

The Board is committed to maintaining a high standard of corporate governance and upholding its fundamental duty to safeguard the Group's assets, to enhance shareholders' value and the financial performance of the Group. As such, the Board recognises the importance of practicing good corporate governance and of continued effort to improve its corporate governance practices and structure. The Board fully supports the recommendations of The Code of Corporate Governance issued by the Finance Committee on Corporate Governance ("Code") and the Group has adhered to the principles contained therein throughout the financial year ended 31 May 2003 to the extent described in this Statement of Corporate Governance.

## 1. BOARD OF DIRECTORS

### Composition

During the financial year ended 31 May 2003, the Board comprised of nine (9) Directors, three (3) of whom were Executive Directors and six (6) Non-Executive Directors (out of whom three (3) were Independent Non-Executive Directors). The substantial majority Non-Executive Directors on the Board, who were not involved in the day to day running of the Group's business operation, has enhanced the Board's objectivity in discharging its responsibility effectively.

A brief profile of each Director is presented in pages 3 to 6 – Profile of Board of Directors – of this Annual Report. The profile demonstrates the depth and experience of the Board with experiences in legal, accounting, economics, corporate finance, marketing and business practices. In the opinions of the Board, the Board possesses the necessary skills, experience and knowledge to successfully directing and supervising the Group's affairs.

### Meetings and Supply of Information

The Board met quarterly to approve the interim results announcements, the annual audited accounts and all major corporate proposals. Additional meetings were convened on other occasions to consider urgent and important matters. Due notices were given for all scheduled Board meetings. During the financial year, a total of six (6) Board meetings were held. Attendance of the Directors at the Board meetings is presented in pages 3 to 6 – Profile of Board of Directors – of this Annual Report.

Prior to each Board meeting, the Directors were provided with the relevant reports to facilitate a comprehensive understanding of the issues to be deliberated upon. In addition, the Group Managing Director or the Deputy Group Managing Director (as they were then) would explain to the Board the rationale of the matters to be discussed and the implications thereof on the Company and the Group. Where necessary, the Advisors were also present to provide their professional inputs on the matters discussed to the Board. The Directors were free to discuss the merits of the matters in an open and unrestrictive manner during the Board meetings.

Ad hoc reports were also provided to the Directors to ensure that they were appraised of the key matters on a timely basis. Besides having direct access to the advices and services of the Company Secretaries, the Directors were also entitled to seek external professional advise, if they so wished, at the Company's expense in furtherance of their duties.

### Duties and Responsibilities

The roles of the Chairman, the Group Managing Director and the Deputy Group Managing Director (as they were then) and the Executive Director were distinct and separate to ensure a balance of power and authority existed in the Board. The Chairman was responsible for the orderly conduct of the Board while the Group Managing Director and Deputy Group Managing Director (as they were then) and the Executive Director were responsible for the day to day running and management of the business operation and implementation of the Board's decisions and policies. The Group Managing Director was subject to the control of the Board of Directors.

The Non-Executive Directors and the Independent Non-Executive Directors fulfilled an independent, pivotal role in corporate accountability. They played an important role in ensuring that no minority group of Directors or an individual Director dominated the Board's discussion. They provided unbiased and independent assessments and views, advices and judgments in the decision making process by the Board. The decisions of the Board were decided by a simple majority of votes of the Directors presented at the Board meetings.

## 1. BOARD OF DIRECTORS (continued)

### Duties and Responsibilities (continued)

None of the Non-Executive Directors and the Independent Non-Executive Directors was involved in the day-to-day running and management of the Group's business operations. They were actively involved in the various Board Committees - the Audit Committee and the Remuneration & Nomination Committee, of the Company.

### Directors' Training

All Directors have completed the Mandatory Accreditation Programme as prescribed by the Kuala Lumpur Stock Exchange Listing Requirements.

The Board believes that the Directors should receive continuous training from time to time, particularly in view of the changing laws, regulations and business environment in which the Group operates. As an integral part of the continuous education programme for the Directors, management would update the Directors with information on the Group's business while the Company Secretaries would provide the Directors with the relevant guidelines on statutory and regulatory requirements that would have an effect on the Company and the Group from time to time.

Further, the Directors are required to attend the Continuing Education Programme prescribed by the Kuala Lumpur Stock Exchange Listing Requirements. They are encouraged to attend other forum, seminars and programmes to increase their knowledge in laws/regulations and business practices from time to time.

### Re-election

In accordance with the Company's Articles of Association, a newly appointed Director is subject to retirement and is entitled to seek re-election at the first annual general meeting after his/her appointment. All Directors, except the Directors who have attained the age of 70, retire on a rotational basis once every three (3) years and are entitled to seek re-election at the Company's annual general meeting. For a Director who has attained the age of 70, he will retire at every annual general meeting and is entitled to seek re-election in accordance to Section 129(6) of the Companies Act, 1965. None of the Executive Directors has a service contract which the notice period for termination is more than one (1) year.

For re-election of Directors at the annual general meeting, the notice of annual general meeting would state the name of the Directors seeking to be re-elected with a brief description of their:

- Age and nationality
- Status (whether independent or non-independent)
- Relevant experience / qualification / occupation
- Directorship in other listed companies
- Shareholding in the Company and its subsidiaries
- Family relationship with any director and/or substantial shareholder of the Company
- Details of any conflict of interest with the Company
- Details of any convictions for offences within the past 10 years other than traffic offences

The motions to re-elect a Director are voted on individually.

### Remuneration and Nomination Committee

In accordance with the best practices of the Code, the Company has established a Remuneration and Nomination Committee ("R&N Committee") on 24 September 2001. The Board has decided to combine the functions of the Remuneration Committee and Nomination Committee into one R&N Committee. Its present members, all Independent Directors, are:

- Y Bhg Tan Sri Dato' Dr Lin See Yan (*Chairman*)
- Y Bhg Dato' Mohd Ismail bin Che Rus
- Chieng Ing Huong

During the financial year, the R&N Committee held one (1) meeting.

The R&N Committee is responsible for identifying, recruiting and making recommendations to the Board on all new Board and Board Committee appointments and the re-election of retiring Directors. It would review the required mix of skills and experience of the Directors of the Board as a whole.

The R&N Committee has been established to facilitate the discharge of the Board's stewardship responsibility over the remuneration of the Company's Directors. In this respect, the R&N Committee will seek professional advice with a view to establish suitable practices, procedures and processes for an effective annual assessment of the effectiveness of the Board as a whole and of the contribution of each individual Director and Board Committee member. The R&N Committee will also seek professional advice on the level of remuneration to be paid to each individual Director, after taking into account the market practices.

It is the Group's practice that the Executive Directors are to be rewarded after taking into account the Group's financial performance as well as market comparisons and competitive pressures in the industry. For Non-Executive Directors, the level of remuneration reflects the amount paid by other comparable organisations.

The Company reimburses reasonable out-of-pocket expenses incurred by the Directors in the course of their duties as Directors of the Company. It is the ultimate responsibility of the Board to approve the remuneration of the Directors. Directors' fees are subject to the shareholders' approval at the annual general meeting.

## 2. DIRECTORS' REMUNERATION

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

(a) Total remuneration :

		Executive Director	Non-Executive Director	Total
Fees	RM'000	78	267	345
Salaries	RM'000	2,403	—	2,403
Other emoluments	RM'000	1,027	273	1,300
Benefits-in-kind	RM'000	67	4	71
Total	RM'000	3,575	544	4,119

## 2. DIRECTORS' REMUNERATION

(b) Number of Directors whose remuneration falls into the following bands:

	Executive Director No.	Non-Executive Director No.	Total No.
Less than RM50,000	—	2	2
RM50,000 to RM100,000	—	3	3
RM250,000 to RM300,000	—	1	1
RM400,000 to RM450,000	1	—	1
RM1,300,000 to RM1,350,000	1	—	1
RM1,800,000 to RM1,850,000	1	—	1
Total	3	6	9

## 3. SHAREHOLDERS

### Investors' Relations and Shareholders' Communication

The Board recognises the importance of accountability to the Company's shareholders, stakeholders and investors through proper, timely and adequate dissemination of information on the Group's performance and other development via an appropriate channel of communication. The annual reports, the interim results announcements and other announcements, the circulars to shareholders and press releases were the primary modes of communication to report the Group's business, results and other major developments to its shareholders, stakeholders and investors. The Company has also established a website [www.ancom.com.my](http://www.ancom.com.my) where shareholders, stakeholders and investors can have access to the Group's news and information.

In addition, shareholders, stakeholders and investors who wish to convey their concerns or queries on the Company and the Group may contact the Senior Independent Non-Executive Director, Y Bhg Dato Mohd Ismail Bin Che Rus, by post at 102-1002, Blok A, Pusat Dagangan Phileo Damansara I, No. 9 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia or fax at 603-7660 1151 or e-mail at [corp@ancom.com.my](mailto:corp@ancom.com.my).

### Annual General Meeting (AGM)

The AGM serves as a principal forum for dialogues between the Directors and the shareholders. Notice of the AGM together with the related reports/circulars are sent to the shareholders at least 21 days prior the date of the meeting and the Notice of the AGM would also be advertised in an English newspaper. Full explanation of the effects of the proposed business would be included to any items of special business in the Notice of the AGM.

On other general meetings, circulars to shareholders together with the notices of the meeting are sent to the shareholders within the prescribed deadlines in accordance with the regulatory and statutory provisions. The notices of the meeting are also advertised in an English newspaper.

To encourage shareholders to attend the Company's general meetings, the Company would hold its general meetings at places that are easily accessible and at a time convenient to the shareholders.

At the AGM and general meetings, shareholders are encouraged and given sufficient opportunity to enquire about the Group's activities, prospects as well as to communicate their expectations and concerns to the Directors.

## 4. ACCOUNTS AND AUDIT

### Financial Reporting

The Board aims to present to the shareholders, stakeholders and the investors a balanced, clear and easy to understand statement of the Group's financial position and prospects in the annual reports and the interim result announcements. The annual reports and the interim results announcements were prepared in accordance with the requirements of the Companies Act, 1965, the Kuala Lumpur Stock Exchange Listing Requirements, and the standards approved by the Malaysian Accounting Standards Board.

In addition, the Group has adopted the appropriate accounting policies that have been consistently applied in the preparation of its accounting records to present a true and fair view of its financial performances.

### Internal Control

The Board has an overall responsibility for maintaining a sound and effective system of internal control to safeguard the shareholders' investments and the Group's assets. The Group has in place a system of internal control designed to meet the Group's needs to manage and mitigate the risks to which the Group is exposed. Shareholders must take cognizance that the system of internal control, by nature, can only provide reasonable but not absolute assurance against loss.

The Board, through the Audit Committee, has continually reviewed the adequacy and integrity of the Group's internal control including systems for compliance with the appropriate laws, regulations, directives and guidelines.

To assist the Audit Committee in discharging its duties in relation to internal control, the Board has outsourced its internal audit functions to Ernst & Young. The internal auditors report to the Audit Committee who shall determine their remuneration.

### Relationship with Auditors

The Group has established a good working relationship with its external auditors through the Audit Committee. The Audit Committee recommends the appointment of the external auditors and approves their remuneration. The appointment of the external auditors is subject to the approval of the shareholders at the AGM. The external auditors report to the Audit Committee on all matters relating to the financial audit of the Group. They are invited to attend the Audit Committee meetings where necessary.

### Reports of the Audit Committee

The Audit Committee Report is separately set out in pages 12 to 15 of this Annual Report while the results of the internal control review by the Audit Committee are detailed in the Statement on Internal Control set out in pages 16 to 17 of this Annual Report.



## 1. CONSTITUTION

The Audit Committee was established by the Board of Directors on 2 July 1994 to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to internal control, corporate accounting and reporting practices of the Group. To achieve these objectives, the Audit Committee will adopt certain practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company's shareholders thereby strengthen the public's confidence in the Group's reported results.

## 2. COMPOSITION

The Audit Committee presently comprises of :

- Y Bhg Dato' Mohd Ismail bin Che Rus  
(Chairman, Independent Non-Executive Director)
- Y Bhg Dato' Ahmad Johari bin Tun Abdul Razak  
(Member, Group Managing Director until 29 July 2003, Executive Chairman with effect from 30 July 2003)
- Mr. Chieng Ing Huong  
(Member, Independent Non-Executive Director)

The composition of the Audit Committee complied with the Kuala Lumpur Stock Exchange Listing Requirements, which required a majority of the Audit Committee members to be comprised of Independent Directors; the Chairman of the Audit Committee to be an Independent Director and at least one of the members of the Audit Committee to be a member of the Malaysian Institute of Accountants ("MIA").

Y Bhg Dato Mohd Ismail bin Che Rus, the Chairman of the Audit Committee, and Mr Chieng Ing Houng, are Independent Non-Executive Directors. Mr. Chieng is a member of the MIA.

## 3. TERMS OF REFERENCE

### 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 MIA or a person approved under Section 15.10(1)(c)(ii) of the Kuala Lumpur Stock Exchange 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 Non-Executive Director. If a member of the Audit Committee resigns or for any reason ceases to be a member resulting in the number of members being less than the required number, the Board shall appoint such number of new members as may be required to make up the minimum number of members within three (3) months of that event. 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.

### 3. TERMS OF REFERENCE (continued)

#### Functions

The Audit Committee shall discharge the following functions:

(A) Review the following and report same to the Board of Directors of the Company:

- 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 ;
- with the external auditors, their evaluation of the quality, effectiveness and the integrity of the Group's systems of internal control ;
- with the external auditors, their audit report including management letter on internal control weaknesses and the management's response thereof ;
- the assistance given by the employees of the Company to the external auditors ;
- 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 ;
- the internal audit program, processes, the results of the internal audit program, processes and investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit functions ;
- 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 ;
- 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 ;
- any letter of resignation from the external auditors of the Company ;
- whether there is a reason (supported by grounds) to believe that the Company's external auditors are not suitable for reappointment ;
- nomination of external auditors and to fix their terms of appointment and remuneration ; and
- any other matters as directed by the Board of Directors from time to time.

(B) In discharging the above functions, the Audit Committee shall at the cost of the Company:

- have the authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to the Group;
- have direct communication channels with the external auditors and persons carrying out the internal audit functions;
- 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
- be able to convene meeting with the external auditors excluding the attendance of the executive member of the Audit Committee, whenever deemed necessary.

### 3. TERMS OF REFERENCE (continued)

#### Meeting

The Audit Committee shall meet four (4) times a year and additional meetings may be convened as and when deemed necessary. The quorum for each meeting shall be two (2) members, all of whom must be Independent Non-Executive 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. The Audit Committee may invite other Directors and employees of the Group to attend any meeting, as it deems fit.

Decision of the Audit Committee shall be by a majority of votes. In the case of equality of votes, 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.

#### 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.

### 4. MEETING AND ATTENDANCE

A total of five (5) Audit Committee meetings were held, and were attended by all members of the Audit Committee, during the financial year.

The internal auditors and the external auditors attended all the five (5) and two (2) Audit Committee meetings respectively.

### 5. ACTIVITIES

During the financial year under review, the Audit Committee has conducted its activities in accordance with the Terms of Reference, i.e., to review and to discuss the interim results announcements, to discuss the internal audit progress reports to assess the effectiveness of the internal control system and to discuss and review related party transactions. The Audit Committee also approved the statutory audit plan for the Group for the financial year ended 31 May 2003.

The Audit Committee had also convened a separate meeting to review and discuss the Group Audited Accounts for the financial year ended 31 May 2002 with the external auditors before the Group Audited Accounts were submitted to the Board of Directors for endorsement to release to the Kuala Lumpur Stock Exchange and for inclusion in the Annual Report 2002.

After each Audit Committee meeting, the Chairman of the Audit Committee would report to the Board of Directors the issues raised in the Audit Committee meeting in relation to the interim results announcements, the internal audit progress reports and the Group Audited Accounts and the recommendations of the Audit Committee thereon.



## 6. INTERNAL AUDIT FUNCTION

As reported in the previous year's Audit Committee Report, the Board has appointed Ernst & Young ("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:

- (i) 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 report;
- (ii) 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 prioritised action plan;
- (iii) to perform a risk assessment of the Group to identify the business processes within the Group that internal audit should focus on; and
- (iv) to allocate audit resources to areas within the Group that provide the management and the Audit Committee with an efficient and effective level of audit coverage.

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

At each of the Audit Committee meeting, E&Y reported to the Audit Committee their findings of the internal audits 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 progress reports, E&Y reported to the Audit Committee their findings on the follow up reviews.

During the financial year ended 31 May 2003, E&Y conducted a formal Strategic Risk Assessment exercise to assist the Group in establishing a formal methodology to identify the principal business risks faced by some of its key subsidiary companies within the Group (excluding the Nylex (Malaysia) Berhad Group as explained in the Statement of Internal Control). The key activities of the exercise included evaluating and assessing the impact and likelihood of material risks and exposures, identifying the measures taken to manage the identified risks and assigning the persons responsible to monitor the management of the risks.

The Management will conduct the Strategic Risk Assessment exercise regularly to review and update the risk management exercise of the Group.

## 7. CONCLUSION

Based on the above, the Audit Committee is of the opinion that it has discharged its duties in accordance with the Terms of References as established above.

## 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. This Statement does not cover the associated companies as the Company does not have control over the operations, management and internal control systems of these companies.

## Responsibility 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 safeguarding the Group's assets and shareholders' investments. Notwithstanding that, there are inherent limitations to any system of internal control as they are designed to manage and to mitigate rather than to eliminate the risk of failure to achieve business objectives. The system of internal control 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 frauds. It should also be recognised that the cost of control procedures should not outweigh or exceed the benefits to be gained 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 is committed to achieving a sound system of internal control. These include:

- Organisation Structure and Responsibility Levels

The Group's operating functions are aligned under appropriate divisions based on the industries within which they operate, each headed by a Divisional Managing Director who is "hands-on" in running the division. The Group has defined the management structure with clear lines of accountability and authority. It has in place an organisation 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 and responsibilities. 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 were 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 advised executive and operational management on areas for improvement and subsequently a follow-up review to determine the extent to which the recommendations have been implemented.

The Audit Committee also ensures there is continuous effort by management to address and resolve areas with control weaknesses. Reports on findings of the internal audit visits are presented to the Audit Committee. This provides reasonable assurance that control procedures are in place and are being followed.

**Key elements of Internal Control (continued)**

- 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 systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. During the financial year, the Group (excluding Nylex (Malaysia) Berhad and its subsidiaries) conducted a formal Strategic Risk Assessment exercise on some of its key subsidiaries to identify the principal business risks faced by them. 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 adopt a formal Risk Management Policy in due course.

The Board of Nylex (Malaysia) Berhad ("Nylex") had reviewed the risk-based internal audit plan developed by its internal auditors. It had monitored the efforts taken by management to address the risks and controls issues within the Nylex Group as highlighted by the internal auditors. The Board of Nylex continues its efforts to further enhance its current risk management practices.

- 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's financial system records business transactions and produces monthly management accounts and reports that highlight key areas of concern for management's focus and attention. The Group Managing Director and the Deputy Group Managing Director (as they were then) meet with the Divisional Managing Directors and senior management regularly to discuss and resolve operational, corporate, financial and key management issues.

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.

- Group Policies and Procedures

The Group's Policies and Procedures are being revised, rationalised and formalised. It will be a formal guide to the management and employees of the Group in carrying out their day-to-day duties. The Group's Policies and Procedures cover the following core areas; authority limits and authorisation 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.

**Conclusion**

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

The Board recognises the importance of operating internal control systems that support 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 suitability of the Group's internal control systems and will make enhancements to the systems, as and when necessary.

## The late YABM Raja Tun Mohar Bin Raja Badiozaman

Before I present to you, for the first time, the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 31 May 2003, I wish to convey the Board's heartfelt condolence to the family of the Company's late Chairman, YABM Raja Tun Mohar bin Raja Badiozaman, who passed away on 8 June 2003 at an age of 81. The Board would like to place on records its appreciation to the late YABM Raja Tun Mohar for his invaluable contribution to the Group. The late YABM Raja Tun Mohar was known for his honesty and integrity. The Group has lost a leader who was always available to give his advice and judgments whenever needed.

## Results For The Financial Year Ended 31 May 2003

For the financial year under review, the Group's turnover was RM935.6 million (2002: RM715.0 million) and the consolidated profit before tax was RM27.2 million (2002: Loss of RM18.9 million). After accounting for taxation and minority interests, the profit attributable to shareholders was RM2.3 million (2002: loss of RM7.8 million). The consolidated net earnings per share were 1.92 sen (2002: loss per share of 6.57 sen) while the consolidated net tangible assets per share were RM1.59 as at the end of the financial year (2002: RM1.54).

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

80001G Diesel storage tanks fabricated by Akra Engineering Sdn Bhd for Petronas Dagangan Berhad, Pelabuhan Tanjung Pelepas, Johor.

80001G Tangki simpanan diesel yang difabrikasi oleh Akra Engineering Sdn Bhd untuk Petronas Dagangan Berhad, Pelabuhan Tanjung Pelepas, Johor.



## Review Of Operations

The Industrial and Agricultural Chemicals division continued to be the main contributor to the Group's turnover. It achieved a higher turnover of RM459.6 million (2002: RM266.2 million) due to the greater demand and the higher prices for its products. However, it recorded a lower profit before tax of RM7.7 million (2002: RM9.4 million) due to the losses incurred by the Group's subsidiaries in Hong Kong as a result of difficult trading conditions in Hong Kong and China.

The Oil & Gas Engineering Services division recorded a lower turnover of RM35.6 million (2002: RM43.6 million) due to the exclusion of the turnover of Petrodrill (Malaysia) Sdn Bhd ("PMSB") which was sold in the last financial year. Its loss before tax was RM3.4 million (2002: profit before tax of RM6.2 million including the profit of RM3.7 million from the sale of PMSB). During the financial year, a provision for impairment loss of RM4.9 million (before minority interests) was made on one of the Group's subsidiaries in the division.

The Logistic and Warehousing division attained a higher turnover at RM29.3 million (2002: RM11.7 million) but a loss before tax of RM0.9 million (2002: profit before tax of RM67,000/=). The higher turnover was due to the inclusion of the turnover of SM Integrated Transware Pte Ltd ("SMIT") Group for the first time during the financial year. The loss was due to a provision for diminution in value of MT Norella amounting to RM1.2 million. MT Norella was sold in June 2003.

The Property division recorded a higher turnover of RM22.9 million (2002: RM2.6 million) and a profit before tax of RM10.5 million (2002: loss before tax of RM0.4 million) due to the sale of its properties launched in April 2002. The Group's has ceased to be involved in the property development business by the sale of Wandeerfull Property & Development Sdn Bhd subsequent to the financial year as stated in Note 43(ii) of the Financial Statements.

The Information Technology division suffered a loss before tax at RM8.3 million (2002: profit before tax of RM0.5 million) on a reduced turnover of RM0.9 million (2002: RM24.3 million) due to lack of contracts and high operating costs. The loss was also attributable to the provision for impairment of software development costs and fixed assets and the provisions for doubtful debts.



The orchids are well-maintained by the usage of fungicides, Thiram 80WP and Topsin M, which are marketed by the Industrial and Agriculture-Chemicals division.

*Penyelenggaraan orkid yang menggunakan antikulat jenama Thiram 80WP dan Topsin M yang dipasarkan oleh Bahagian Kimia Perindustrian dan Pertanian.*



As a result of the higher demand for the polymer products from the overseas markets and the local infrastructure sector during the financial year, the Polymer division, under Nylex (Malaysia) Berhad ("Nylex"), achieved a higher turnover of RM117.4 million (2002: RM98.3 million). Its profit before tax was, however, slightly lower at RM11.0 million (2002: RM11.2 million) due to the provision for impairment of assets and the operating losses in one of its subsidiaries which ceased operations during the financial year.

The Engineering division, also under Nylex, performed better than the previous year with a higher turnover of RM255.2 million (2002: RM242.5 million) due to the higher exports during the financial year. Its profit before tax was RM13.8 million (2002: loss before tax of RM15.9 million).

Another division under Nylex, the Building Product division, recorded a lower turnover of RM13.7 million (2002: RM25.0 million) due to the exclusion of sales from Asia Pacific Insulation Corp. Inc. ("APIC") which was sold in the last financial year. The division's profit before tax was RM1.6 million (2002: loss of RM25.8 million) due to the better demand for the division's metal roof tiles from the local and overseas markets and the exclusion of the losses from APIC.

## Significant Events

A summary of the significant events is in Note 43 of the Financial Statements.

I wish to highlight to you that the Company's proposed disposal of four (4) wholly-owned subsidiaries to Nylex, as reported in the last Chairman's Statement, is still pending the fulfillment of certain conditions precedent stipulated in the conditional sale and purchase agreement, the supplemental agreement and the addendum.

The shareholders of the Company and Nylex have approved the above proposal. The proposal is now subject to the approvals being obtained for the listing of and quotation for Tamco Corporate Holdings Berhad on the MESDAQ Market of the KLSE and the approval of the High Court for the proposed capital reduction by Nylex. The Board is hopeful that the proposal will be completed by the first quarter of the calendar year 2004.

## Subsequent Significant Events

A summary of the subsequent significant events is in Note 44 of the Financial Statements. Three significant events are worthy of note:

- (i) The Company announced that it will undertake a re-organisation of its subsidiaries involving in the logistic and warehousing business under a new holding company, Synergy Trans-Link Sdn Bhd ("STL"), subject to the approvals of the relevant authorities. Upon the completion of the re-organisation, the Group will have a 72.9% equity in STL which in turn will have a 100% equity in the Group's shipping business and a 51% equity in the Group's warehousing business respectively.

Barring unforeseen circumstances, the re-organisation, which is targeted to complete in the second half of the calendar year 2003, will contribute to the Group's future earnings.

- (ii) The Company issued and allotted a total of 11,700,000 new ordinary shares of RM1 each at par for cash to several placees pursuant to the proposed private placement. The proceeds raised from the placement were used to repay the Company's bank borrowings partially.

Chemical free fertilizer processed by OrganiGro Sdn Bhd, are neatly packed for distribution to the local and export markets.

*Baja organik tanpa bahan kimia yang telah siap diproses dan dibungkus oleh OrganiGro Sdn Bhd untuk pasaran didalam dan luar negeri.*





Tamco Corporate Holdings Berhad's one-stop-center for solution on electrical power distribution.

*Pusat Khidmat Setempat Tamco Corporate Holdings Berhad bagi penyelesaian berkaitan pengagihan kuasa elektrik.*



- (iii) The Company purchased 25,876,000 stock units in Eastern & Oriental Berhad ("E&O"), a company listed on the KLSE, for RM16.6 million cash, raising the Company's stake in E&O to 20.4%. The purchase was financed through borrowings.

Subsequently, the Company disposed 34,000,000 stock units and 3,273,250 warrants in E&O for RM42.5 million and RM1.6 million cash respectively which resulted in the Group recorded a total capital gain of RM10.4 million. The Company's shareholding was reduced to 13,479,552 stock units representing 5.8% equity in E&O.

The proceeds from the above disposal will be used to repay the Company's borrowings and for working capital purposes.

In addition to the events stated in Note 44 of the Financial Statements, the Company announced that it will undertake a bonus issue of 1 for 2, subject to the approvals of the relevant authorities and the Company's shareholders. The Company also announced that it is seeking approval from the Company's shareholders to sell the remaining 13,479,552 stock units in E&O in the KLSE at a price not less than RM1 each within a period of three (3) months from the shareholders' approval. Upon the completion of the proposed disposal, the Company will pay a special interim dividend of 10 sen (tax-exempted) to its shareholders at a date to be determined. If the proposed sale is not effected, approvals will be sought from the relevant authorities for the Company to distribute the E&O stock units to the Company's shareholders in the form of dividends in specie.

## Prospects For Next Year

As mentioned earlier in this Report, the Company has undertaken steps to re-organise its industrial chemical business and the logistic and warehousing business into defined business units under Nylex and STL respectively. When completed, the re-organised business structure will improve accountability and operational efficiency by minimising operational conflict and enhancing greater operational synergies through the streamlining of the Group's procurement, marketing, distribution and administration functions. It will enable the Group to be more competitive in the market place and to respond swiftly to the challenges in the global business environment.

Barring unforeseen circumstances, the Group's performance in the next financial year, after taking into account of the above, is expected to be satisfactory.

## Board Changes

In July 2003, Y. Bhg. Dato' Siew Ka Wei, formerly the Group Deputy Managing Director/Chief Operating Officer, was re-designated the Group Managing Director/Chief Operating Officer and I was re-designated the Executive Chairman of the Company.

The Board is confident that the above changes will provide for clearer management responsibilities and enhance management's capabilities to improve further the Group's future performance.

## Appreciation

The Board would like to take this opportunity to express its utmost sincere gratitude to the management and staff of the Group for their conscientious efforts, commitment, dedication and perseverance in their respective job duties during the financial year 2003.

The Board also wishes to record its appreciation to the shareholders, customers, suppliers, bankers, business associates and all regulatory authorities for their continued support and co-operation. Their commitment and dedication provides the foundation for the Group's continued growth.

**DATO' AHMAD JOHARI BIN TUN ABDUL RAZAK**  
Executive Chairman

8 October 2003  
Kuala Lumpur

## Allahyarham YABM Raja Tun Mohar Bin Raja Badiozaman

Sebelum saya membentangkan kepada anda, buat pertama kalinya, Laporan Tahunan dan Penyata Kewangan Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Mei 2003, saya, mewakili pihak Lembaga Pengarah, ingin mengucapkan takziah kepada keluarga Allahyarham YABM Raja Tun Mohar bin Raja Badiozaman, Pengerusi Syarikat, yang telah kembali ke rahmatullah pada 8 Jun 2003 pada usia 81 tahun. Pihak Lembaga Pengarah juga ingin merakamkan setinggi-tinggi penghargaan kepada Allahyarham YABM Raja Tun Mohar atas sumbangannya yang tidak ternilai kepada Kumpulan. Allahyarham YABM Raja Tun Mohar semasa hayatnya cukup terkenal dengan kejujuran dan kewibawaannya. Kumpulan telah kehilangan seorang ketua yang sentiasa bersedia memberikan nasihat dan buah fikiran apabila diperlukan.

## Keputusan Bagi Tahun Kewangan Berakhir 31 Mei 2003

Bagi tahun kewangan dalam tinjauan, perolehan Kumpulan ialah RM935.6 juta (2002: RM715.0 juta) dan keuntungan disatukan sebelum cukai ialah RM27.2 juta (2002: kerugian RM18.9 juta). Selepas mengambil kira cukai dan kepentingan minoriti, keuntungan milik pemegang saham ialah sebanyak RM2.3 juta (2002: kerugian RM7.8 juta). Perolehan bersih disatukan sesaham ialah 1.92 sen (2002: kerugian sesaham 6.57 sen) sementara aset ketara bersih disatukan sesaham ialah RM1.59 pada akhir tahun kewangan tersebut (2002: RM1.54).

Seperti tahun kewangan sebelumnya, Lembaga Pengarah mencadangkan pembayaran dividen akhir sebanyak 4% tolak 28% cukai pendapatan bagi tahun kewangan dalam tinjauan, tertakluk kepada kelulusan pemegang-pemegang saham Syarikat pada mesyuarat agung tahunan yang akan datang.

## Tinjauan Operasi

Bahagian Kimia Perusahaan dan Pertanian kekal sebagai penyumbang utama kepada perolehan Kumpulan. Bahagian ini telah mencapai perolehan yang lebih tinggi berjumlah RM459.6 juta (2002: RM266.2 juta) berikutan peningkatan permintaan dan harga yang lebih tinggi bagi produknya. Walau bagaimanapun, ia mencatatkan keuntungan sebelum cukai yang lebih rendah berjumlah RM7.7 juta (2002: RM9.4 juta) berikutan kerugian yang ditanggung oleh anak-anak syarikat Kumpulan di Hong Kong disebabkan keadaan perdagangan yang sukar di Hong Kong dan China.

Bahagian Perkhidmatan Kejuruteraan Minyak & Gas pula mencatatkan perolehan lebih rendah berjumlah RM35.6 juta (2002: RM43.6 juta) kerana pengecualian perolehan daripada Petrodril (Malaysia) Sdn Bhd ("PMSB") berikutan penjualan syarikat tersebut pada tahun kewangan yang lalu. Kerugian sebelum cukai ialah RM3.4 juta (2002: keuntungan sebelum cukai RM6.2 juta termasuk keuntungan sebanyak RM3.7 juta hasil daripada penjualan PMSB). Dalam tahun kewangan ini

juga, peruntukan untuk kerugian kemerosotan nilai dalam pelaburan berjumlah RM4.9 juta (sebelum kepentingan minoriti) telah dikenakan ke atas salah sebuah anak syarikat Kumpulan dalam bahagian ini.

MT Suhaila, fully laden with cargo, prepares for delivery to its customer.

*MT Suhaila yang berisi penuh dengan kargo, bersedia untuk penghantaran kepada pelanggan.*



Bahagian Logistik dan Pergudangan telah mencatatkan perolehan lebih tinggi berjumlah RM29.3 juta (2002: RM11.7 juta) tetapi kerugian sebelum cukainya berjumlah RM0.9 juta (2002: keuntungan sebelum cukai RM67,000/=). Perolehan yang lebih tinggi ini adalah disebabkan perolehan Kumpulan SM Integrated Transware Pte Ltd ("SMIT") dimasukkan buat pertama kalinya pada tahun kewangan berkenaan. Kerugian yang dicatatkan adalah disebabkan peruntukan untuk kemerosotan nilai MT Norella berjumlah RM1.2 juta. MT Norella telah dijual pada Jun 2003.

Bahagian Hartanah pula mencatatkan perolehan lebih tinggi berjumlah RM22.9 juta (2002: RM2.6 juta) dan keuntungan sebelum cukai berjumlah RM10.5 juta (2002: kerugian sebelum cukai RM0.4 juta) disebabkan jualan hartanahnya yang telah dilancarkan pada April 2002. Kumpulan tidak lagi terlibat dalam perniagaan pembangunan hartanah apabila syarikat pembangunan hartanahnya, Wandeerfull Property & Development Sdn Bhd, dijual selepas tahun kewangan berkenaan seperti yang dinyatakan dalam Nota 43(ii) Penyata Kewangan.

Bahagian Teknologi Maklumat mengalami kerugian sebelum cukai berjumlah RM8.3 juta (2002: keuntungan sebelum cukai RM0.5 juta) dengan perolehan lebih rendah berjumlah RM0.9 juta (2002: RM24.3 juta) disebabkan kurangnya kontrak dan kos operasi yang tinggi. Kerugian ini juga disebabkan oleh peruntukan untuk kemerosotan nilai kos pembangunan perisian dan aset tetap serta peruntukan untuk hutang ragu.

Berikutan permintaan yang lebih tinggi untuk produk polimer dari pasaran luar negara dan sektor infrastruktur tempatan dalam tahun kewangan berkenaan, bahagian Polimer, di bawah Nylex (Malaysia) Berhad ("Nylex"), telah mencatatkan perolehan lebih tinggi berjumlah RM117.4 juta (2002: RM98.3 juta). Meskipun begitu, keuntungan sebelum cukainya merosot sedikit pada paras RM11.0 juta (2002: RM11.2 juta) disebabkan peruntukan untuk kemerosotan nilai aset dan kerugian operasi dalam salah sebuah anak syarikatnya yang telah menamatkan operasi pada tahun kewangan berkenaan.

Bahagian Kejuruteraan, juga di bawah Nylex, mempamerkan prestasi yang lebih baik daripada tahun sebelumnya dengan mencatatkan perolehan lebih tinggi sebanyak RM255.2 juta (2002: RM242.5 juta) berikutan eksport yang lebih tinggi pada tahun kewangan berkenaan. Keuntungan sebelum cukainya ialah RM13.8 juta (2002: kerugian sebelum cukai RM15.9 juta).

Satu lagi bahagian di bawah Nylex, iaitu bahagian Produk Binaan, telah mencatatkan perolehan lebih rendah berjumlah RM13.7 juta (2002: RM25.0 juta) disebabkan ketidakmasukan jualan daripada Asia Pacific Insulation Corp. Inc. ("APIC") yang telah dijual pada tahun kewangan lalu. Keuntungan sebelum cukai bahagian ini ialah RM1.6 juta (2002: kerugian RM25.8 juta) berikutan permintaan yang lebih baik untuk jubin bumbung logam bahagian ini dari pasaran tempatan dan luar negara serta ketidakmasukan kerugian dari APIC.

Two of the road tankers owned by Pengangkutan Cogent Sdn Bhd, a company that provides transportation services mainly to petrochemical companies.

Dua daripada lori-lori yang dimiliki oleh Pengangkutan Cogent Sdn Bhd, sebuah syarikat yang menyediakan perkhidmatan pengangkutan terutamanya kepada syarikat-syarikat petro-kimia.



## Peristiwa Penting

Ringkasan peristiwa penting ada di bentang dalam Nota 43 Penyata Kewangan.

Saya ingin memaklumkan kepada anda bahawa cadangan Syarikat untuk melupuskan empat (4) anak syarikat milik sepenuhnya kepada Nylex, seperti yang dilaporkan dalam Kenyataan Pengerusi yang lalu, masih lagi tertangguh sehingga syarat-syarat terdahulu tertentu yang ditetapkan dalam perjanjian jual beli bersyarat, perjanjian tambahan dan adendum dipenuhi.

Pemegang-pemegang saham Syarikat dan Nylex telah meluluskan cadangan di atas. Cadangan ini kini tertakluk kepada kelulusan diperolehi bagi penyenaraian dan sebut harga Tamco Corporate Holdings Berhad di pasaran MESDAQ BSKL dan kelulusan Mahkamah Tinggi bagi cadangan pengurangan modal oleh Nylex. Lembaga Pengarah berharap cadangan ini akan dapat diselesaikan pada suku pertama tahun kalendar 2004.

## Peristiwa Penting Berikutan

Ringkasan peristiwa penting berikutan ada di bentang dalam Nota 44 Penyata Kewangan. Tiga peristiwa penting yang wajar disebutkan ialah:

- (i) Syarikat telah mengumumkan bahawa ia akan melaksanakan pengorganisasian semula anak-anak syarikatnya yang terlibat dalam perniagaan logistik dan pergudangan di bawah syarikat pemegang baru, Synergy Trans-Link Sdn Bhd ("STL"), tertakluk kepada kelulusan pihak-pihak berkuasa yang berkaitan. Apabila selesainya pengorganisasian semula berkenaan, Kumpulan akan mempunyai 72.9% ekuiti dalam STL, sementara STL pula akan mempunyai 100% ekuiti dalam perniagaan perkapalan Kumpulan dan 51% ekuiti dalam perniagaan pergudangan Kumpulan.

Sekiranya tiada berlaku sebarang keadaan yang tidak diduga, pengorganisasian semula ini, yang disasarkan selesai pada separuh kedua tahun kalendar 2003, akan menyumbang kepada perolehan Kumpulan untuk masa yang akan datang.

- (ii) Syarikat telah menerbitkan dan memperuntukan sejumlah 11,700,000 saham biasa baru bernilai RM1 sesaham pada tara untuk tunai kepada beberapa individu selaras dengan cadangan tawaran persendirian. Perolehan daripada tawaran persendirian ini telah digunakan untuk membayar balik sebahagian daripada pinjaman bank Syarikat.
- (iii) Syarikat telah membeli 25,876,000 unit saham dalam Eastern & Oriental Berhad ("E&O"), sebuah syarikat yang disenaraikan di BSKL, pada harga RM16.6 juta tunai, sekali gus meningkatkan kepentingan Syarikat dalam E&O kepada 20.4%. Belian ini dibiayai melalui pinjaman.



The CNC machine used by AES Mayak Sdn Bhd can simplify the manufacturing of even the most complex workpiece in the mould industry.

*Mesin CNC yang digunakan oleh AES Mayak Sdn Bhd mampu memudahkan pembuatan bahan kerja yang kompleks didalam industri mould.*



Syarikat kemudiannya telah melupuskan 34,000,000 unit saham E&O dan 3,273,250 waran E&O pada harga tunai RM42.5 juta dan RM1.6 juta masing-masing sekali gus memberi keuntungan modal sebanyak RM10.4 juta kepada Kumpulan. Pemegangan saham Syarikat telah berkurangan kepada 13,479,552 unit saham yang mewakili 5.8% ekuiti dalam E&O.

Perolehan daripada pelupusan di atas akan digunakan untuk membayar balik pinjaman dan sebagai modal kerja Syarikat.

Syarikat telah mengumumkan bahawa ia akan melaksanakan terbitan bonus pada kadar 1 untuk 2, tertakluk kepada kelulusan pihak-pihak berkuasa yang berkaitan dan pemegang-pemegang saham Syarikat. Syarikat juga mengumumkan bahawa ia akan mendapatkan kelulusan daripada pemegang-pemegang saham Syarikat untuk melupuskan 13,479,552 unit saham dalam E&O yang ketinggalan di BSKL pada harga yang tidak kurang daripada RM1 sesaham dalam tempoh tiga (3) bulan selepas mendapat kelulusan pemegang saham. Apabila selesai cadangan pelupusan tersebut, Syarikat akan membayar dividen interim khas sebanyak 10 sen (dikecualikan cukai) kepada para pemegang sahamnya pada satu tarikh yang akan ditentukan kelak. Jika cadangan jualan ini tidak dilaksanakan, Syarikat akan mendapatkan kelulusan daripada pihak-pihak berkuasa yang berkaitan untuk mengagihkan unit-unit saham E&O kepada pemegang-pemegang saham Syarikat dalam bentuk dividen bukan tunai.

## Prospek Untuk Tahun Depan

Seperti yang dinyatakan terdahulu dalam Laporan ini, Syarikat telah melaksanakan langkah-langkah untuk mengorganisasikan semula perniagaan kimia perusahaan dan perniagaan logistik dan pergudangannya kepada unit-unit perniagaan tertentu masing-masing di bawah Nylex dan STL. Setelah selesai nanti, struktur perniagaan

yang telah diorganisasikan semula ini akan meningkatkan kebertanggungjawaban dan kecekapan operasi dengan meminimumkan konflik operasi dan menambahkan lagi kesinergian operasi melalui pengemasan fungsi-fungsi pemerolehan, pemasaran, pengedaran dan pentadbiran Kumpulan. Ia akan membolehkan Kumpulan menjadi lebih berdaya saing dalam pasaran dan menyahut cabaran dalam persekitaran perniagaan global dengan pantas.

Sekiranya tiada berlaku sebarang keadaan yang tidak diduga, prestasi Kumpulan dalam tahun kewangan yang akan datang, selepas mengambil kira perkara-perkara di atas, adalah dijangka memuaskan.

## Perubahan Dalam Lembaga Pengarah

Pada Julai 2003, Y. Bhg. Dato' Siew Ka Wei, dahulunya Timbalan Pengarah Urusan/Ketua Pegawai Operasi Kumpulan telah dilantik sebagai Pengarah Urusan/Ketua Pegawai Operasi Kumpulan dan saya telah dilantik sebagai Pengerusi Eksekutif Kumpulan.

Lembaga Pengarah yakin bahawa perubahan di atas akan memperjelaskan lagi tanggungjawab pengurusan masing-masing dan meningkatkan kemampuan pihak pengurusan untuk mempertingkatkan lagi prestasi Kumpulan pada masa yang akan datang.

## Penghargaan

Lembaga Pengarah ingin mengambil kesempatan ini untuk menyampaikan rasa terima kasih kepada pihak pengurusan dan kakitangan Kumpulan atas usaha gigih, komitmen, dedikasi dan ketekunan mereka dalam menjalankan tugas mereka masing-masing sepanjang tahun kewangan 2003.

Lembaga Pengarah juga ingin menyampaikan penghargaan kepada para pemegang saham, pelanggan, pembekal, bank, rakan niaga dan semua pihak berkuasa atas sokongan dan kerjasama mereka sepanjang masa. Komitmen dan dedikasi mereka menjadi asas bagi pertumbuhan Kumpulan yang berterusan.

**DATO' AHMAD JOHARI BIN TUN ABDUL RAZAK**  
Pengerusi Eksekutif

8 Oktober 2003  
Kuala Lumpur

# DIRECTORS' RESPONSIBILITIES STATEMENT

ANCOM BERHAD (8440-M)

## IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required under Paragraph 15.27(a) of the Kuala Lumpur Stock Exchange Listing Requirements to issue a statement explaining their responsibilities in the preparation of the annual financial statements.

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

In preparing the financial statements for the financial year ended 31 May 2003, the Directors have:

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

The Directors were responsible to ensure that the Company and the Group kept proper accounting records to enable the Company and the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position and the profit and loss of the Company and the Group for the financial year ended 31 May 2003. The Directors were also responsible to ensure that such financial statements complied with the Companies Act, 1965 and the relevant accounting standards.