tempatan) Sendirian Berhad - Tan Sri Dato' Thong Yaw Hong	1,500,000	1.27
14.	Universal Trustee (Malaysia) Berhad - BHLB Pacific Emerging Companies Growth Fund	1,442,000	1.23
15.	Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustees Bhd for Amanah Saham Wanita	989,000	0.84
16.	Pacific & Orient Insurance Co Berhad	959,000	0.81
17.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Ka Wei	898,000	0.76
18.	Lim Chui Kui @ Lim Chooi Kui	821,236	0.70
19.	Foo Yong	815,000	0.69
20.	Howe Yoon Chong	650,130	0.55
21.	Malaysia Nominees (Tempatan) Sendirian Berhad - Astro (M) Sdn Bhd	575,650	0.49
22.	Siew Nim Chee & Sons Sdn Bhd	575,500	0.49
23.	Mayban Nominees (Asing) Sdn Bhd - Baxterley Holdings Private Limited	559,500	0.48
24.	Ng Wing Kong	498,141	0.42
25.	Libra Asia Securites Limited	490,000	0.42
26.	CIMSEC Nominees (Tempatan) Sdn Bhd - Ahmad Johari bin Tun Abdul Razak	475,519	0.40
27.	Employees Provident Fund Board	450,000	0.38
28.	TA Nominees (Tempatan) Sdn Bhd - Seow Kaik Chee @ Siew Nim Chee	444,000	0.38
29.	Southern Investment Bank Berhad - Employees Provident Fund	428,000	0.36
30.	Seow Kaik Chee @ Siew Nim Chee	402,000	0.34



Ancom Berhad

[8440-M]

FORM OF PROXY

I / We, of

 being a member/members of the Company, hereby appoint Mr./Mrs./Ms*
 of
 or failing
 whom the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the 33rd Annual General Meeting of the Company to be held at 3.00pm on Wednesday, 13 November 2002 at the Junior Ballroom 1, Level 2, Hotel Nikko Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur or at any adjournment thereof and to vote as indicated below :

Item	Description of Resolution	Resolution	For	Against
1.	To adopt Accounts and Reports	1		
2.	To approve a final dividend of 4% less 28% income tax	2		
3.	To approve Directors' fees	3		
4.	To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association :			
	Y Bhg Dato' Mohd Ismail bin Che Rus	4		
	Mr. Chan Thye Seng	5		
5.	To re-elect the following Directors who retire pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next Annual General Meeting :			
	YABM Raja Tun Mohar bin Raja Badiozaman	6		
	Y Bhg Dato' Siew Nim Chee	7		
6.	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration	8		
7.	To approve the issue of new ordinary shares pursuant to the ESOS	9		
8.	To approve the issue of new ordinary shares pursuant to the Proposed Private Placement	10		
9.	To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965.	11		

(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 2002

No. of shares held

 [Signature / Common Seal of shareholder(s)]

[*Delete if not applicable]

Telephone No.

during office hours : _____

Notes:

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

Fold this flap for sealing

Then fold here

Affix
Stamp

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

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