

# FINANCIAL STATEMENTS

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## 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 2004.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are disclosed in Note 50 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year except that the Group has ceased its business operation in property development as a consequence of the disposal of subsidiary companies as disclosed in Note 46(a) to the financial statements.

### RESULTS

|   | Group<br>RM'000 | Company<br>RM'000 |
|---|-----------------|-------------------|
| Profit after tax                        | 25,167          | 17,384            |
| Minority interests                      | (9,338)         | -                 |
| Net profit attributable to shareholders | <u>15,829</u>   | <u>17,384</u>     |

### DIVIDENDS

Dividends paid since the end of the previous financial year were as follows:

|   | RM'000        |
|---|---------------|
| Ordinary final dividend of 4 sen per share, less income tax, paid on<br>30 December 2003 in respect of financial year ended 31 May 2003 | 3,739 *       |
| Ordinary interim dividend of 10 sen per share, tax exempt, paid on<br>19 March 2004 in respect of financial year ended 31 May 2004      | <u>13,457</u> |
|   | <u>17,196</u> |

- The Company had on 30 December 2003, paid a final ordinary dividend of 4 sen, less income tax, amounting to RM3,739,000 for the financial year ended 31 May 2003 instead of RM3,389,000 proposed for that financial year. The additional final dividend paid of RM350,000 was due to the allotment of 442,000 new ordinary shares of RM1 each pursuant to Ancom Berhad Employees' Share Option Scheme ("ESOS") and 11,700,000 new ordinary shares of RM1 each pursuant to the private placement subsequent to the end of the previous financial year which, as at the book closure date to determine the entitlement for the final dividend, were entitled to the final dividend.

The Directors proposed a final ordinary dividend of 3 sen, less income tax, amounting to RM4,360,000 for the financial year ended 31 May 2004, subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting of the Company. If approved, the total dividend paid in respect of the financial year ended 31 May 2004 would be 13 sen made up of an interim dividend of 10 sen (tax exempt) (2003: Nil) and the final dividend of 3 sen less income tax (2003: 4 sen less income tax).



## DIRECTORS' REPORT (cont'd)

### RESERVES AND PROVISIONS

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

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from 120,507,195 ordinary shares of RM1 each to 201,856,767 ordinary shares of RM1 each by way of:

- (a) Issues of 2,364,000 ordinary shares of RM1 each for cash pursuant to the exercise of share options granted under the ESOS at the following exercise prices:

| Exercise Price<br>(RM) | Number of<br>Ordinary Shares |
|------------------------|------------------------------|
| 1.000                  | 729,000                      |
| 1.290                  | 687,000                      |
| 1.470                  | 133,000                      |
| 1.476                  | 815,000                      |
|                        | <hr/>                        |
|                        | 2,364,000                    |

- (b) Issues of 11,700,000 ordinary shares of RM1 each at par for cash to several placees pursuant to the private placement by the Company undertaken in accordance with the power granted to the Company under Section 132D of the Companies Act, 1965; and
- (c) Bonus issue of 67,285,572 ordinary shares of RM1 each by way of capitalising the Company's share premium account on the basis of 1 new ordinary share for every 2 existing ordinary shares held.

The abovementioned new ordinary shares rank pari passu in all respects with the then existing ordinary shares of the Company.

The Company did not issue any new 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 ESOS 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.



## DIRECTORS' REPORT (cont'd)

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

- (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 the 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 Bursa Malaysia Securities Berhad for the 5 preceding market days immediately prior to the date of offer or the last transacted price of the shares of the Company on the market day immediately prior to the date of offer, whichever is higher and in no event should be lower than the par value of the shares of the Company.
- (f) Any share option exercised shall be in multiples of and not less than 1,000 shares and in accordance with the limits set out in the table below:

| Number of Shares Comprised in Option Granted | Maximum Percentage of Option Exercisable 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. They are also not entitled to any right to participate by virtue of the options in any share issue of any other company.



## DIRECTORS' REPORT (cont'd)

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

The movements in the unissued shares under the ESOS and their exercise price per share from the beginning of the financial year to the expiry of the ESOS on 6 April 2004 were as follows:

|   | Options Over Ordinary Shares of RM1 Each |                   |  |                   |                                |
|---|--|-------------------|--|-------------------|--------------------------------|
|   | Balance at<br>1.6.2003<br>'000           | Exercised<br>'000 | Adjustments for<br>Bonus Issue<br>'000 | Forfeited<br>'000 | Balance at<br>6.4.2004<br>'000 |
| Number of unissued shares under the ESOS at an exercise price of: |  |                   |  |                   |                                |
| - RM1.476 per share   | 1,762                                    | (815)             | 411                                    | (1,358)           | -                              |
| - RM3.680 per share   | 593                                      | -                 | 257                                    | (850)             | -                              |
| - RM1.470 per share   | 551                                      | (133)             | 156                                    | (574)             | -                              |
| - RM1.290 per share   | 1,069                                    | (687)             | 176                                    | (558)             | -                              |
| - RM1.000 per share   | 940                                      | (729)             | 52                                     | (263)             | -                              |
|   | 4,915                                    | (2,364)           | 1,052                                  | (3,603)           | -                              |

None of the eligible employees had been granted with any options during the financial year.

## REPURCHASE OF SHARES

As reported in the previous financial year's Directors' Report, the Company hold a total of 2,817,000 shares in the Company as treasury shares at a total cost of RM4,142,000 as at 31 May 2003.

At the Extraordinary General Meeting held on 21 November 2003, the shareholders of the Company by an ordinary resolution renewed the authority given to the Directors to repurchase the Company's own shares based on the following terms:

- The number of shares to be purchased shall not exceed 10,423,000 ordinary shares of RM1 each, being the number of ordinary shares which when aggregated with the 2,817,000 ordinary shares already purchased and held as treasury shares by the Company pursuant to Section 67A(3A)(b) of the Companies Act, 1965, representing 10% of its existing issued and paid up share capital of the Company; or up to 10,887,000 ordinary shares being the number of ordinary shares which when aggregated with the 2,817,000 treasury shares held by the Company, representing 10% of the enlarged share capital of the Company assuming all the 4,643,000 outstanding ESOS options were exercised not later than 6 April 2004;
- The amount to be utilised for the repurchase of shares by the Company shall not exceed the total retained profits and share premium of the Company as at 31 May 2003; and
- The Directors may retain the shares so purchased as treasury shares and may resell such treasury shares in a manner they deem fit in accordance with the Companies Act, 1965 and the applicable guidelines of Bursa Malaysia Securities Berhad.

In February and March 2004, the Company sold its entire 2,817,000 treasury shares in the open market for a total cash consideration of RM4,843,000. Subsequently in May 2004, the Company purchased a total of 1,848,600 ordinary shares in the Company for a total cash consideration of RM1,473,000. These shares were retained as treasury shares as at 31 May 2004.

The details of shares purchased and the treasury shares sold by the Company during the financial year were as follows:

|               | Number of Shares<br>(Sold)/ Purchased<br>RM | Selling Price/ Purchase Price |               |                   | Total<br>Consideration |
|---------------|---|-------------------------------|---------------|-------------------|------------------------|
|               |   | Lowest<br>RM                  | Highest<br>RM | Average<br>RM'000 |                        |
| February 2004 | (1,000,000)                                 | 1.71                          | 1.77          | 1.73601           | 1,730                  |
| March 2004    | (1,817,000)                                 | 1.66                          | 1.75          | 1.71859           | 3,113                  |
| May 2004      | 1,848,600                                   | 0.75                          | 0.86          | 0.79150           | 1,473                  |



## DIRECTORS' REPORT (cont'd)

### DIRECTORS

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

|   |                           |
|---|---------------------------|
| Dato' Johari Razak                                  | (Executive Chairman)      |
| Dato' Siew Ka Wei                                   | (Group Managing Director) |
| Dato' Siew Nim Chee                                 | (Advisor)                 |
| Tan Sri Dato' Dr Lin See Yan                        |                           |
| Datuk Haji Mohamed Al-Amin bin Haji Abdul Majid, JP |                           |
| Dato' Mohd Ismail bin Che Rus                       |                           |
| Chan Thye Seng                                      |                           |
| Chieng Ing Huong                                    |                           |

Dato' Siew Nim Chee retires in accordance with Section 129(2) of the Companies Act, 1965. The Board recommends that Dato' Siew Nim Chee be re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and, to hold office until the conclusion of the next Annual General Meeting.

In accordance with Article 81 of the Company's Articles of Association, Tan Sri Dato' Dr Lin See Yan and Datuk Haji Mohamed Al-Amin bin Haji Abdul Majid, JP retire from the Board by rotation 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 its related corporations during the financial year ended 31 May 2004:

|                                       | Number of Ordinary Shares of RM1 Each |           |                      |                |              |                         |
|---------------------------------------|---------------------------------------|-----------|----------------------|----------------|--------------|-------------------------|
|                                       | Balance at<br>1.6.2003                | Bought    | Options<br>Exercised | Bonus<br>Issue | Sold         | Balance at<br>31.5.2004 |
| <b>Shares In the Company</b>          |                                       |           |                      |                |              |                         |
| <i>Direct interests:</i>              |                                       |           |                      |                |              |                         |
| Dato' Johari Razak                    | 499,126                               | -         | -                    | 249,562        | -            | 748,688                 |
| Dato' Siew Ka Wei                     | 3,780,000                             | 4,723,100 | 120,000              | 4,209,200      | -            | 12,832,300              |
| Dato' Siew Nim Chee                   | -                                     | -         | 80,000               | 40,000         | -            | 120,000                 |
| Tan Sri Dato' Dr Lin See Yin          | 100,000                               | -         | -                    | 50,000         | -            | 150,000                 |
| <i>Indirect interests:</i>            |                                       |           |                      |                |              |                         |
| Dato' Siew Ka Wei                     | 7,885,119                             | 618,300   | 64,000               | 4,260,709      | (46,000)     | 12,782,128              |
| Dato' Siew Nim Chee                   | 11,665,119                            | -         | -                    | -              | (11,665,119) | -                       |
| Chan Thye Seng                        | 14,999,489                            | -         | -                    | 7,499,744      | -            | 22,499,233              |
| <b>Shares In Subsidiary Companies</b> |                                       |           |                      |                |              |                         |
| <b>Nylex (Malaysia) Berhad</b>        |                                       |           |                      |                |              |                         |
| <i>Direct interests:</i>              |                                       |           |                      |                |              |                         |
| Dato' Johari Razak                    | 150,000                               | -         | -                    | -              | -            | 150,000                 |
| Tan Sri Dato' Dr Lin See Yan          | 50,000                                | -         | -                    | -              | -            | 50,000                  |
| <i>Indirect interests:</i>            |                                       |           |                      |                |              |                         |
| Chieng Ing Huong                      | 28,000                                | -         | -                    | -              | -            | 28,000                  |
| <b>MSTi Corporation Sdn. Bhd.</b>     |                                       |           |                      |                |              |                         |
| <i>Indirect interests:</i>            |                                       |           |                      |                |              |                         |
| Dato' Siew Ka Wei                     | 838,000                               | 733,460   | -                    | -              | -            | 1,571,460               |
| Dato' Siew Nim Chee                   | 838,000                               | -         | -                    | -              | (838,000)    | -                       |



## DIRECTORS' REPORT (cont'd)

### DIRECTORS' INTERESTS (cont'd)

By virtue of his interests in the shares of the Company, Dato' Siew Ka Wei is also deemed to be interested in the shares of all the subsidiary companies to the extent the Company has an interest.

The movements of share options of the following Directors who have been granted share options under the ESOS from the beginning of the financial year to the expiry of the ESOS on 6 April 2004 were as follows:

|                     | Balance at<br>1.6.2003 | Options Over Ordinary Shares of RM1 Each<br>Exercised | Adjustment for<br>Bonus Issue | Forfeited | Balance at<br>6.4.2004 |
|---------------------|------------------------|---|-------------------------------|-----------|------------------------|
| Dato' Johari Razak  | 150,000                | -   | 75,000                        | (225,000) | -                      |
| Dato' Siew Ka Wei   | 120,000                | (120,000)   | -                             | -         | -                      |
| Dato' Siew Nim Chee | 80,000                 | (80,000)  | -                             | -         | -                      |

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 32 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling 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 Dato' Johari Razak, Dato' Siew Ka Wei and Dato' Siew Nim Chee in the previous financial year pursuant to the Company's ESOS which were exercised during the financial year or were forfeited upon the expiry of the ESOS and the new ordinary shares allotted to certain Directors pursuant to the bonus issue of the Company in 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; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.



## DIRECTORS' REPORT (cont'd)

### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (cont'd)

- (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 abilities of the Group and of the Company to meet their obligations as and when they fall due.

### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements 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 Notes 46 and 47 to the financial statements.

### AUDITORS

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

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

**Dato' Johari Razak**  
Director

**Dato' Siew Ka Wei**  
Director

*Petaling Jaya*  
28 September 2004





## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 35 to 101 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 2004 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 2004.

On behalf of the Board,

**Dato' Johari Razak**  
Director

**Dato'Siew Ka Wei**  
Director

*Petaling Jaya*  
28 September 2004

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## STATUTORY DECLARATION

I, Ahmad Johari bin Abdul Razak, being the Director primarily responsible for the financial management of Ancom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 35 to 101 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  
28 September 2004

**Ahmad Johari bin 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 35 to 101. These financial statements are the responsibility of the Company's 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. These 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 statement 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:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
  - (ii) the state of affairs of the Group and of the Company as at 31 May 2004 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 said 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 50 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 Section 174(3) of the Act.

**BDO Binder**

AF : 0206

Chartered Accountants

**Siew Kah Toong**

1045/03/06 (J)

Partner

*Kuala Lumpur*

28 September 2004



# BALANCE SHEETS as at 31 May 2004

|                                       |      | Group          |                | Company        |                |
|---------------------------------------|------|----------------|----------------|----------------|----------------|
|                                       | NOTE | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| ASSETS EMPLOYED                       |      |                |                |                |                |
| PROPERTY, PLANTAND EQUIPMENT          | 6    | 272,124        | 289,204        | 28,997         | 28,528         |
| DEVELOPMENT PROPERTY                  | 7    | -              | 20,516         | -              | -              |
| INVESTMENT PROPERTY                   | 8    | 2,100          | 969            | -              | -              |
| INVESTMENT IN SUBSIDIARY COMPANIES    | 9    | -              | -              | 259,562        | 262,234        |
| AMOUNTS OWING BY SUBSIDIARY COMPANIES | 10   | -              | -              | 28,272         | 23,616         |
| INVESTMENT IN ASSOCIATED COMPANIES    | 11   | 12,902         | 14,808         | 3,193          | 5,570          |
| OTHER INVESTMENTS                     | 12   | 15,935         | 44,279         | 12,214         | 40,699         |
| INTANGIBLE ASSETS                     | 13   | 11,341         | 9,126          | -              | -              |
| DEFERRED TAX ASSETS                   | 26   | 9,776          | 13,421         | -              | -              |
| GOODWILL ON CONSOLIDATION             | 14   | 44,905         | 57,549         | -              | -              |
| CURRENTASSETS                         |      |                |                |                |                |
| Development property                  | 7    | -              | 5,754          | -              | -              |
| Inventories                           | 15   | 142,767        | 121,967        | -              | -              |
| Receivables                           | 16   | 338,367        | 287,366        | 1,021          | 330            |
| Amounts owing by subsidiary companies | 17   | -              | -              | 4,137          | 12,942         |
| Amounts owing by associated companies | 18   | 248            | 948            | 4              | 426            |
| Tax recoverable                       |      | 16,857         | 9,173          | 5,153          | 3,576          |
| Short term deposits                   | 19   | 30,596         | 20,172         | -              | -              |
| Cash and bank balances                |      | 39,251         | 50,478         | 25             | 82             |
|                                       |      | 568,086        | 495,858        | 10,340         | 17,356         |
| LESS: CURRENT LIABILITIES             |      |                |                |                |                |
| Payables                              | 20   | 169,575        | 178,470        | 1,282          | 2,381          |
| Amounts owing to subsidiary companies | 17   | -              | -              | 49,685         | 56,851         |
| Amounts owing to associated companies | 18   | 16,482         | 19,692         | -              | -              |
| Borrowings                            | 21   | 206,676        | 273,363        | 18,257         | 58,715         |
| Tax liabilities                       |      | 1,151          | 1,452          | -              | -              |
|                                       |      | 393,884        | 472,977        | 69,224         | 117,947        |
| NET CURRENTASSETS/ (LIABILITIES)      |      |                |                |                |                |
|                                       |      | 174,202        | 22,881         | (58,884)       | (100,591)      |
|                                       |      | 543,285        | 472,753        | 273,354        | 260,056        |



## BALANCE SHEETS as at 31 May 2004 (cont'd)

|  | NOTE | Group          |                | Company        |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>FINANCED BY</b>                             |      |                |                |                |                |
| SHARE CAPITAL                                  | 24   | 201,857        | 120,507        | 201,857        | 120,507        |
| RESERVES                                       | 25   | 65,853         | 133,856        | 69,166         | 134,914        |
| LESS: TREASURY SHARES, AT COST                 |      | (1,473)        | (4,142)        | (1,473)        | (4,142)        |
| SHAREHOLDERS' EQUITY                           |      | 266,237        | 250,221        | 269,550        | 251,279        |
| MINORITY INTERESTS                             |      | 148,797        | 141,984        | -              | -              |
| DEFERRED AND LONG TERM LIABILITIES             |      |                |                |                |                |
| Borrowings                                     | 21   | 97,960         | 50,078         | 246            | 5,339          |
| Deferred tax liabilities                       | 26   | 24,121         | 23,585         | 3,558          | 3,438          |
| Provision for retirement benefits              | 27   | 3,854          | 3,716          | -              | -              |
| Advances from director of a subsidiary company | 28   | 2,316          | 3,169          | -              | -              |
|  |      | <u>543,285</u> | <u>472,753</u> | <u>273,354</u> | <u>260,056</u> |

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



# INCOME STATEMENTS for the financial year ended 31 May 2004

|  |      | Group          |                | Company        |                |
|--|------|----------------|----------------|----------------|----------------|
|  | NOTE | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>CONTINUING OPERATIONS</b>                 |      |                |                |                |                |
| Operating revenue                            | 29   | 972,903        | 912,703        | 28,757         | 31,945         |
| Cost of sales                                |      | (828,948)      | (758,734)      | -              | -              |
| Gross profit                                 |      | 143,955        | 153,969        | 28,757         | 31,945         |
| Other operating income                       | 30   | 32,499         | 14,558         | 12,604         | 4              |
| Selling and distribution costs               |      | (46,550)       | (48,106)       | -              | -              |
| Administration expenses                      |      | (66,277)       | (64,384)       | (9,350)        | (8,644)        |
| Other operating expenses                     | 30   | (27,672)       | (20,872)       | (5,352)        | (4,603)        |
| Profit from operations                       |      | 35,955         | 35,165         | 26,659         | 18,702         |
| Finance cost                                 |      | (16,243)       | (17,468)       | (5,987)        | (6,986)        |
| Share of results in associated companies     |      | 1,149          | (304)          | -              | -              |
| Profit before tax                            |      | 20,861         | 17,393         | 20,672         | 11,716         |
| <b>DISCONTINUING OPERATION</b>               |      |                |                |                |                |
| Operating revenue                            | 29   | 5,778          | 22,890         | -              | -              |
| Cost of sales                                |      | (3,385)        | (14,120)       | -              | -              |
| Gross profit                                 |      | 2,393          | 8,770          | -              | -              |
| Gain on disposal of a subsidiary company     |      | 15,020         | -              | -              | -              |
| Other operating income                       | 30   | 103            | 2,339          | -              | -              |
| Selling and distribution costs               |      | (212)          | (638)          | -              | -              |
| Administrative expenses                      |      | (6)            | (630)          | -              | -              |
| Other operating expenses                     | 30   | (259)          | -              | -              | -              |
| Profit from operations                       |      | 17,039         | 9,841          | -              | -              |
| Finance cost                                 |      | -              | (64)           | -              | -              |
| Profit before tax                            |      | 17,039         | 9,777          | -              | -              |
| <b>TOTAL OPERATIONS</b>                      |      |                |                |                |                |
| Profit before tax                            | 32   | 37,900         | 27,170         | 20,672         | 11,716         |
| Tax expense                                  | 33   |                |                |                |                |
| Company and subsidiary companies             |      |                |                |                |                |
| - Continuing operations                      |      | 12,055         | 14,408         | 3,288          | 4,947          |
| - Discontinuing operations                   |      | 570            | 2,250          | -              | -              |
| Share of tax expense in associated companies |      | 108            | 435            | -              | -              |
|  |      | (12,733)       | (17,093)       | (3,288)        | (4,947)        |
| Profit after tax                             |      | 25,167         | 10,077         | 17,384         | 6,769          |
| Minority interests                           |      | (9,338)        | (7,238)        | -              | -              |
| Net profit for the financial year            |      | 15,829         | 2,839          | 17,384         | 6,769          |
| Earnings per ordinary share (sen)            | 34   | 8.06           | 1.53           |                |                |
| Gross dividend per ordinary share (sen)      | 36   | 13             | 4              | 13             | 4              |

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



## STATEMENTS OF CHANGES IN EQUITY for the financial year ended 31 May 2004

| GROUP  | Share Capital<br>RM'000 | Share Premium<br>RM'000 | Merger Reserve<br>RM'000 | Revaluation Reserve<br>RM'000 | Capital Reserve<br>RM'000 | Foreign Exchange Reserve<br>RM'000 | Treasury Shares<br>RM'000 | Redemption Reserve<br>RM'000 | Retained Profits<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|-------------------------|--------------------------|-------------------------------|---------------------------|------------------------------------|---------------------------|------------------------------|----------------------------|-----------------|
| Balance as at 31 May 2002, as previously stated                      | 120,503                 | 75,051                  | 1,282                    | 20,442                        | 2,349                     | (2,133)                            | (4,142)                   | 4,919                        | 37,885                     | 256,156         |
| Prior year adjustments (Note 35)                                     | -                       | -                       | -                        | (4,143)                       | -                         | -                                  | -                         | -                            | (235)                      | (4,378)         |
| Balance as at 31 May 2002, as restated                               | 120,503                 | 75,051                  | 1,282                    | 16,299                        | 2,349                     | (2,133)                            | (4,142)                   | 4,919                        | 37,650                     | 251,778         |
| Currency translation differences                                     | -                       | -                       | -                        | -                             | -                         | (1,012)                            | -                         | -                            | -                          | (1,012)         |
| Net losses not recognised in the consolidated income statement       | -                       | -                       | -                        | -                             | -                         | (1,012)                            | -                         | -                            | -                          | (1,012)         |
| Issue of shares under ESOS   | 4                       | 1                       | -                        | -                             | -                         | -                                  | -                         | -                            | -                          | 5               |
| Bonus issue of a subsidiary company capitalised from retained profit | -                       | -                       | -                        | -                             | 51                        | -                                  | -                         | -                            | (51)                       | -               |
| Redemption of redeemable preference shares by a subsidiary company   | -                       | -                       | -                        | -                             | -                         | -                                  | -                         | 11                           | (11)                       | -               |
| Net profit for the financial year                                    | -                       | -                       | -                        | -                             | -                         | -                                  | -                         | -                            | 2,839                      | 2,839           |
| Dividends (Note 36)  | -                       | -                       | -                        | -                             | -                         | -                                  | -                         | -                            | (3,389)                    | (3,389)         |
| Balance as at 31 May 2003  | 120,507                 | 75,052                  | 1,282                    | 16,299                        | 2,400                     | (3,145)                            | (4,142)                   | 4,930                        | 37,038                     | 250,221         |
| Balance as at 31 May 2003, as previously stated                      | 120,507                 | 75,052                  | 1,282                    | 20,442                        | 2,400                     | (3,145)                            | (4,142)                   | 4,930                        | 36,707                     | 254,033         |
| Prior year adjustments (Note 35)                                     | -                       | -                       | -                        | (4,143)                       | -                         | -                                  | -                         | -                            | 331                        | (3,812)         |
| Balance as at 31 May 2003, as restated                               | 120,507                 | 75,052                  | 1,282                    | 16,299                        | 2,400                     | (3,145)                            | (4,142)                   | 4,930                        | 37,038                     | 250,221         |
| Issue of shares under ESOS   | 2,364                   | 649                     | -                        | -                             | -                         | -                                  | -                         | -                            | -                          | 3,013           |
| Balance carried forward  | 122,871                 | 75,701                  | 1,282                    | 16,299                        | 2,400                     | (3,145)                            | (4,142)                   | 4,930                        | 37,038                     | 253,234         |



# STATEMENTS OF CHANGES IN EQUITY for the financial year ended 31 May 2004 (cont'd)

| GROUP  | Share Capital<br>RM'000 | Share Premium<br>RM'000 | Merger Reserve<br>RM'000 | Revaluation Reserve<br>RM'000 | Capital Reserve<br>RM'000 | Foreign Exchange<br>RM'000 | Treasury Shares<br>RM'000 | Capital Redemption Reserve<br>RM'000 | Retained Profits<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|-------------------------|--------------------------|-------------------------------|---------------------------|----------------------------|---------------------------|--------------------------------------|----------------------------|-----------------|
| Balance brought forward  | 122,871                 | 75,701                  | 1,282                    | 16,299                        | 2,400                     | (3,145)                    | (4,142)                   | 4,930                                | 37,038                     | 253,234         |
| Private placement  | 11,700                  | -                       | -                        | -                             | -                         | -                          | -                         | -                                    | -                          | 11,700          |
| Currency translation differences   | -                       | -                       | -                        | -                             | -                         | 664                        | -                         | -                                    | -                          | 664             |
| Excess on disposal of treasury shares  | -                       | 701                     | -                        | -                             | -                         | -                          | -                         | -                                    | -                          | 701             |
| Realisation of revaluation reserve upon disposal of a subsidiary company                   | -                       | -                       | -                        | (381)                         | -                         | -                          | -                         | -                                    | 381                        | -               |
| Realisation of revaluation reserve upon partial disposal of shares in subsidiary companies | -                       | -                       | -                        | (171)                         | -                         | -                          | -                         | -                                    | 171                        | -               |
| Dilution of interest in subsidiary companies   | -                       | -                       | -                        | -                             | -                         | -                          | -                         | -                                    | (1,364)                    | (1,364)         |
| Net gain/(loss) not recognised in the consolidated income statements                       | -                       | 701                     | -                        | (552)                         | -                         | 664                        | -                         | -                                    | (812)                      | 1               |
| Bonus issue  | 67,286                  | (67,286)                | -                        | -                             | -                         | -                          | -                         | -                                    | -                          | -               |
| Repurchase of shares   | -                       | -                       | -                        | -                             | -                         | -                          | (1,473)                   | -                                    | -                          | (1,473)         |
| Disposal of treasury shares  | -                       | -                       | -                        | -                             | -                         | -                          | 4,142                     | -                                    | -                          | 4,142           |
| Redemption of redeemable preference shares by a subsidiary company                         | -                       | -                       | -                        | -                             | -                         | -                          | -                         | 3                                    | (3)                        | -               |
| Net profit for the financial year  | -                       | -                       | -                        | -                             | -                         | -                          | -                         | -                                    | 15,829                     | 15,829          |
| Dividends (Note 36)  | -                       | -                       | -                        | -                             | -                         | -                          | -                         | -                                    | (17,196)                   | (17,196)        |
| Balance as at 31 May 2004  | 201,857                 | 9,116                   | 1,282                    | 15,747                        | 2,400                     | (2,481)                    | (1,473)                   | 4,933                                | 34,856                     | 266,237         |

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



## STATEMENTS OF CHANGES IN EQUITY for the financial year ended 31 May 2004 (cont'd)

|  | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Merger<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Capital<br>Redemption<br>Reserve<br>RM'000 | Treasury<br>Shares<br>RM'000 | Retained<br>Profits<br>RM'000 | Total<br>RM'000 |
|--|----------------------------|----------------------------|-----------------------------|----------------------------------|--|------------------------------|-------------------------------|-----------------|
| <b>COMPANY</b>                                     |                            |                            |                             |                                  |  |                              |                               |                 |
| Balance as at 31 May 2002,<br>as previously stated | 120,503                    | 75,051                     | 32,495                      | 14,753                           | 4,917                                      | (4,142)                      | 7,452                         | 251,029         |
| Prior year adjustments<br>(Note 35)                | -                          | -                          | -                           | (3,200)                          | -  | -                            | 65                            | (3,135)         |
| Balance as at 31 May 2002,<br>as restated          | 120,503                    | 75,051                     | 32,495                      | 11,553                           | 4,917                                      | (4,142)                      | 7,517                         | 247,894         |
| Issue of shares under ESOS                         | 4                          | 1                          | -                           | -                                | -  | -                            | -                             | 5               |
| Net profit for the financial<br>year               | -                          | -                          | -                           | -                                | -  | -                            | 6,769                         | 6,769           |
| Dividends (Note 36)                                | -                          | -                          | -                           | -                                | -  | -                            | (3,389)                       | (3,389)         |
| Balance as at 31 May 2003                          | 120,507                    | 75,052                     | 32,495                      | 11,553                           | 4,917                                      | (4,142)                      | 10,897                        | 251,279         |
| Balance as at 31 May 2003,<br>as previously stated | 120,507                    | 75,052                     | 32,495                      | 14,753                           | 4,917                                      | (4,142)                      | 10,802                        | 254,384         |
| Prior year adjustments<br>(Note 35)                | -                          | -                          | -                           | (3,200)                          | -  | -                            | 95                            | (3,105)         |
| Balance as at 31 May 2003,<br>as restated          | 120,507                    | 75,052                     | 32,495                      | 11,553                           | 4,917                                      | (4,142)                      | 10,897                        | 251,279         |
| Issue of shares under ESOS                         | 2,364                      | 649                        | -                           | -                                | -  | -                            | -                             | 3,013           |
| Private placement                                  | 11,700                     | -                          | -                           | -                                | -  | -                            | -                             | 11,700          |
| Bonus issue  | 67,286                     | (67,286)                   | -                           | -                                | -  | -                            | -                             | -               |
| Repurchase of shares                               | -                          | -                          | -                           | -                                | -  | (1,473)                      | -                             | (1,473)         |
| Disposal of treasury<br>shares                     | -                          | -                          | -                           | -                                | -  | 4,142                        | -                             | 4,142           |
| Excess on disposal of<br>treasury shares           | -                          | 701                        | -                           | -                                | -  | -                            | -                             | 701             |
| Net gain not recognised in<br>the income statement | -                          | 701                        | -                           | -                                | -  | -                            | -                             | 701             |
| Net profit for the financial<br>year               | -                          | -                          | -                           | -                                | -  | -                            | 17,384                        | 17,384          |
| Dividends (Note 36)                                | -                          | -                          | -                           | -                                | -  | -                            | (17,196)                      | (17,196)        |
| Balance as at 31 May 2004                          | 201,857                    | 9,116                      | 32,495                      | 11,553                           | 4,917                                      | (1,473)                      | 11,085                        | 269,550         |

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





## CASH FLOW STATEMENTS for the financial year ended 31 May 2004

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |                |                |                |                |
| Profit before tax  | 37,900         | 27,170         | 20,672         | 11,716         |
| Adjustments for:   |                |                |                |                |
| Allowance for doubtful debts                               | 1,462          | 5,777          | -              | -              |
| Allowance for doubtful debts no longer required            | (1,315)        | (28)           | -              | -              |
| Amortisation of intangible assets                          | 4,179          | 4,767          | -              | -              |
| Bad debts written off                                      | 6,203          | 548            | 51             | 128            |
| Depreciation of property, plant and equipment              | 25,918         | 24,949         | 1,095          | 822            |
| Development cost written off                               | 11             | -              | -              | -              |
| Dilution of interest in a subsidiary company               | -              | 186            | -              | -              |
| Dividend income (gross)                                    | (4,978)        | (7,278)        | (19,287)       | (24,829)       |
| Gain on disposal of subsidiary companies                   | (15,310)       | -              | -              | -              |
| Gain on disposal of investments                            | (12,492)       | -              | (12,492)       | -              |
| Gain on disposal of land                                   | -              | (1,001)        | -              | -              |
| Impairment loss on investment in subsidiary companies      | -              | -              | 2,892          | 4,603          |
| Investment in associated companies written off             | 49             | -              | -              | -              |
| Impairment loss on other investment                        | 2,460          | -              | 2,460          | -              |
| Impairment loss on property, plant and equipment           | -              | 3,293          | -              | -              |
| Impairment of goodwill in subsidiary companies             | 8,059          | 5,015          | -              | -              |
| Intangible assets written off                              | -              | 1,303          | -              | -              |
| Interest expense   | 16,168         | 17,666         | 5,930          | 6,964          |
| Interest income  | (714)          | (706)          | (90)           | (161)          |
| Inventories written off                                    | 1,776          | 90             | -              | -              |
| Long term investment written-down                          | -              | 30             | -              | -              |
| (Gain)/Loss on disposal of property, plant and equipment   | (1,630)        | 2,848          | (112)          | 14             |
| Loss on disposal of associated companies                   | 1,399          | -              | -              | -              |
| Loss on partial disposal of shares in subsidiary companies | 2,727          | 188            | -              | -              |
| Property, plant and equipment written off                  | 486            | 197            | 332            | 6              |
| Provision for inventories obsolescence                     | -              | 357            | -              | -              |
| Provision for retirement benefits                          | 843            | 789            | -              | -              |
| Share of results of associated companies                   | (1,149)        | 304            | -              | -              |
| Translation adjustment                                     | (4,413)        | (943)          | -              | -              |
| Unrealised loss/(gain) on foreign exchange                 | 1,080          | (10)           | -              | -              |
| Surplus on non-consolidation of subsidiary companies       | (549)          | -              | -              | -              |
| Operating profit/(loss) before working capital changes     | 68,170         | 85,511         | 1,451          | (737)          |
| Decrease/(Increase) in development properties expenditure  | 524            | (2,256)        | -              | -              |
| (Increase)/Decrease in inventories                         | (26,238)       | 3,314          | -              | -              |
| (Increase)/Decrease in receivables                         | (64,609)       | (37,844)       | (742)          | 1,438          |
| Increase/(Decrease) in payables                            | 46,898         | (6,912)        | (1,099)        | 426            |

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



## CASH FLOW STATEMENTS for the financial year ended 31 May 2004 (cont'd)

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)</b>                    |                |                |                |                |
| Decrease in amount owing by associated companies                        | 260            | 13,018         | 422            | -              |
| Cash generated from operations  | 25,005         | 54,831         | 32             | 1,127          |
| Retirement benefits paid  | (730)          | (1,022)        | -              | -              |
| Interest received   | 714            | 706            | 90             | 31             |
| Dividend received   | 4,978          | 7,171          | 14,542         | 19,046         |
| Tax paid  | (16,548)       | (18,965)       | -              | (29)           |
| Proceed from disposal of land   | -              | 2,754          | -              | -              |
| Net cash from operating activities                                      | 13,419         | 45,475         | 14,664         | 20,175         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |                |                |                |                |
| Purchase of investment property   | (1,131)        | -              | -              | -              |
| Proceeds from partial disposal of shares in subsidiary companies        | 264            | 50             | -              | -              |
| Dividends received from associated companies                            | 450            | 382            | -              | -              |
| Net advances to associated companies                                    | (3,210)        | (103)          | -              | (426)          |
| Acquisition of subsidiary companies (Note 37)                           | -              | (13,858)       | -              | -              |
| Disposal of subsidiary companies (Note 38)                              | (3,414)        | -              | -              | -              |
| Withdrawal/(Placement) of short term deposits pledged to licensed banks | 344            | (1,155)        | -              | -              |
| Proceeds from disposal of investments                                   | 59,393         | -              | 59,393         | -              |
| Proceeds from disposal of property, plant and equipment                 | 12,471         | 2,548          | 320            | 25             |
| Purchase of additional shares in existing subsidiary companies          | (252)          | -              | (1,883)        | -              |
| Purchase of intangible assets   | (6,456)        | (2,599)        | -              | -              |
| Purchase of other investments   | (16,849)       | -              | (16,709)       | -              |
| Purchase of property, plant and equipment (Note 40)                     | (17,406)       | (13,807)       | (1,853)        | (395)          |
| Purchase of shares in associated companies                              | (3,143)        | (790)          | (428)          | (1,500)        |
| Interest received from subsidiary and associated companies              | -              | -              | -              | 130            |
| Net repayment from/(advances to) subsidiary companies                   | -              | -              | 4,149          | (24,073)       |
| Proceeds from disposal of shares in associated company                  | 1,387          | -              | -              | -              |
| Redemption of preference shares in subsidiary company                   | -              | -              | 300            | 1,100          |
| Subsidiary companies under winding-up not consolidated (Note 39)        | 229            | -              | -              | -              |
| Net cash from/(used in) investing activities                            | 22,677         | (29,332)       | 43,289         | (25,139)       |



## CASH FLOW STATEMENTS for the financial year ended 31 May 2004 (cont'd)

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                          |                |                |                |                |
| (Repayment to)/Advances from director of a subsidiary company        | (853)          | 3,169          | -              | -              |
| Dividend paid  | (17,196)       | (3,389)        | (17,196)       | (3,389)        |
| Dividends paid to minority interests                                 | (2,213)        | (9,005)        | -              | -              |
| Interest paid  | (16,168)       | (17,666)       | (5,930)        | (6,964)        |
| Issue of shares under private placement                              | 11,700         | -              | 11,700         | -              |
| Net (repayment to)/advances from subsidiary companies                | -              | -              | (7,166)        | (541)          |
| Proceeds from sale of treasury shares                                | 4,843          | -              | 4,843          | -              |
| Proceeds from issue of shares to minority interests                  | 1,890          | 50             | -              | -              |
| Proceeds from shares issued under the ESOS                           | 3,013          | 5              | 3,013          | 5              |
| Purchase of Company's own shares                                     | (1,473)        | -              | (1,473)        | -              |
| Repayment of hire-purchase creditors                                 | (3,014)        | (2,607)        | (488)          | (456)          |
| Net (repayment)/drawdown of borrowings                               | (14,005)       | 20,133         | (45,000)       | 18,000         |
| Net cash (used in)/from financing activities                         | (33,476)       | (9,310)        | (57,697)       | 6,655          |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                     | 2,620          | 6,833          | 256            | 1,691          |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>      | 49,338         | 41,938         | (1,765)        | (3,456)        |
| <b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b> | 830            | 567            | -              | -              |
|  | 50,168         | 42,505         | (1,765)        | (3,456)        |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 41)</b>  | 52,788         | 49,338         | (1,509)        | (1,765)        |

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



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004

### 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 Level 14, Uptown 1, No. 1, Jalan SS 21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located 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.

The financial statements are presented in Ringgit Malaysia (RM).

### 2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency risk, liquidity risk, interest rate risk and credit risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

It is, and has been throughout the financial year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments are foreign currency risk, liquidity risk, interest rate risk and credit risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

#### Foreign Currency Risk

The Group is exposed to foreign currency risk as a result of its net investments in overseas subsidiary companies and normal trading activities, both external and intra-Group, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Group's policy is to minimise the exposure of overseas operating subsidiary companies to transaction risk by matching local currency income against local currency costs.

#### Liquidity Risk

It is the Group's policy to ensure continuity in servicing its cash obligations in the future by way of measuring and forecasting its cash commitments, monitoring and maintaining a level of cash and cash equivalents deemed adequate to the Group's operations.

#### Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debts, and term and call deposits.

#### Credit Risk

Cash deposits and receivables may give rise to credit risk which require the loss to be recognised if a counter party failed to perform as contracted. It is the Group's policy to monitor the financial standing of these counter-parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

### 3. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies.

The principal activities of the subsidiary companies are disclosed in Note 50 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year except that the Group has ceased its business operation in property development as a consequence of the disposal of subsidiary companies as disclosed in Note 46(a) to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 4. 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.

During the financial year, the Group and the Company have adopted MASB 25 - Income Taxes issued by the Malaysian Accounting Standard Board ("MASB") which are applicable to the Group and the Company for the first time.

The effects of adopting this MASB are disclosed in Note 35 to the financial statements.

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 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 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.

#### 5.2 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.

Under the acquisition method, the difference between the purchase price and the fair value of the attributable net assets of the subsidiary companies at the date of acquisition is treated as goodwill or reserve arising on consolidation. Goodwill on consolidation is stated at cost less impairment losses, if any. Reserve arising on consolidation is not recognised as income and is presented as separate item in the balance sheet. The results of the subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous financial years. On consolidation, the excess of the normal value of the shares acquired over the cost of investment is treated as a merger reserve arising on consolidation. The results of subsidiary companies acquired are accounted for on a full year basis.

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.

Minority interest is measured at the minorities' share of net results and of net assets of subsidiary companies attributable to interests which are not owned directly by the Company or indirectly through the subsidiary companies.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 5.3 Development Properties

Development properties comprising land and development costs are stated at cost plus attributable profit less foreseeable losses and net of progress billings. Development costs includes capitalised interest expense on loans and advances utilised to finance ongoing development, if any.

The portion of development properties in respect of which significant development work has been undertaken and which is expected to be completed within the normal operating cycle of between two to three years is considered as a current asset.

#### 5.4 Investments

##### (a) *Subsidiary Companies*

A subsidiary company is a company in which the Group and the Company have 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 at cost less impairment losses, if any.

##### (b) *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 are in a position to exercise significant influence over the financial and operating policies of the investee company.

Investment in associated companies are stated at cost less impairment losses, if any.

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

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

Goodwill on acquisition is stated at cost less impairment losses, if any. Reserve arising on acquisition is not recognised as income.

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

##### (c) *Other Investments*

Investments in shares held as long term investments are stated at cost unless there is a permanent diminution in value of such investments. Such diminution in value is recognised as an expense in the period in which the diminution in value is identified.

#### 5.5 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 impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 5.5 Property, Plant and Equipment and Depreciation (cont'd)

The surplus arising from such valuation is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is 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.

For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus should be recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to shareholders' equity.

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the revaluation reserve related to those assets, if any, is transferred directly to retained profits.

Long term leasehold land and improvements to long term leasehold land are amortised over the lease period of 53-99 years. 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 principal 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%  |

### 5.6 Investment Property

Investment property are investments in freehold land and buildings that are not substantially occupied for use by, or in the operations of the Group and are held for investment potential and rental income. They are accounted for as long term investments and are stated at cost less impairment losses, if any, and are not depreciated.

Upon disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

### 5.7 Impairment of Assets

The carrying amount of the Group's and Company's assets other than inventories, deferred tax assets, and financial assets, but including investments in subsidiary and associated companies, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset.

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

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



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 5.8 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 manufacturing overheads.

### 5.9 Receivables

Receivables are carried at anticipated realisable value.

Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection. In addition, a general allowance based on a percentage of receivables is made to cover possible losses which are not specifically identified.

### 5.10 Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### 5.11 Provisions

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

### 5.12 Intangible Assets

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.

Registration fees for the right to trade certain products of certain subsidiary companies overseas are stated at cost less impairment losses, if any.

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.

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.

### 5.13 Employee Benefits

#### (a) Short Term Employee Benefits

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

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

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





## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 5.13 Employee Benefits (cont'd)

#### (b) *Defined Contribution Plans*

The Company and subsidiary companies incorporated in Malaysia make contributions to a statutory provident fund and recognise the contribution payable:

- (i) after deducting contributions already paid as a liability; and
- (ii) as an expense in the financial year in which the employees render their services.

#### (c) *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 basis salary earnings of the employees in each particular year of service.

#### (d) *Equity Compensation Benefits*

Under the Company's Employees' Share Options Scheme ("ESOS"), eligible employees are entitled to subscribe for new ordinary shares in the Company pursuant to the options granted by the Company and accepted by the eligible employees. No compensation cost or obligation is recognised in the income statement when the options are granted. Share capital and share premium accounts are increased when the proceeds are received from the options exercised by the employees in that financial year.

### 5.14 Income Tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

#### (a) *Current Tax Expense*

Current tax expense includes all domestic and foreign taxes which are based on taxable profits. Current tax expense also includes other taxes, such as withholding taxes, which are payable by a foreign subsidiary company or associated company on distributions to the Group and Company, and real property gains taxes payable on disposal of properties.

#### (b) *Deferred Tax*

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

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

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

In prior years, deferred tax was provided for at the applicable current tax rates for all material timing differences except where it was reasonably probable that such timing differences will not crystallise in the foreseeable future. In addition, deferred tax benefits were recognised only when there was reasonable assurance of their realisation.

This change in accounting policy has been accounted for retrospectively and the effects are dealt with as prior year adjustments as stated in Note 35 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 5.15 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.

### 5.16 Foreign Currency Transactions and Translations

#### (a) Transactions and Balances In Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia (RM) 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 (RM) 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.

All gains or losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken up in the income statement.

#### (b) Translation of Foreign Currency Financial Statements

For consolidation purposes, the assets and liabilities of foreign entities are translated into Ringgit Malaysia (RM) 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 foreign exchange 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.

#### (c) Principal Closing Rates

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

|                        | 2004<br>RM | 2003<br>RM |
|------------------------|------------|------------|
| 1 US Dollar            | 3.79       | 3.75       |
| 1 Singapore Dollar     | 2.23       | 2.19       |
| 1 Australian Dollar    | 2.70       | 2.47       |
| 1 Chinese Renminbi     | 0.46       | 0.46       |
| 1 Hong Kong Dollar     | 0.49       | 0.48       |
| 1,000 Indonesia Rupiah | 0.40       | 0.45       |
| 1 Euro                 | 4.66       | 4.45       |
| 1 Sterling Pound       | 6.94       | 6.25       |
| 100 Japanese Yen       | 3.48       | 3.24       |

### 5.17 Assets Acquired Under Hire-Purchase and Lease Agreements

Assets acquired under hire-purchase and lease arrangements which transfer substantially all the risks and rewards of ownership to the Group and the Company are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

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.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 5.18 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 is recognised when the Group's or the Company's right to receive payment is established.

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

### 5.19 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.

### 5.20 Segment Information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments as the Group's risk and return are affected predominantly by differences in the products it produces, while the secondary information is reported geographically.

A segment with a majority of operating income earned from providing products or services to external clients and whose operating income results or assets are 10 percent or more of all the segments is reported separately.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance cost and corporate administration expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that is expected to be used for more than one period.

### 5.21 Financial Instruments

#### 5.21.1 Financial Instruments Recognised On The Balance Sheets

##### (a) Share Capital

###### (i) *Classification*

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

###### (ii) *Share Issue Costs*

External costs directly attributable to the issue of new shares are shown as an expense in the income statement.

###### (iii) *Dividends*

Dividends on ordinary shares are recognised in equity in the period in which they are declared.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 5.21.1 Financial Instruments Recognised On The Balance Sheets (cont'd)

#### (a) Share Capital (cont'd)

##### (iv) *Purchase of Own Shares*

Where the Company purchases its equity shares and the equity shares so purchased are retained as treasury shares, the consideration paid, including any attributable transaction costs, is deducted from total shareholders' equity until they are cancelled. Where the treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

#### (b) Borrowings

Interest bearing borrowings are recorded at the gross amount of proceeds received.

#### (c) Other Financial Instruments

The accounting policies for other financial instruments recognised on the balance sheet are disclosed in the individual policy associated with each item.

### 5.21.2 Financial Instruments Not Recognised On The Balance Sheets

#### (a) Foreign Currency Forward Contracts

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

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



# NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 6. PROPERTY, PLANT AND EQUIPMENT

| Group  | Balance at<br>1.6.2003<br>RM'000 | Additions<br>RM'000 | Disposals<br>RM'000 | Subsidiary<br>Companies<br>Disposed<br>of<br>RM'000 | Exchange<br>Fluctuation<br>RM'000 | Written<br>Off<br>RM'000 | Red classi-<br>fication<br>RM'000 | Balance at<br>31.5.2004<br>RM'000 | Net Book<br>Value at<br>31.5.2004<br>RM'000 | Net Book<br>Value at<br>31.5.2003<br>RM'000 |
|--|----------------------------------|---------------------|---------------------|---|-----------------------------------|--------------------------|-----------------------------------|-----------------------------------|---|---|
|  |                                  |                     |                     |   |                                   |                          |                                   |                                   |   |   |
| <b>2004</b>  |                                  |                     |                     |   |                                   |                          |                                   |                                   |   |   |
| <b>Cost/Valuation</b>  |                                  |                     |                     |   |                                   |                          |                                   |                                   |   |   |
| Freehold land and buildings  |                                  |                     |                     |   |                                   |                          |                                   |                                   |   |   |
| - at 2000 valuation  | 8,262                            | -                   | -                   | (2,500)   | -                                 | -                        | -                                 | 5,762                             | 5,639                                       | 8,116                                       |
| Freehold land, at cost   | 8,398                            | -                   | (2,450)             | -   | 73                                | -                        | -                                 | 6,021                             | 5,604                                       | 8,398                                       |
| Long leasehold land and buildings  |                                  |                     |                     |   |                                   |                          |                                   |                                   |   |   |
| - at 1985 valuation  | 8,241                            | 147                 | -                   | -   | -                                 | -                        | -                                 | 8,388                             | 8,067                                       | 7,920                                       |
| - at 2000 valuation  | 33,230                           | -                   | -                   | -   | -                                 | -                        | -                                 | 33,230                            | 30,485                                      | 30,983                                      |
| - at cost  | 45,581                           | -                   | (387)               | -   | 629                               | -                        | (39)                              | 45,784                            | 40,611                                      | 41,311                                      |
| Buildings  |                                  |                     |                     |   |                                   |                          |                                   |                                   |   |   |
| - at 1985 valuation  | 3,301                            | -                   | -                   | -   | -                                 | -                        | -                                 | 3,301                             | 2,488                                       | 2,488                                       |
| - at cost  | 42,850                           | 488                 | (8,896)             | (256)   | 484                               | -                        | 80                                | 34,750                            | 31,888                                      | 38,687                                      |
| Leasehold improvements   | 452                              | 41                  | -                   | -   | -                                 | -                        | -                                 | 493                               | 141   | 107   |
| Plant, machinery and equipment   | 173,537                          | 7,144               | (2,009)             | (1,279)   | (68)                              | (3,955)                  | 3,802                             | 177,172                           | 92,130                                      | 96,496                                      |
| Plant, machinery and equipment<br>under lease and hire-purchase          | 3,361                            | -                   | -                   | -   | -                                 | -                        | (3,361)                           | -                                 | -   | 1,764                                       |
| Motor vehicles   | 24,763                           | 7,046               | (1,629)             | (90)  | (605)                             | -                        | 1,226                             | 30,711                            | 17,244                                      | 14,517                                      |
| Motor vehicles under hire-purchase                                       | 4,455                            | 849                 | (931)               | (269)   | -                                 | -                        | (1,214)                           | 2,890                             | 2,907                                       | 3,173                                       |
| Office equipment, fixtures and fittings                                  | 22,689                           | 3,109               | (942)               | (589)   | 239                               | (237)                    | 494                               | 24,763                            | 11,962                                      | 11,502                                      |
| Office equipment, fixtures and fittings<br>under lease and hire-purchase | 1,141                            | -                   | -                   | -   | -                                 | -                        | -                                 | 1,141                             | 988   | 1,097                                       |
| Building, plant and machinery under<br>construction                      | 2,904                            | 2,107               | -                   | -   | -                                 | -                        | (988)                             | 4,023                             | 4,023                                       | 2,904                                       |
| Mining lease   | 2,326                            | -                   | -                   | (2,326)   | -                                 | -                        | -                                 | -                                 | -   | -   |
| Ships  | 28,097                           | -                   | (6,973)             | -   | -                                 | -                        | -                                 | 21,124                            | 13,708                                      | 16,540                                      |
| Renovation   | 3,990                            | 1,364               | -                   | (70)  | 603                               | (442)                    | -                                 | 5,445                             | 4,239                                       | 3,201                                       |
|  | 417,578                          | 22,295              | (24,217)            | (7,379)   | 1,355                             | (4,634)                  | -                                 | 404,998                           | 272,124                                     | 289,204                                     |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Group   | Balance at<br>1.6.2003<br>RM'000 | Charge<br>for the<br>Financial<br>Year<br>RM'000 | Disposals<br>RM'000 | Subsidiary<br>Companies<br>Disposed<br>of<br>RM'000 | Exchange<br>Fluctuation<br>RM'000 | Written<br>Off<br>RM'000 | Reclassi-<br>fication<br>RM'000 | Balance at<br>31.5.2004<br>RM'000 |
|---|----------------------------------|--|---------------------|---|-----------------------------------|--------------------------|---------------------------------|-----------------------------------|
| <b>2004</b>   |                                  |  |                     |   |                                   |                          |                                 |                                   |
| <b>Accumulated Depreciation</b>                                       |                                  |  |                     |   |                                   |                          |                                 |                                   |
| Freehold land and buildings   |                                  |  |                     |   |                                   |                          |                                 |                                   |
| - at 2000 valuation   | 146                              | 40   | -                   | (75)  | -                                 | -                        | 12                              | 123                               |
| Freehold land, at cost  | -                                | 417  | -                   | -   | -                                 | -                        | -                               | 417                               |
| Long leasehold land and buildings                                     |                                  |  |                     |   |                                   |                          |                                 |                                   |
| - at 1985 valuation   | 321                              | -  | -                   | -   | -                                 | -                        | -                               | 321                               |
| - at 2000 valuation   | 1,577                            | 498  | -                   | -   | -                                 | -                        | -                               | 2,075                             |
| - at cost   | 4,270                            | 1,020  | -                   | -   | 81                                | -                        | (198)                           | 5,173                             |
| Buildings   |                                  |  |                     |   |                                   |                          |                                 |                                   |
| - at 1985 valuation   | 813                              | -  | -                   | -   | -                                 | -                        | -                               | 813                               |
| - at cost   | 4,163                            | 1,383  | (2,708)             | (256)   | 94                                | -                        | 186                             | 2,862                             |
| Leasehold improvements  | 345                              | 7  | -                   | -   | -                                 | -                        | -                               | 352                               |
| Plant, machinery and equipment  | 75,475                           | 13,852   | (1,701)             | (894)   | (107)                             | (3,838)                  | 1,918                           | 84,705                            |
| Plant, machinery and equipment under lease and hire-purchase          | 1,597                            | 327  | -                   | -   | -                                 | -                        | (1,924)                         | -                                 |
| Motor vehicles  | 10,246                           | 3,549  | (1,213)             | (56)  | (52)                              | -                        | 993                             | 13,467                            |
| Motor vehicles under hire-purchase                                    | 1,282                            | 533  | (698)               | (141)   | -                                 | -                        | (993)                           | (17)                              |
| Office equipment, fixtures and fittings                               | 10,130                           | 2,803  | (851)               | (360)   | 212                               | (196)                    | 6                               | 11,744                            |
| Office equipment, fixtures and fittings under lease and hire-purchase | 44                               | 109  | -                   | -   | -                                 | -                        | -                               | 153                               |
| Building, plant and machinery under construction                      | -                                | -  | -                   | -   | -                                 | -                        | -                               | -                                 |
| Mining lease  | 2,326                            | -  | -                   | (2,326)   | -                                 | -                        | -                               | -                                 |
| Ships   | 11,557                           | 835  | (4,976)             | -   | -                                 | -                        | -                               | 7,416                             |
| Renovation  | 789                              | 545  | -                   | (34)  | 20                                | (114)                    | -                               | 1,206                             |
|   | 125,081                          | 25,918   | (12,147)            | (4,142)   | 248                               | (4,148)                  | -                               | 130,810                           |



# NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

| Group                                   | Balance at<br>1.6.2003<br>RM'000 | Disposal<br>RM'000 | Balance at<br>31.5.2004<br>RM'000 |
|---|----------------------------------|--------------------|-----------------------------------|
| <b>2004</b>                             |                                  |                    |                                   |
| <b>Impairment Losses</b>                |                                  |                    |                                   |
| Long leasehold land and buildings       |                                  |                    |                                   |
| - at 2000 valuation                     | 670                              | -                  | 670                               |
| Plant, machinery and equipment          | 1,566                            | (1,229)            | 337                               |
| Office equipment, fixtures and fittings | 1,057                            | -                  | 1,057                             |
|   | 3,293                            | (1,229)            | 2,064                             |

| Company   | Balance at<br>1.6.2003<br>RM'000 | Additions<br>RM'000 | Disposals<br>RM'000 | Written<br>Off<br>RM'000 | Reclassi-<br>fication<br>RM'000 | Balance<br>at<br>31.5.2004<br>RM'000 | Net Book<br>Value at<br>31.5.2004<br>RM'000 | Net Book<br>Value at<br>31.5.2003<br>RM'000 |
|---|----------------------------------|---------------------|---------------------|--------------------------|---------------------------------|--------------------------------------|---|---|
| <b>2004</b>   |                                  |                     |                     |                          |                                 |                                      |   |   |
| <b>Cost/Valuation</b>   |                                  |                     |                     |                          |                                 |                                      |   |   |
| Long leasehold land<br>and buildings                              |                                  |                     |                     |                          |                                 |                                      |   |   |
| - at 2000 valuation   | 26,800                           | -                   | -                   | -                        | -                               | 26,800                               | 25,218                                      | 25,598                                      |
| Motor vehicles  | 59                               | 445                 | -                   | -                        | 928                             | 1,432                                | 585   | 37  |
| Motor vehicles under<br>hire-purchase                             | 1,584                            | 372                 | (656)               | -                        | (928)                           | 372                                  | 327   | 587   |
| Office equipment,<br>fixtures and fittings                        | 847                              | 28                  | -                   | (4)                      | -                               | 871                                  | 353   | 425   |
| Office equipment,<br>fixtures and fittings<br>under hire-purchase | 989                              | -                   | -                   | -                        | -                               | 989                                  | 880   | 989   |
| Renovation  | 993                              | 1,259               | -                   | (438)                    | -                               | 1,814                                | 1,634                                       | 892   |
|   | 31,272                           | 2,104               | (656)               | (442)                    | -                               | 32,278                               | 28,997                                      | 28,528                                      |

|  | Balance at<br>1.6.2003<br>RM'000 | Charge<br>for the<br>Financial<br>Year<br>RM'000 | Disposals<br>RM'000 | Written<br>Off<br>RM'000 | Reclassi-<br>fication<br>RM'000 | Balance at<br>31.5.2004<br>RM'000 |
|--|----------------------------------|--|---------------------|--------------------------|---------------------------------|-----------------------------------|
| <b>Accumulated Depreciation</b>                                |                                  |  |                     |                          |                                 |                                   |
| Long leasehold land and buildings                              |                                  |  |                     |                          |                                 |                                   |
| - at 2000 valuation  | 1,202                            | 380  | -                   | -                        | -                               | 1,582                             |
| Motor vehicles   | 22                               | 56   | -                   | -                        | 769                             | 847                               |
| Motor vehicles under hire-purchase                             | 997                              | 265  | (448)               | -                        | (769)                           | 45                                |
| Office equipment,<br>fixtures and fittings                     | 422                              | 96   | -                   | -                        | -                               | 518                               |
| Office equipment, fixtures and fittings<br>under hire-purchase | -                                | 109  | -                   | -                        | -                               | 109                               |
| Renovation   | 101                              | 189  | -                   | (110)                    | -                               | 180                               |
|  | 2,744                            | 1,095  | (448)               | (110)                    | -                               | 3,281                             |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Certain property, plant and equipment of the Group costing RM79,937,000 (2003: RM110,006,000) have been charged as securities for banking facilities granted to the Group as disclosed in Notes 21 and 23 to the financial statements.

The long leasehold land and buildings of the Company with net book value of RM25,218,000 (2003: RM25,598,000) have been charged as securities for the long term loan granted to the Company as disclosed in Notes 21 and 23 to the financial statements.

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

### 7. DEVELOPMENT PROPERTY

|  | Group          |                |
|--|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 |
| Freehold land - at cost                          | -              | 3,727          |
| Development expenditure                          | -              | 36,454         |
|  | -              | 40,181         |
| Less: Long term portion                          | -              | (20,516)       |
|  | -              | 19,665         |
| Add: Attributable profit recognised              | -              | 8,954          |
|  | -              | 28,619         |
| Less: Progress billings                          | -              | (22,865)       |
| Short term portion included under current assets | -              | 5,754          |

In 2003, a development property costing RM1,919,000 was charged to a licensed bank as security for a bank overdraft facility granted to a subsidiary company.

### 8. INVESTMENT PROPERTY

|                             | Group          |                |
|-----------------------------|----------------|----------------|
|                             | 2004<br>RM'000 | 2003<br>RM'000 |
| Freehold land and buildings | 2,100          | 969            |

### 9. INVESTMENT IN SUBSIDIARY COMPANIES

|                           | Group          |                |
|---------------------------|----------------|----------------|
|                           | 2004<br>RM'000 | 2003<br>RM'000 |
| Unquoted shares - at cost | 265,727        | 266,837        |
| Less: Impairment loss     | (6,165)        | (4,603)        |
|                           | 259,562        | 262,234        |

The subsidiary companies are listed in Note 50 to the financial statements.





## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 9. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

#### 9.1 Additional Investments In/Acquisition of Subsidiary Companies

During the financial year, the Group acquired the following:

- (a) additional 1,152,000 ordinary shares of HK\$10 each representing 29.8% equity interest in ChemResources China (Agencies) Ltd ("CRC") for cash consideration of HK\$6,125,000 (RM3,005,000 equivalent). Consequently, the Group's equity interest in CRC increased from 54.8% to 84.6%.
- (b) additional 1,006,008 new ordinary shares of RM1 each in HSO Business Systems Sdn. Bhd. ("HSO") at par for cash pursuant to an offer by the directors of HSO to take up the rights issue shares renounced by its shareholders. Consequently, the Group's equity interest in HSO increased from 25.1% to 47.8%.

In the previous financial year, the Group acquired the following subsidiary companies:

- (a) 50.96% equity interest in SM Integrated Transware Pte. Ltd. ("SMIT") for cash consideration of S\$6,000,000 (RM13,304,000 equivalent). Goodwill arising on this acquisition amounting to RM4,217,000 has been accounted for using the acquisition method of accounting effective from September 2002.
- (b) 100% equity interest in MSB Solutions Sdn. Bhd. for cash consideration of RM2. Goodwill arising on this acquisition amounting to RM109,000 has been accounted for using the acquisition method of accounting effective from February 2003.

The effects of the acquisitions in the previous financial year on the financial results of the Group for the financial year ended 31 May 2003 were as follows:

|                              | RM'000   |
|------------------------------|----------|
| Revenue                      | 18,266   |
| Operating costs              | (17,712) |
| Profit before tax            | 554      |
| Tax expense                  | (181)    |
| Profit after tax             | 373      |
| Minority interests           | (245)    |
| Increase in Group net profit | 128      |

The effects of these acquisitions on the financial position of the Group at the end of the financial year ended 31 May 2003 were as follows:

|   | RM'000   |
|---|----------|
| Property, plant and equipment               | 44,465   |
| Trade receivables                           | 5,790    |
| Other receivables, deposits and prepayments | 1,385    |
| Short term deposits                         | 36       |
| Cash and bank balances                      | 926      |
| Trade payables                              | (2,171)  |
| Other payables and accruals                 | (1,376)  |
| Borrowings                                  | (23,067) |
| Tax liabilities                             | (317)    |
| Deferred tax liabilities                    | (1,861)  |
| Amount owing to directors                   | (3,169)  |
| Minority interests                          | (2,256)  |
| Increase in Group net assets                | 18,385   |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 9. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

#### 9.2 Disposal of Subsidiary Companies

During the financial year, the Group disposed of the following:

- (a) 90% equity interest and 13,310 8% non-convertible cumulative redeemable preference shares in Material Performance Engineering Sdn. Bhd. ("MPE") for cash considerations of RM3,500,000 and RM1 respectively.
- (b) 70% equity interest in Wandeerfull Property and Development Sdn. Bhd. ("WPDSB") for cash consideration of RM4,791,000.
- (c) 50.1% equity interest in MSB Solutions Sdn. Bhd. ("MSB") for cash consideration of RM62,500.
- (d) 25.1% equity interest in HSO Business Solutions Sdn. Bhd. ("HSOB") for cash consideration of RM10.

The effects of the disposal of MPE, WPDSB, MSB and HSOB on the financial results of the Group are as follows:

|  | Up to the Date<br>of Disposal<br>2004<br>RM'000 | *2003<br>RM'000 |
|--|---|-----------------|
| Operating revenue                        | 11,559  | 38,758          |
| Cost of sales                            | (7,536)   | (25,709)        |
| Operating costs                          | (1,786)   | (1,193)         |
| Gain on disposal of subsidiary companies | 15,310  | -               |
| Profit from operations                   | 17,547  | 11,856          |
| Finance costs                            | (95)  | (307)           |
|  | 17,452  | 11,549          |
| Tax expense                              | (570)   | (2,323)         |
| Increase in Group net profit             | 16,882  | 9,226           |

The effects of the disposal of MPE, WPDSB, MSB and HSOB on the financial position of the Group are as follows:

|   | At the Date<br>of Disposal<br>2004<br>RM'000 | *2003<br>RM'000 |
|---|--|-----------------|
| Fair value of assets and liabilities disposed of: |  |                 |
| Property, plant and equipment                     | 3,237  | 3,321           |
| Intangible assets                                 | 62   | 69              |
| Goodwill on consolidation                         | 5  | 5               |
| Development properties                            | 25,735                                       | 26,070          |
| Inventories                                       | 3,662  | 3,196           |
| Receivables                                       | 5,402  | 8,332           |
| Tax recoverable                                   | 292  | -               |
| Short term deposits                               | 358  | 621             |
| Cash and bank balances                            | 11,499                                       | 7,848           |
| Payables  | (56,036)                                     | (54,494)        |
| Bank overdrafts                                   | (89)   | -               |
| Short term bank borrowings                        | (2,661)                                      | (4,454)         |
| Hire-purchase creditors                           | (107)  | -               |
| 8% non-cumulative redeemable preference shares    | -  | (27)            |
| Tax liabilities                                   | -  | (298)           |
| Increase in Group net assets                      | (8,641)                                      | (9,811)         |

The effects of the disposal of MPE, WPDSB, MSB and HSOB on the cash flows of the Group are disclosed in Note 38 to the financial statements.

\* The comparative figures represent financial results and financial positions of MPE, WPDSB, MSB and HSOB which had been consolidated in the financial statements of the Group in the previous financial year.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 9. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

## 9.3 Non-Consolidation of Subsidiary Companies

The consolidated financial statements of the Group do not deal with the following subsidiary companies which are in the process of winding-up:

- (i) Sun Chemicals Sdn. Bhd.
- (ii) Consolidated Specialties Sdn. Bhd.
- (iii) ChemSing Chemicals Distribution (China) Limited

The effects of the non-consolidation of these companies on the financial results of the Group are as follows:

|  | <b>Up to the Date of<br/>Non-Consolidation<br/>2004<br/>RM'000</b> | <b>*2003<br/>RM'000</b> |
|--|--|-------------------------|
| Operating revenue  | -  | 1,824                   |
| Cost of sales  | -  | (1,652)                 |
| Operating costs  | (1)  | (71)                    |
| Surplus arising from subsidiary companies not consolidated | 549  | -                       |
| Profit from operations                                     | 548  | 101                     |
| Tax expense  | -  | (17)                    |
| Increase in Group net profit                               | 548  | 84                      |

The effects of the non-consolidation of these companies on the financial position of the Group are as follows:

|                              | <b>At the Date of<br/>Non-Consolidation<br/>2004<br/>RM'000</b> | <b>*2003<br/>RM'000</b> |
|------------------------------|---|-------------------------|
| Goodwill on consolidation    | 112   | 112                     |
| Tax recoverable              | 119   | 126                     |
| Receivables                  | 1,086   | 1,118                   |
| Cash and bank balances       | 51  | 43                      |
| Payables                     | (1,637)   | (1,667)                 |
| Increase in Group net assets | (269)   | (268)                   |

The effects of the non-consolidation of these companies on the cash flows of the Group are disclosed in Note 39 to the financial statements.

\* The comparative figures represent financial results and financial positions of the above subsidiary companies that had been consolidated in the financial statements of the Group in the previous financial year.

## 10. AMOUNTS OWING BY SUBSIDIARY COMPANIES

|   | <b>Company<br/>2004<br/>RM'000</b> | <b>2003<br/>RM'000</b> |
|---|------------------------------------|------------------------|
| Amount which bears interest ranging from 8% to 10%<br>(2003: 8% to 10%) per annum | -                                  | 14,783                 |
| Non-interest bearing amount   | 28,272                             | 8,833                  |
|   | 28,272                             | 23,616                 |

The amounts owing by subsidiary companies represent mainly advances and payments made on behalf. The amounts owing are unsecured and not repayable within the next 12 months.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 11. INVESTMENT IN ASSOCIATED COMPANIES

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Unquoted shares - at cost                 | 10,752         | 13,197         | 3,193          | 5,570          |
| Group's share of post acquisition results | 2,150          | 1,611          | -              | -              |
|   | 12,902         | 14,808         | 3,193          | 5,570          |

The Group's investment in associated companies is represented by:

|                             |        |        |
|-----------------------------|--------|--------|
| Group's share of net assets | 12,902 | 14,808 |
|-----------------------------|--------|--------|

The details of the associated companies are disclosed in Note 50 to the financial statements.

### 12. OTHER INVESTMENTS

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Long term                               |                |                |                |                |
| - shares quoted in Malaysia             | 2,887          | 33,080         | 2,887          | 33,080         |
| - shares quoted outside Malaysia        | 7,409          | 7,409          | 7,409          | 7,409          |
| - unquoted investments                  | 8,099          | 3,790          | 4,378          | 210            |
|   | 18,395         | 44,279         | 14,674         | 40,699         |
| Less: Provision for diminution in value | (2,460)        | -              | (2,460)        | -              |
|   | 15,935         | 44,279         | 12,214         | 40,699         |
| Market value                            |                |                |                |                |
| - quoted shares in Malaysia             | 1,224          | 13,699         | 1,224          | 13,699         |
| - quoted shares outside Malaysia        | 4,806          | 5,104          | 4,806          | 5,104          |

In 2003, quoted shares in Malaysia costing RM33,080,000 were charged to a licensed financial institution as security for a credit facility granted to the Company.

### 13. INTANGIBLE ASSETS

|                                | Group          |                |
|--------------------------------|----------------|----------------|
|                                | 2004<br>RM'000 | 2003<br>RM'000 |
| Products registration fees     | 52             | 52             |
| Trademarks and patents         | -              | 138            |
| Technical know-how             | 740            | 639            |
| Ship maintenance expenses      | 7,473          | 6,002          |
| Development expenditure        | 28,348         | 16,928         |
|                                | 36,613         | 23,759         |
| Less: Accumulated amortisation | (25,272)       | (14,633)       |
|                                | 11,341         | 9,126          |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 14. GOODWILL ON CONSOLIDATION

|  | Group          |                |
|--|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 |
| As at beginning of the financial year  | 57,549         | 59,028         |
| Arising from acquisition of subsidiary companies (Note 37)                   | -              | 4,327          |
| Winding up of subsidiary companies   | (112)          | 218            |
| Arising from additional investment in subsidiary companies                   | 2,994          | -              |
| Impairment of goodwill in subsidiary companies                               | (8,059)        | (5,015)        |
| Disposal of subsidiary companies   | (4,882)        | -              |
| Partial disposal of subsidiary companies                                     | (2,585)        | (83)           |
| Dilution of interest in a subsidiary company                                 | -              | (50)           |
| Reduction in cost of investment resulting from discount given by the vendors | -              | (480)          |
| Adjustment to cost of investment in a subsidiary company                     | -              | (396)          |
| As at end of the financial year  | 44,905         | 57,549         |

### 15. INVENTORIES

|                                | Group          |                |
|--------------------------------|----------------|----------------|
|                                | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>At Cost</b>                 |                |                |
| Raw materials                  | 66,173         | 53,422         |
| Packing materials              | 172            | 190            |
| Work-in-progress               | 35,985         | 23,257         |
| Finished goods                 | 39,169         | 39,504         |
| Consumables                    | 1,064          | 186            |
|                                | 142,563        | 116,559        |
| <b>At Net Realisable Value</b> |                |                |
| Finished goods                 | 204            | 5,408          |
|                                | 142,767        | 121,967        |

Inventories of the Group with carrying amount of RM1,522,000 (2003: Nil) have been charged to licensed banks for credit facilities granted to a subsidiary company.

### 16. RECEIVABLES

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Trade receivables                  | 305,499        | 274,565        | -              | -              |
| Less: Allowance for doubtful debts | (10,716)       | (11,915)       | -              | -              |
|                                    | 294,783        | 262,650        | -              | -              |
| Other receivables                  | 21,943         | 9,668          | 2              | 42             |
| Less: Allowance for doubtful debts | (71)           | (71)           | -              | -              |
|                                    | 21,872         | 9,597          | 2              | 42             |
| Deposits                           | 2,828          | 2,797          | 156            | 160            |
| Prepayments                        | 18,884         | 12,322         | 863            | 128            |
|                                    | 43,584         | 24,716         | 1,021          | 330            |
|                                    | 338,367        | 287,366        | 1,021          | 330            |

During the financial year, bad debts of RM668,000 (2003: RM14,000) have been written off against the allowance for doubtful debts.

The credit term offered by the Group in respect of trade receivables range from 30 to 90 days from date of invoice.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 16. RECEIVABLES (cont'd)

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| The currency exposure of the trade receivables and other receivables is as follows: |                |                |                |                |
| Ringgit Malaysia  | 226,736        | 214,785        | 2              | 42             |
| US Dollar   | 65,629         | 51,740         | -              | -              |
| Singapore Dollar  | 10,247         | 10,711         | -              | -              |
| Australian Dollar   | -              | 1,756          | -              | -              |
| Sterling Pound  | -              | 1,308          | -              | -              |
| Hong Kong Dollar  | 16,523         | 902            | -              | -              |
| Japanese Yen  | -              | 429            | -              | -              |
| Euro  | 4,975          | -              | -              | -              |
| others  | 3,332          | 2,602          | -              | -              |
|   | 327,442        | 284,233        | 2              | 42             |

### 17. AMOUNTS OWING BY/TO SUBSIDIARY COMPANIES

|  | Group          |                |
|--|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 |
| Amounts owing by subsidiary companies:                   |                |                |
| - non-interest bearing amount                            | 4,137          | 12,942         |
| Amounts owing to subsidiary companies:                   |                |                |
| - amount which bears interest at 8% (2003: 8%) per annum | 39,338         | 47,326         |
| - non-interest bearing amount                            | 10,347         | 9,525          |
|  | 49,685         | 56,851         |

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

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

### 18. AMOUNTS OWING BY/TO ASSOCIATED COMPANIES

|                                       | Group          |                | Company        |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Amounts owing by associated companies | 688            | 948            | 4              | 426            |
| Less: Allowance for doubtful debts    | (440)          | -              | -              | -              |
|                                       | 248            | 948            | 4              | 426            |

The amounts owing by associated companies represent balances arising from normal trade transactions and advances which are unsecured and have no fixed terms of repayment except for balances arising from trade transactions which are payable under normal trade credit terms. The advances bear interest at 8% (2003: 8%) per annum.

The amounts owing to associated companies represent balances arising from normal trade transactions which are unsecured, interest-free and payable under normal trade credit terms.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 19. SHORT TERM DEPOSITS

|                                   | Group          |                | Company        |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Short term deposits with:         |                |                |                |                |
| - licensed banks                  | 30,596         | 15,200         | -              | -              |
| - licensed financial institutions | -              | 4,972          | -              | -              |
|                                   | 30,596         | 20,172         | -              | -              |

Included in the short term deposits of the Group are amounts totalling RM2,640,000 (2003: RM2,996,000) which have been pledged to licensed banks for banking facilities granted to subsidiary companies.

### 20. PAYABLES

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Trade payables   | 127,867        | 115,217        | -              | -              |
| Other payables   | 27,200         | 34,111         | 861            | 1,831          |
| Accruals   | 12,855         | 14,818         | 421            | 550            |
| Amounts owing to directors of subsidiary companies             | 46             | 80             | -              | -              |
| Amounts owing to minority shareholders of subsidiary companies | 1,607          | 14,244         | -              | -              |
|  | 169,575        | 178,470        | 1,282          | 2,381          |

Amounts owing to directors of subsidiary companies represent advances which are unsecured, interest-free and have no fixed terms of repayment.

Amounts owing to minority shareholders of subsidiary companies are in respect of trade transactions, dividends payable and advances which are unsecured, interest-free and have no fixed terms of repayment.

The credit term available to the Group in respect of trade payables range from 7 to 120 days from date of invoice.

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| The currency exposure of the payables, other than accruals, is as follows: |                |                |                |                |
| Ringgit Malaysia   | 107,709        | 141,151        | 861            | 1,831          |
| US Dollar  | 26,954         | 17,024         | -              | -              |
| Singapore Dollar   | 3,135          | 2,642          | -              | -              |
| Sterling Pound   | 59             | 1,131          | -              | -              |
| Euro   | 2,570          | 907            | -              | -              |
| Japanese Yen   | -              | 463            | -              | -              |
| Australian Dollar  | 53             | 124            | -              | -              |
| Hong Kong Dollar   | 16,120         | 118            | -              | -              |
| Others   | 120            | 92             | -              | -              |
|  | 156,720        | 163,652        | 861            | 1,831          |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 21. BORROWINGS

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>Current Liabilities</b>                   |                |                |                |                |
| <b>Unsecured</b>                             |                |                |                |                |
| Bankers' acceptances                         | 34,901         | 58,280         | -              | -              |
| Revolving credits                            | 103,035        | 127,869        | 11,400         | 24,400         |
| Short term loan                              | 3,145          | -              | -              | -              |
| Trust receipts                               | 1,500          | -              | -              | -              |
| Bank overdrafts                              | 9,069          | 11,477         | 1,534          | 1,847          |
|  | 151,650        | 197,626        | 12,934         | 26,247         |
| <b>Secured</b>                               |                |                |                |                |
| Bankers' acceptances                         | 647            | 4,838          | -              | -              |
| Bank overdrafts                              | 5,338          | 6,839          | -              | -              |
| Hire-purchase and lease creditors (Note 22)  | 3,930          | 3,277          | 323            | 468            |
| Trust receipts                               | -              | 4,423          | -              | -              |
| Revolving credits                            | 2,000          | 6,000          | -              | 4,000          |
| Short term loan                              | 3,813          | 13,000         | -              | 13,000         |
| Current portion of long term loans (Note 23) | 39,298         | 37,360         | 5,000          | 15,000         |
|  | 55,026         | 75,737         | 5,323          | 32,468         |
|  | 206,676        | 273,363        | 18,257         | 58,715         |
| <b>Long Term Liabilities</b>                 |                |                |                |                |
| <b>Secured</b>                               |                |                |                |                |
| Hire-purchase and lease creditors (Note 22)  | 4,367          | 3,252          | 246            | 339            |
| Long term loans (Note 23)                    | 93,593         | 46,826         | -              | 5,000          |
|  | 97,960         | 50,078         | 246            | 5,339          |
| <b>Total Borrowings</b>                      |                |                |                |                |
| <b>Unsecured</b>                             |                |                |                |                |
| Bankers' acceptances                         | 34,901         | 58,280         | -              | -              |
| Revolving credits                            | 103,035        | 127,869        | 11,400         | 24,400         |
| Short term loan                              | 3,145          | -              | -              | -              |
| Trust receipts                               | 1,500          | -              | -              | -              |
| Bank overdrafts                              | 9,069          | 11,477         | 1,534          | 1,847          |
|  | 151,650        | 197,626        | 12,934         | 26,247         |
| <b>Secured</b>                               |                |                |                |                |
| Bankers' acceptances                         | 647            | 4,838          | -              | -              |
| Bank overdrafts                              | 5,338          | 6,839          | -              | -              |
| Hire-purchase and lease creditors (Note 22)  | 8,297          | 6,529          | 569            | 807            |
| Trust receipts                               | -              | 4,423          | -              | -              |
| Revolving credits                            | 2,000          | 6,000          | -              | 4,000          |
| Short term loan                              | 3,813          | 13,000         | -              | 13,000         |
| Long term loans (Note 23)                    | 132,891        | 84,186         | 5,000          | 20,000         |
|  | 152,986        | 125,815        | 5,569          | 37,807         |
|  | 304,636        | 323,441        | 18,503         | 64,054         |





## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 21. BORROWINGS (cont'd)

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 6 to the financial statements and are guaranteed by the Company.

In 2003, the short term loan of the Company was secured by the shares quoted in Malaysia as disclosed in Note 12 to the financial statements and unquoted shares in a subsidiary company.

The interest rates on the borrowings of the Group and of the Company range from 0.5% to 9.8% (2003: 1.0% to 10.0%) and 4.3% to 7.5% (2003: 4.4% to 10.0%) respectively.

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| The currency exposure of the borrowings is as follows: |                |                |                |                |
| Ringgit Malaysia                                       | 239,323        | 259,940        | 18,503         | 64,054         |
| Singapore Dollar                                       | 22,041         | 23,067         | -              | -              |
| Australian Dollar                                      | 19,511         | 22,611         | -              | -              |
| US Dollar  | 18,386         | 13,069         | -              | -              |
| Hong Kong Dollar                                       | 3,545          | 4,754          | -              | -              |
| Chinese Renminbi                                       | 1,830          | -              | -              | -              |
|  | 304,636        | 323,441        | 18,503         | 64,054         |

The maturity dates of the borrowings and the exposure to interest risk are as follows:

|   | Islamic<br>Financing<br>RM'000 | Fixed<br>Rate<br>RM'000 | Floating<br>Rate<br>RM'000 | Total<br>RM'000 |
|---|--------------------------------|-------------------------|----------------------------|-----------------|
| <b>Group</b>                                  |                                |                         |                            |                 |
| <b>As at 31 May 2004</b>                      |                                |                         |                            |                 |
| Current liabilities:                          |                                |                         |                            |                 |
| - within one year                             | -                              | 8,930                   | 197,746                    | 206,676         |
| Long term liabilities:                        |                                |                         |                            |                 |
| - more than one year and less than five years | 80,000                         | 4,367                   | 13,593                     | 97,960          |
|   | 80,000                         | 13,297                  | 211,339                    | 304,636         |
| <b>Group</b>                                  |                                |                         |                            |                 |
| <b>As at 31 May 2003</b>                      |                                |                         |                            |                 |
| Current liabilities:                          |                                |                         |                            |                 |
| - within one year                             | -                              | 44,152                  | 229,211                    | 273,363         |
| Long term liabilities:                        |                                |                         |                            |                 |
| - more than one year and less than five years | -                              | 28,382                  | 21,625                     | 50,007          |
| - five years or more                          | -                              | 71                      | -                          | 71              |
|   | -                              | 28,453                  | 21,625                     | 50,078          |
|   | -                              | 72,605                  | 250,836                    | 323,441         |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 21. BORROWINGS (cont'd)

|   | Fixed<br>Rate<br>RM'000 | Floating<br>Rate<br>RM'000 | Total<br>RM'000 |
|---|-------------------------|----------------------------|-----------------|
| <b>Company</b>                                |                         |                            |                 |
| <b>As at 31 May 2004</b>                      |                         |                            |                 |
| Current liabilities:                          |                         |                            |                 |
| - within one year                             | 5,323                   | 12,934                     | 18,257          |
| Long term liabilities:                        |                         |                            |                 |
| - more than one year and less than five years | 246                     | -                          | 246             |
|   | 5,569                   | 12,934                     | 18,503          |
| <b>Company</b>                                |                         |                            |                 |
| <b>As at 31 May 2003</b>                      |                         |                            |                 |
| Current liabilities:                          |                         |                            |                 |
| - within one year                             | 28,469                  | 30,246                     | 58,715          |
| Long term liabilities:                        |                         |                            |                 |
| - more than one year and less than five years | 5,339                   | -                          | 5,339           |
|   | 33,808                  | 30,246                     | 64,054          |

### 22. HIRE-PURCHASE AND LEASE CREDITORS

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Minimum hire-purchase and lease payments:            |                |                |                |                |
| - not later than one year                            | 4,422          | 3,637          | 359            | 519            |
| - later than one year and not later than five years  | 4,664          | 3,564          | 277            | 357            |
| - later than five years                              | 169            | 90             | -              | -              |
|  | 9,255          | 7,291          | 636            | 876            |
| Less: Future interest charges                        | (958)          | (762)          | (67)           | (69)           |
| Present value of hire-purchase and lease liabilities | 8,297          | 6,529          | 569            | 807            |
| Repayable as follows:                                |                |                |                |                |
| Current liabilities:                                 |                |                |                |                |
| - not later than one year                            | 3,930          | 3,277          | 323            | 468            |
| Long term liabilities:                               |                |                |                |                |
| - later than one year and not later than five years  | 4,234          | 3,181          | 246            | 339            |
| - later than five years                              | 133            | 71             | -              | -              |
|  | 4,367          | 3,252          | 246            | 339            |
|  | 8,297          | 6,529          | 569            | 807            |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 23. LONG TERM LOANS

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>Secured</b>                                    |                |                |                |                |
| As at 31 May                                      | 132,891        | 84,186         | 5,000          | 20,000         |
| Repayable within the next twelve months (Note 21) | (39,298)       | (37,360)       | (5,000)        | (15,000)       |
| Repayable after the next twelve months (Note 21)  | 93,593         | 46,826         | -              | 5,000          |

Included in the long term loans of the Group is RM80,000,000 Bithaman Ajil Serial Bonds ("BBASerial Bonds") issued by Tamco Corporate Holdings Berhad ("Tamco"), a subsidiary company. The BBA Serial Bonds are negotiable non-interest bearing primary bonds together with secondary bonds which face value represents the semi-annual profit payment on the BBASerial Bonds. The BBASerial Bonds are issued in 2 series with tenure of 3 years and 5 years respectively from the date of issue and are redeemable at 100% of their face value upon maturity.

The secondary bonds are redeemable semi-annually, the first redemption commencing 6 months after the issue date of the BBASerial Bonds.

Tamco sold all its rights, benefits and title under an Asset Purchase Agreement at the purchase price of RM80,000,000 and immediately entered into an Asset Sale Agreement to repurchase these assets for RM100,580,000 being the aggregate of the purchase price and the profit for the BBASerial Bonds. The profit rate ranges from 5.3% to 5.80% per annum.

The BBA Serial Bonds are secured by way of a negative pledge over all the present and future fixed and floating assets of Tamco.

Other than as disclosed in Note 6 to the financial statements, the long term loans of the Group 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; and
- (iv) certain short term deposits of subsidiary companies.

### 24. SHARE CAPITAL

|                                       | Group               |         | Company             |         |
|---------------------------------------|---------------------|---------|---------------------|---------|
|                                       | 2004                |         | 2003                |         |
|                                       | Number<br>of Shares | RM'000  | Number<br>of Shares | RM'000  |
| Ordinary shares of RM1 each:          |                     |         |                     |         |
| Authorised                            | 500,000,000         | 500,000 | 500,000,000         | 500,000 |
| Issued and fully paid:                |                     |         |                     |         |
| As at beginning of the financial year | 120,507,195         | 120,507 | 120,503,195         | 120,503 |
| Issues of ordinary shares under ESOS  | 2,364,000           | 2,364   | 4,000               | 4       |
| Private placement                     | 11,700,000          | 11,700  | -                   | -       |
| Bonus issues                          | 67,285,572          | 67,286  | -                   | -       |
| As at end of the financial year       | 201,856,767         | 201,857 | 120,507,195         | 120,507 |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 24. SHARE CAPITAL (cont'd)

During the financial year, the issued and fully paid-up share capital of the Company was increased from 120,507,195 ordinary shares of RM1 each to 201,856,767 ordinary shares of RM1 each by way of:

- (a) Issues of 2,364,000 new ordinary shares of RM1 each for cash pursuant to the exercise of share options granted under the ESOS at the following exercise prices:

| Exercise Price<br>(RM) | Number of Shares |
|------------------------|------------------|
| 1.000                  | 729,000          |
| 1.290                  | 687,000          |
| 1.470                  | 133,000          |
| 1.476                  | 815,000          |
|                        | <u>2,364,000</u> |

- (b) Issues of 11,700,000 new ordinary shares of RM1 each at par for cash pursuant to a private placement; and

- (c) Bonus issue of 67,285,572 new ordinary shares of RM1 each by way of capitalising the share premium account of the Company.

The abovementioned new ordinary shares rank pari passu in all respects with the then existing ordinary shares of the Company.

During the financial year, the Company sold 2,817,000 ordinary shares in the Company being held as treasury shares by the Company under Section 67A(3A)(b) of the Companies Act, 1965 for total net sale proceeds of RM4,843,000. A sum of RM701,000, being the excess of the total net sale proceeds over the carrying amount of the treasury shares, is shown as an addition to the share premium account of the Company.

During the financial year, the Company purchased 1,848,600 of its ordinary shares from the open market at a total cost of RM1,473,000. These ordinary shares are being held as treasury shares as defined under Section 67A(3A)(b) of the Companies Act, 1965 as at 31 May 2004.

The number of outstanding ordinary shares in issue after deducting the treasury shares is 200,008,167 ordinary shares of RM1 each as at 31 May 2004.

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 ESOS 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.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 24. SHARE CAPITAL (cont'd)

- (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 the 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 Bursa Malaysia Securities Berhad for the 5 preceding market days immediately prior to the date of offer or the last transacted price of the shares of the Company on the market day immediately prior to the date of offer, whichever is higher and in no event should be lower than the par value of the shares of the Company.
- (f) Any share option exercised shall be in multiples of and not less than 1,000 shares and in accordance with the limits set out in the table below:

| Number Of Shares Comprised In Option Granted | Maximum Percentage of Option Exercisable 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.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 24. SHARE CAPITAL (cont'd)

(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. They are also not entitled to any right to participate by virtue of the options in any share issue of any other company.

The movements in the unissued shares under the ESOS which have been granted and their exercise price per share from the beginning of the financial year to the end of the financial year were as follows:

| Options Over Ordinary Shares of RM1 Each |                                   |                              |                 |                   |   |                   |                              |
|--|-----------------------------------|------------------------------|-----------------|-------------------|---|-------------------|------------------------------|
| Date of Offer                            | Option<br>Exercise<br>Price<br>RM | Balance at<br>1 June<br>'000 | Granted<br>'000 | Exercised<br>'000 | Adjustments<br>for Bonus<br>Issue<br>'000 | Forfeited<br>'000 | Balance at<br>31 May<br>'000 |
| <b>2004</b>                              |                                   |                              |                 |                   |   |                   |                              |
| 16 April 1999                            | RM1.476                           | 1,762                        | -               | (815)             | 411                                       | (1,358)           | -                            |
| 15 March 2000                            | RM3.680                           | 593                          | -               | -                 | 257                                       | (850)             | -                            |
| 22 March 2001                            | RM1.470                           | 551                          | -               | (133)             | 156                                       | (574)             | -                            |
| 9 April 2002                             | RM1.290                           | 1,069                        | -               | (687)             | 176                                       | (558)             | -                            |
| 7 April 2003                             | RM1.000                           | 940                          | -               | (729)             | 52  | (263)             | -                            |
|  |                                   | 4,915                        | -               | (2,364)           | 1,052                                     | (3,603)           | -                            |
| <b>2003</b>                              |                                   |                              |                 |                   |   |                   |                              |
| 16 April 1999                            | RM1.476                           | 1,861                        | -               | -                 | -   | (99)              | 1,762                        |
| 15 March 2000                            | RM3.680                           | 720                          | -               | -                 | -   | (127)             | 593                          |
| 22 March 2001                            | RM1.470                           | 658                          | -               | -                 | -   | (107)             | 551                          |
| 9 April 2002                             | RM1.290                           | 1,706                        | -               | (4)               | -   | (633)             | 1,069                        |
| 7 April 2003                             | RM1.000                           | -                            | 990             | -                 | -   | (50)              | 940                          |
|  |                                   | 4,945                        | 990             | (4)               | -   | (1,016)           | 4,915                        |

None of the eligible employees had been granted with any options during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

**24. SHARE CAPITAL (cont'd)**

Details of the options exercised during the financial year and the fair value of shares issued at the exercise dates are as follows:

| Exercise Date                    | Number of<br>Shares Issued<br>'000 | Exercise<br>Price<br>RM | Consideration<br>RM'000 | Fair Value of<br>Shares Issued |                 |
|----------------------------------|------------------------------------|-------------------------|-------------------------|--------------------------------|-----------------|
|                                  |                                    |                         |                         | Per share<br>RM                | Total<br>RM'000 |
| 2004                             |                                    |                         |                         |                                |                 |
| July 2003                        | 15                                 | 1.000                   | 15                      | 1.14                           | 17              |
| August 2003                      | 10                                 | 1.000                   | 10                      | 1.34                           | 13              |
| September 2003                   | 108                                | 1.000                   | 108                     | 1.38                           | 149             |
|                                  | 10                                 | 1.290                   | 13                      | 1.38                           | 14              |
| October 2003                     | 106                                | 1.000                   | 106                     | 1.43                           | 152             |
| November 2003                    | 74                                 | 1.000                   | 74                      | 1.41                           | 104             |
|                                  | 105                                | 1.290                   | 135                     | 1.41                           | 148             |
| December 2003                    | 83                                 | 1.000                   | 83                      | 1.35                           | 112             |
|                                  | 53                                 | 1.290                   | 68                      | 1.35                           | 72              |
| January 2004                     | 86                                 | 1.000                   | 86                      | 1.48                           | 127             |
|                                  | 144                                | 1.290                   | 186                     | 1.48                           | 213             |
|                                  | 21                                 | 1.470                   | 31                      | 1.48                           | 31              |
|                                  | 30                                 | 1.476                   | 44                      | 1.48                           | 44              |
| February 2004                    | 179                                | 1.000                   | 179                     | 1.73                           | 310             |
|                                  | 342                                | 1.290                   | 441                     | 1.73                           | 592             |
|                                  | 69                                 | 1.470                   | 101                     | 1.73                           | 119             |
|                                  | 523                                | 1.476                   | 772                     | 1.73                           | 905             |
| March 2004                       | 68                                 | 1.000                   | 68                      | 0.88                           | 60              |
|                                  | 33                                 | 1.290                   | 43                      | 0.88                           | 29              |
|                                  | 43                                 | 1.470                   | 63                      | 0.88                           | 38              |
|                                  | 262                                | 1.476                   | 387                     | 0.88                           | 231             |
|                                  | <u>2,364</u>                       |                         | <u>3,013</u>            |                                | <u>3,480</u>    |
| Ordinary share capital - at par  |                                    |                         | 2,364                   |                                |                 |
| Share premium                    |                                    |                         | <u>649</u>              |                                |                 |
| Total consideration received     |                                    |                         | <u>3,013</u>            |                                |                 |
| 2003                             |                                    |                         |                         |                                |                 |
| June 2002                        | <u>4</u>                           | 1.29                    | <u>5</u>                | 0.82                           | <u>3</u>        |
| Ordinary shares capital - at par |                                    |                         | 4                       |                                |                 |
| Share premium                    |                                    |                         | <u>1</u>                |                                |                 |
| Total consideration received     |                                    |                         | 5                       |                                |                 |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 25. RESERVES

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>(i) Non-distributable</b>                                       |                |                |                |                |
| Share premium  | 9,116          | 75,052         | 9,116          | 75,052         |
| Merger reserve arising from consolidation                          | 1,282          | 1,282          | 32,495         | 32,495         |
| Revaluation reserve arising from revaluation of land and buildings | 15,747         | 16,299         | 11,553         | 11,553         |
| Capital reserve  | 2,400          | 2,400          | -              | -              |
| Foreign exchange reserve   | (2,481)        | (3,145)        | -              | -              |
| Capital redemption reserve   | 4,933          | 4,930          | 4,917          | 4,917          |
| <b>(ii) Distributable</b>  |                |                |                |                |
| Retained profits   | 34,856         | 37,038         | 11,085         | 10,897         |
|  | 65,853         | 133,856        | 69,166         | 134,914        |

Subject to the agreement of the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to distribute dividend out of all its retained profits as at 31 May 2004 without incurring additional tax liability.

### 26. DEFERRED TAX ASSETS/LIABILITIES

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

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Balance as at 1 June 2003/2002, as restated      | 10,164         | 9,302          | 3,438          | 3,438          |
| Recognised in the income statements (Note 33):   |                |                |                |                |
| - current year                                   | 4,263          | (304)          | 120            | -              |
| - underprovision in prior year                   | 210            | (224)          | -              | -              |
|  | 4,473          | (528)          | 120            | -              |
| Deferred taxation of subsidiary company acquired | -              | 2,045          | -              | -              |
| Exchange differences                             | (292)          | (655)          | -              | -              |
| As at end of the financial year                  | 14,345         | 10,164         | 3,558          | 3,438          |
| Represented by:                                  |                |                |                |                |
| - Deferred tax assets, net                       | (9,776)        | (13,421)       | -              | -              |
| - Deferred tax liabilities, net                  | 24,121         | 23,585         | 3,558          | 3,438          |
|  | 14,345         | 10,164         | 3,558          | 3,438          |





## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 26. DEFERRED TAX ASSETS/LIABILITIES (cont'd)

(b) The movements of deferred tax assets and liabilities during the financial year are as follows:

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>Deferred Tax Assets</b>                                     |                |                |                |                |
| Balance as at 1 June 2003/2002, as restated (Note 35)          | 13,421         | 9,385          | -              | -              |
| Recognised in the income statement:                            |                |                |                |                |
| Provisions   | (452)          | 1,516          | -              | -              |
| Unabsorbed capital allowances and tax losses                   | (3,446)        | 1,859          | -              | -              |
| Exchange differences   | 337            | 661            | -              | -              |
| Disposal of subsidiaries                                       | (84)           | -              | -              | -              |
| As at end of the financial year                                | 9,776          | 13,421         | -              | -              |
| <b>Deferred Tax Liabilities</b>                                |                |                |                |                |
| Balance as at 1 June 2003/2002, as restated (Note 35)          | 23,585         | 18,687         | 3,438          | 3,438          |
| Recognised in the income statement:                            |                |                |                |                |
| Excess of capital allowance over<br>corresponding depreciation | 378            | 3,147          | 150            | 30             |
| Other taxable temporary differences                            | 236            | (496)          | -              | -              |
| (Disposal)/Acquisition of subsidiaries                         | (84)           | 2,045          | -              | -              |
| Exchange differences   | 45             | 6              | -              | -              |
| Revaluation reserves   | (39)           | 196            | (30)           | (30)           |
| As at end of the financial year                                | 24,121         | 23,585         | 3,558          | 3,438          |

(c) The components of deferred tax assets and liabilities as at the end of the financial year comprise tax effect of:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>Deferred Tax Assets</b>                                      |                |                |                |                |
| Provisions  | 3,756          | 4,152          | -              | -              |
| Unabsorbed capital allowances and tax losses                    | 6,020          | 9,269          | -              | -              |
|   | 9,776          | 13,421         | -              | -              |
| <b>Deferred Tax Liabilities</b>                                 |                |                |                |                |
| Revaluation reserve   | 4,359          | 4,398          | 3,075          | 3,105          |
| Excess of capital allowances over<br>corresponding depreciation | 17,651         | 17,307         | 483            | 333            |
| Other taxable temporary differences                             | 2,111          | 1,880          | -              | -              |
|   | 24,121         | 23,585         | 3,558          | 3,438          |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 26. DEFERRED TAX ASSETS/LIABILITIES (cont'd)

(d) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

|  | Group          |                |
|--|----------------|----------------|
|  | 2004<br>RM'000 | 2003<br>RM'000 |
| Unabsorbed capital allowances and tax losses | 51,942         | 84,318         |
| Others                                       | -              | 379            |
|  | 63,395         | 84,697         |

Deferred tax assets have not been recognised in respect of these items as it is not probable that taxable profit of certain subsidiary companies will be available against which the deductible temporary differences can be utilised.

### 27. PROVISION FOR RETIREMENT BENEFITS

|                                       | Group          |                |
|---------------------------------------|----------------|----------------|
|                                       | 2004<br>RM'000 | 2003<br>RM'000 |
| As at beginning of the financial year | 3,716          | 3,881          |
| Charged to income statement           | 843            | 789            |
| Utilised during the financial year    | (730)          | (1,022)        |
| Exchange differences                  | 25             | 68             |
| As at end of the financial year       | 3,854          | 3,716          |

### 28. ADVANCES FROM DIRECTOR OF A SUBSIDIARY COMPANY

These advances are unsecured, interest-free and not repayable within the next twelve months.

### 29. OPERATING REVENUE

|                                  | Group          |                | Company        |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>Continuing Operations</b>     |                |                |                |                |
| Commission income                | 743            | -              | -              | -              |
| Sale of goods                    | 912,671        | 860,982        | -              | -              |
| Rendering of services            | 55,819         | 46,087         | 9,083          | 6,835          |
| Rental income                    | 2,958          | 4,786          | 297            | 120            |
| Interest income                  | 178            | 154            | 90             | 161            |
| Dividend income (gross)          | 534            | 694            | 19,287         | 24,829         |
|                                  | 972,903        | 912,703        | 28,757         | 31,945         |
| <b>Discontinuing Operations</b>  |                |                |                |                |
| Income from property development | 5,778          | 22,890         | -              | -              |
|                                  | 978,681        | 935,593        | 28,757         | 31,945         |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 30. OTHER OPERATING INCOME/(EXPENSES)

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>Included in other operating income are exceptional items as follows:</b>   |                |                |                |                |
| Gain on disposal of subsidiary companies                                      | 290            | -              | -              | -              |
| Surplus on non-consolidation of subsidiary companies                          | 549            | -              | -              | -              |
| Gain on disposal of investment  | 12,492         | -              | 12,492         | -              |
| <b>Included in other operating expenses are exceptional items as follows:</b> |                |                |                |                |
| Impairment loss on property, plant and equipment                              | -              | 3,293          | -              | -              |
| Impairment of goodwill in subsidiary companies                                | 8,059          | 5,015          | -              | -              |
| Impairment loss on investment in subsidiary companies (Note 9)                | -              | -              | 2,892          | 4,603          |
| Provision for diminution in value on investment quoted outside Malaysia       | 2,460          | -              | 2,460          | -              |
| Intangible assets written off   | -              | 1,303          | -              | -              |
| Loss on disposal of associated companies                                      | 1,399          | -              | -              | -              |
| Loss on partial disposal of shares in subsidiary companies                    | 2,727          | 188            | -              | -              |

**Group**

As at 31 May 2004, the goodwill arising on consolidation of a subsidiary company based on its net tangible assets has declined significantly since the date of its acquisition due to its poor economic performance in the past few years. Consequently, an impairment loss of RM8,059,000 on this investment is recognised to reflect its recoverable amount. The recoverable amount of this investment is determined by reference to its value in use. The discount rate used in the estimate of value in use is 8% per annum.

**As at 31 May 2003:**

- (i) the fair value of a vessel of a subsidiary company based on its net selling price has declined significantly as compared to its carrying amount. In compliance with MASB 23 - Impairment of Assets, an impairment loss of RM1,229,000 on this asset has been recognised to reflect its recoverable amount;
- (ii) the fair value of certain property, plant and equipment of a subsidiary company based on its value in use has declined significantly as compared to its carrying amount due to the poor economic performance of these assets. In compliance with MASB 23 - Impairment of Assets, an impairment loss of RM1,057,000 on this asset has been recognised to reflect its recoverable amount. The recoverable amount of these assets was determined by reference to its value in use. The discount rate used in the estimate of value in use was 8% per annum;
- (iii) the fair value of certain property, plant and equipment of a subsidiary company based on its net selling price has declined significantly as compared to its carrying amount. In compliance with MASB 23 - Impairment of Assets, an impairment of RM1,007,000 on these assets has been recognised to reflect its recoverable amount; and
- (iv) the goodwill arising from consolidation of certain subsidiary companies based on its net tangible assets has declined significantly since the date of its acquisition due to its poor economic performance in the past few years. In compliance with MASB 23 - Impairment of Assets, an impairment loss of RM5,015,000 on these investments has been recognised to reflect its recoverable amount. The recoverable amount of these investments was determined by reference to its value in use. The discount rate used in the estimate of value in use was 8% per annum.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 30. OTHER OPERATING INCOME/EXPENSES (cont'd)

#### Company

As at 31 May 2004, the fair value of an investment in a subsidiary company based on its net tangible assets has declined significantly since the date of its acquisition due to its poor economic performance in the past few years. Consequently, an impairment loss of RM2,892,000 on this investment is recognised to reflect its recoverable amount. The recoverable amount of this investment is determined by reference to its value in use. The discount rate used in the estimate of value in use is 8% per annum.

#### As at 31 May 2003:

- (i) the fair value of an investment in a subsidiary company based on its net tangible assets has declined significantly since the date of its acquisition due to its poor economic performance in the past few years. Consequently, an impairment loss of RM3,272,000 on this investment has been recognised to reflect its recoverable amount. The recoverable amount of this investment was determined by reference to its value in use. The discount rate used in the estimate of value in use was 8% per annum; and
- (ii) the fair value of an investment in a subsidiary company based on its net selling price has declined significantly as compared to its carrying amount. Consequently, an impairment loss of RM1,331,000 on this investment has been recognised to reflect its recoverable amount.

### 31. DISCONTINUING OPERATION

In July 2003, the Group completed the disposal of its entire 70% equity interest in WPDSB for cash consideration of RM4,791,000 and ceased to be involved in property development.

The effects of the discontinuing operation on the financial position of the Group are as follows:

|                                   | At the Date<br>of Discontinuing<br>Operation<br>RM'000 | *2003<br>RM'000 |
|-----------------------------------|--|-----------------|
| Property, plant and equipment     | 6  | 6               |
| Development properties            | 25,735   | 26,070          |
| Inventories                       | 2,326  | 2,326           |
| Receivables                       | 2,272  | 4,061           |
| Tax recoverable                   | 253  | 979             |
| Short term deposits               | 358  | 321             |
| Cash and bank balance             | 11,350   | 7,485           |
| Payables                          | (50,898)   | (49,559)        |
| Tax liabilities                   | -  | (1,305)         |
| Total net liabilities disposed of | (8,598)  | (9,616)         |
| Minority interest                 | (1,631)  |                 |
|                                   | (10,229)   |                 |
| Proceed from disposal             | (4,791)  |                 |
| Gain on disposal                  | (15,020)   |                 |

There was no tax charges arising from the above disposal.

\* The comparative figures represent the financial positions of WPDSB which had been consolidated in the financial statements of the Group in the previous financial year.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 32. PROFIT BEFORE TAX

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Profit before tax is arrived at after charging:                                     |                |                |                |                |
| Allowance for doubtful debts  | 1,462          | 5,777          | -              | -              |
| Amortisation of intangible assets   | 4,179          | 4,767          | -              | -              |
| Auditors' remuneration:   |                |                |                |                |
| - Statutory:  |                |                |                |                |
| - current year  | 726            | 771            | 18             | 17             |
| - (over)/under provision in prior years   | (16)           | 16             | 5              | -              |
| - non-statutory   | -              | 130            | -              | -              |
| Bad debts written off   | 6,203          | 548            | 51             | 128            |
| Depreciation of property, plant and equipment                                       | 25,918         | 24,949         | 1,095          | 822            |
| Development cost written off  | 11             | -              | -              | -              |
| Dilution of interest in a subsidiary company  | -              | 186            | -              | -              |
| Directors' remuneration:  |                |                |                |                |
| Fees  |                |                |                |                |
| - payable by the Company  | 194            | 155            | 194            | 155            |
| - payable by the subsidiary companies   | 142            | 190            | -              | -              |
| Salaries and other emoluments   |                |                |                |                |
| - paid by the Company   | 1,763          | 1,836          | 1,763          | 1,836          |
| - paid by the subsidiary companies  | 1,836          | 1,868          | -              | -              |
| Fees paid to a company in which a director of<br>a subsidiary company has interests | 12             | -              | -              | -              |
| Interest expense on:  |                |                |                |                |
| - bank overdrafts   | 2,327          | 2,682          | 101            | 220            |
| - term loans and revolving credits  | 6,595          | 11,447         | 1,554          | 2,427          |
| - advances from subsidiary companies  | -              | -              | 4,211          | 4,237          |
| - others  | 7,246          | 3,537          | 64             | 80             |
| Inventories written off   | 1,776          | 90             | -              | -              |
| Investment in associated companies written off                                      | 49             | -              | -              | -              |
| Long term investment written-down   | -              | 30             | -              | -              |
| Loss on disposal of property, plant and equipment                                   | -              | 2,848          | -              | 14             |
| Loss on foreign exchange:   |                |                |                |                |
| - realised  | -              | 3,699          | 2              | 24             |
| - unrealised  | 1,080          | -              | -              | -              |
| Property, plant and equipment written off   | 486            | 197            | 332            | 6              |
| Provision for inventories obsolescence  | -              | 357            | -              | -              |
| Provision for retirement benefits   | 843            | 789            | -              | -              |
| Rental of:  |                |                |                |                |
| - land and premises   | 6,394          | 5,333          | 299            | 296            |
| - others  | 505            | 291            | -              | -              |

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Company and the Group amounted to RM66,800 only (2003: RM70,400 and RM71,000 respectively).



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 32. PROFIT BEFORE TAX (cont'd)

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| And crediting:                                      |                |                |                |                |
| Allowance for doubtful debts no longer required     | 1,315          | 28             | -              | -              |
| Bad debts recovered                                 | 14             | -              | -              | -              |
| Dividend (gross) from investment in shares quoted:  |                |                |                |                |
| - in Malaysia                                       | 184            | 276            | 184            | 276            |
| - outside Malaysia                                  | 350            | 336            | 350            | 336            |
| Dividend (gross) from investment in unquoted shares | 4,444          | 6,666          | -              | -              |
| Dividend (gross) from unquoted subsidiary companies | -              | -              | 18,753         | 24,217         |
| Gain on disposal of property, plant and equipment   | 1,630          | -              | 112            | -              |
| Gain on disposal of land                            | -              | 1,001          | -              | -              |
| Gain on foreign exchange:                           |                |                |                |                |
| - realised  | 5,741          | -              | -              | -              |
| - unrealised  | -              | 11             | -              | -              |
| Interest income from:                               |                |                |                |                |
| - advances to subsidiary companies                  | -              | -              | -              | 105            |
| - advances to an associated company                 | -              | -              | -              | 25             |
| - others  | 714            | 706            | 90             | 31             |
| Rental income from:                                 |                |                |                |                |
| - a subsidiary company                              | -              | -              | 297            | 120            |
| - others  | 3,106          | 2,765          | -              | -              |

The monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Company and the Group are estimated at RM66,800 (2003: RM70,400 and RM71,000 respectively).

### 33. TAX EXPENSE

|   | Group          |                 | Company        |                |
|---|----------------|-----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000  | 2004<br>RM'000 | 2003<br>RM'000 |
| Current tax expense based on profit for the financial year: |                |                 |                |                |
| Malaysia income tax   | 8,482          | 16,791          | 4,000          | 4,473          |
| Foreign income tax  | 493            | 197             | -              | -              |
| Deferred tax (Note 26)                                      | 8,975<br>4,263 | 16,988<br>(304) | 4,000<br>120   | 4,473<br>-     |
|   | 13,238         | 16,684          | 4,120          | 4,473          |
| (Over)/Under provision in prior year:                       |                |                 |                |                |
| - taxation  | (823)          | 198             | (832)          | 474            |
| - deferred tax  | 210            | (224)           | -              | -              |
|   | (613)          | (26)            | (832)          | 474            |
| Share of tax in associated companies                        | 12,625<br>108  | 16,658<br>435   | 3,288<br>-     | 4,947<br>-     |
|   | 12,733         | 17,093          | 3,288          | 4,947          |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 33. TAX EXPENSE (cont'd)

The reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Profit before tax   | 37,900         | 27,170         | 20,672         | 11,716         |
| Taxation at Malaysian statutory tax rate of 28%<br>(2003: 28%)                            | 10,612         | 7,608          | 5,788          | 3,280          |
| Tax effect in respect of:   |                |                |                |                |
| Depreciation on non-qualifying property,<br>plant and equipment                           | 496            | 353            | -              | -              |
| Non-allowable expense   | 10,288         | 8,932          | 2,669          | 4,039          |
| Non-taxable income  | (9,563)        | (2,537)        | (3,529)        | (2,740)        |
| Tax incentives and allowances   | (1,238)        | (987)          | (677)          | (10)           |
| Deferred tax assets not recognised  | 5,306          | 3,981          | -              | -              |
| Reduction in statutory tax rate on chargeable<br>income up to RM500,000 (2003: RM100,000) | (118)          | (25)           | -              | -              |
| Utilisation of previously unrecognised deferred<br>tax assets                             | (1,570)        | (593)          | (101)          | (66)           |
| Higher tax rates in foreign jurisdiction  | 451            | 364            | -              | -              |
| Deferred tax recognised   | -              | 585            | -              | -              |
| Deferred tax liabilities on revaluation reserve   | -              | 235            | -              | -              |
| Crystallisation of deferred tax liabilities<br>on revaluation reserve                     | (39)           | (39)           | (30)           | (30)           |
| Utilisation of previously unrecognised deferred<br>tax liabilities on withholding tax     | (106)          | -              | -              | -              |
| Utilisation of reinvestment allowances  | (1,289)        | (865)          | -              | -              |
| Others  | 8              | (328)          | -              | -              |
| Share of tax in associated companies  | 108            | 435            | -              | -              |
|   | 13,346         | 17,119         | 4,120          | 4,473          |
| (Over)/Under provision in prior years:  |                |                |                |                |
| - taxation  | (823)          | 198            | (832)          | 474            |
| - deferred tax  | 210            | (224)          | -              | -              |
|   | (613)          | (26)           | (832)          | 474            |
| Tax expense for the financial year  | 12,733         | 17,093         | 3,288          | 4,947          |

Subject to the agreement of the relevant tax authorities, the Group has total unutilised tax losses and unabsorbed capital allowances of approximately RM84,895,000 (2003: RM117,422,000) available to set off against the respective subsidiary companies' future taxable profits.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 34. EARNINGS PER ORDINARY SHARE

The earnings per ordinary share for the financial year have been calculated based on the consolidated profit after tax and minority interests of RM15,829,000 (2003: RM2,839,000) and the weighted average number of 196,302,550 (2003: 185,464,934) ordinary shares in issue during the financial year. The weighted average number of ordinary shares in 2003 has been adjusted for the bonus issue of 67,285,572 new ordinary shares issued during the financial year ended 31 May 2004.

### 35. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS

During the year, the Group and the Company have adopted MASB 25 - Income Taxes which are applicable to the Group and the Company for the first time. This change has been accounted for retrospectively. Deferred tax has previously been provided on a partial provision basis, as allowed by IAS 12 - Accounting for Taxes on Income. With the adoption of MASB 25, deferred tax liabilities and assets are provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

The effects of the change in accounting policy is summarised as below:

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| <b>Retained Profits</b>                                 |                |                |                |                |
| Balance as at 1 June 2003/2002, as previously reported  | 36,707         | 37,885         | 10,802         | 7,452          |
| Effect of adoption of MASB 25                           | 331            | (235)          | 95             | 65             |
| Balance as at 1 June 2003/2002, as restated             | 37,038         | 37,650         | 10,897         | 7,517          |
| <b>Revaluation Reserve</b>                              |                |                |                |                |
| Balance as at 1 June 2003/2002, as previously reported  | 20,442         | 20,442         | 14,753         | 14,753         |
| Effect of adoption of MASB 25                           | (4,143)        | (4,143)        | (3,200)        | (3,200)        |
| Balance as at 1 June 2003/2002, as restated             | 16,299         | 16,299         | 11,553         | 11,553         |
| <b>Net Profit for the Financial Year</b>                |                |                |                |                |
| Net profit before change in accounting policy           | 15,790         | 2,273          | 17,356         | 6,739          |
| Effect of adoption of MASB 25                           | 39             | 566            | 30             | 30             |
| Net loss for the financial year                         | 15,829         | 2,839          | 17,386         | 6,769          |
| <b>Minority Interest</b>                                |                |                |                |                |
| Balance as at 1 June 2003/2002, as previously reported  | 141,807        | 134,003        | -              | -              |
| Effect of adoption of MASB 25                           | 177            | 177            | -              | -              |
| Balance as at 1 June 2003/2002, as restated             | 141,984        | 134,180        | -              | -              |
| <b>Deferred Tax Assets</b>                              |                |                |                |                |
| Balance as at 1 June 2003/ 2002, as previously reported | 13,261         | 9,225          | -              | -              |
| Effect of adoption of MASB 25                           | 160            | 160            | -              | -              |
| Balance as at 1 June 2003/2002, as restated             | 13,421         | 9,385          | -              | -              |
| <b>Deferred Tax Liabilities</b>                         |                |                |                |                |
| Balance as at 1 June 2003/2002, as previously reported  | 19,790         | 14,326         | 333            | 303            |
| Effect of adoption of MASB 25                           | 3,795          | 4,361          | 3,105          | 3,135          |
| Balance as at 1 June 2003/2002, as restated             | 23,585         | 18,687         | 3,438          | 3,438          |





## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 36. DIVIDENDS

|                                  | Group and Company            |                                      |                              |                                      |
|----------------------------------|------------------------------|--------------------------------------|------------------------------|--------------------------------------|
|                                  | 2004                         |                                      | 2003                         |                                      |
|                                  | Gross Dividend Per Share Sen | Amount of Dividend Net of Tax RM'000 | Gross Dividend Per Share Sen | Amount of Dividend Net of Tax RM'000 |
| Tax exempt interim dividend paid | 10                           | 13,457                               | -                            | -                                    |
| Final dividend proposed          | 3                            | 4,360                                | 4                            | 3,389                                |
|                                  | 13                           | 17,817                               | 4                            | 3,389                                |

As proposed in the previous financial year, a final dividend of 4% less income tax for the financial year ended 31 May 2003 was approved by the shareholders at the Annual General Meeting held on 21 November 2003 and an amount of RM3,739,000 was paid on 30 December 2003 as against the proposed amount of RM3,389,000.

The additional final dividend paid of RM350,000 was due to the allotment of a total of 12,142,000 new ordinary shares of RM1 each pursuant to the ESOS and private placement subsequent to the end of the previous financial year which, as at the entitlement date, were entitled to the final dividend.

A final dividend of 3 sen, less income tax, amounting to RM4,360,000 in respect of the financial year ended 31 May 2004 has been proposed by the Directors after the balance sheet date for approval by the shareholders at the Company's forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by the shareholders, will be accounted for as an appropriation of retained profits in the financial year ending 31 May 2005.

### 37. ACQUISITION OF SUBSIDIARY COMPANIES

The fair value of assets acquired and liabilities assumed were as follows:

|  | Group<br>2003<br>RM'000 |
|--|-------------------------|
| Property, plant and equipment  | 43,411                  |
| Investments  | -                       |
| Intangible assets  | 262                     |
| Inventories  | -                       |
| Trade receivables  | 5,313                   |
| Other receivables, deposits and prepayments                            | 1,358                   |
| Short term deposits  | 34                      |
| Cash and bank balances   | 948                     |
| Trade payables   | (2,314)                 |
| Other payables   | (5,165)                 |
| Bank overdrafts  | (1,537)                 |
| Other borrowings   | (20,163)                |
| Deferred tax liabilities   | (2,045)                 |
| Tax liabilities  | (387)                   |
| Minority interests   | (10,739)                |
| Net assets acquired  | 8,976                   |
| Goodwill on acquisition  | 4,327                   |
| Total cost of investment   | 13,303                  |
| Cash and cash equivalents of subsidiary companies acquired             | 555                     |
| Cash outflow on acquisition, net of cash and cash equivalents acquired | 13,858                  |

There are no acquisition of subsidiary companies during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 38. DISPOSAL OF SUBSIDIARY COMPANIES

|  | Group<br>2004<br>RM'000 |
|--|-------------------------|
| The fair values of assets and liabilities disposed of are as follows:  |                         |
| Property, plant and equipment  | 3,237                   |
| Goodwill on consolidation  | 5                       |
| Intangible assets  | 62                      |
| Development properties   | 25,735                  |
| Inventories  | 3,662                   |
| Receivables  | 5,402                   |
| Tax recoverable  | 292                     |
| Short term deposits  | 358                     |
| Cash and bank balances   | 11,499                  |
| Bank overdrafts  | (89)                    |
| Payables   | (56,036)                |
| Hire-purchase creditors  | (107)                   |
| Short term bank borrowings   | (2,661)                 |
| Total net assets disposed of   | (8,641)                 |
| Balance brought forward  | (8,641)                 |
| Goodwill on consolidation  | 4,878                   |
| Minority interest  | (1,830)                 |
| Gain on disposal of investment   | 15,310                  |
|  | 9,717                   |
| Capitalised as investment  | (1,363)                 |
| Total disposal proceeds  | 8,354                   |
| Cash and cash equivalents in subsidiary companies disposed of          | (11,768)                |
| Cash outflow on disposal, net of cash and cash equivalents disposed of | (3,414)                 |

There were no disposal of subsidiary companies in the previous financial year.

### 39. SUBSIDIARY COMPANIES UNDER WINDING-UP NOT CONSOLIDATED

The effects of the non-consolidation of the subsidiary companies mentioned in Note 9 on the cash flow of the Group were as follows:

|   | Group<br>2004<br>RM'000 |
|---|-------------------------|
| Goodwill on consolidation   | 112                     |
| Tax recoverable   | 119                     |
| Receivables   | 1,086                   |
| Payables  | (1,637)                 |
| Surplus arising from subsidiary companies not consolidated          | 549                     |
| Cash flow on subsidiary companies under winding-up not consolidated | 229                     |

There were no subsidiary companies under winding-up not consolidated in the previous financial year.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

**40. 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:

|  | <b>Group</b>  |               | <b>Company</b> |               |
|--|---------------|---------------|----------------|---------------|
|  | <b>2004</b>   | <b>2003</b>   | <b>2004</b>    | <b>2003</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Purchase of property, plant and equipment (Note 6)         | 22,295        | 17,189        | 2,104          | 1,186         |
| Financed by hire-purchase and lease arrangements           | (4,889)       | (3,382)       | (251)          | (791)         |
| Cash payments on purchase of property, plant and equipment | 17,406        | 13,807        | 1,853          | 395           |

**41. CASH AND CASH EQUIVALENTS**

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

|  | <b>Group</b>  |               | <b>Company</b> |               |
|--|---------------|---------------|----------------|---------------|
|  | <b>2004</b>   | <b>2003</b>   | <b>2004</b>    | <b>2003</b>   |
|  | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b> |
| Bank overdrafts  | (14,407)      | (18,316)      | (1,534)        | (1,847)       |
| Short term deposits  | 30,596        | 20,172        | -              | -             |
| Cash and bank balances   | 39,251        | 50,478        | 25             | 82            |
|  | 55,440        | 52,334        | (1,509)        | (1,765)       |
| Less:  |               |               |                |               |
| Pledged with licensed banks:                                   |               |               |                |               |
| - short term deposits pledged with licensed banks              | (2,640)       | (2,996)       | -              | -             |
| - cash and bank balances                                       | (12)          | -             | -              | -             |
|  | 52,788        | 49,338        | (1,509)        | (1,765)       |
| The currency exposure on cash and bank balances is as follows: |               |               |                |               |
| Ringgit Malaysia   | 33,219        | 49,179        | 25             | 82            |
| Singapore Dollar   | 3,691         | 1,127         | -              | -             |
| US Dollar  | 2,217         | 79            | -              | -             |
| Hong Kong Dollar   | 124           | 89            | -              | -             |
| Others   | -             | 4             | -              | -             |
|  | 39,251        | 50,478        | 25             | 82            |

The interest rates of the deposits during the financial year range from 0.5% to 3.7% (2003: 0.2% to 4.0%) per annum.

The short term deposits have maturity periods ranging from 12 days to 365 days (2003: 30 days to 365 days). Bank balances and deposits are held at call with licensed banks.

**42. FINANCIAL INSTRUMENTS****(a) Credit Risk**

As at 31 May 2004, the Group has trade receivables of RM294,783,000, net of allowance for doubtful debts of RM10,716,000, and placement of RM30,596,000 in short term deposits with some major financial institutions in Malaysia and overseas. Other than as mentioned, the Group has no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheet.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 42. FINANCIAL INSTRUMENTS (cont'd)

#### (b) Foreign Currency Risk

During the financial year, the Group entered into forward foreign currency contracts to manage exposure to currency risk for receivables and payables where the receivables and payables are denominated in a currency other than the functional currency of the Group. The notional amounts of the forward foreign exchange contracts which mature within one year and outstanding as at 31 May 2004 are as follow:

|  | Currency         | Notional Amount<br>RM'000 |
|--|------------------|---------------------------|
| Forward contract used to hedge trade receivables | US Dollar        | 56,087                    |
|  | Singapore Dollar | 313                       |
|  | Euro             | 4,952                     |
|  |                  | <u>61,352</u>             |
| Forward contract used to hedge trade payables    | Japanese Yen     | 1,303                     |
|  | Sterling Pound   | 9,838                     |
|  | US Dollar        | 968                       |
|  | Euro             | 1,929                     |
|  | Singapore Dollar | 32                        |
|  |                  | <u>14,070</u>             |
| Forward contract used to hedge future sales      | US Dollar        | <u>13,845</u>             |
| Forward contract used to hedge future purchases  | Japanese Yen     | 312                       |
|  | Sterling Pound   | 5,990                     |
|  |                  | <u>6,302</u>              |

#### (c) Fair Values

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at the balance sheet date approximate their fair values except as set out below:-

|   | Group                        |                         | Company                      |                         |
|---|------------------------------|-------------------------|------------------------------|-------------------------|
|   | Carrying<br>Amount<br>RM'000 | Fair<br>Value<br>RM'000 | Carrying<br>Amount<br>RM'000 | Fair<br>Value<br>RM'000 |
| <b>As at 31 May 2004</b>  |                              |                         |                              |                         |
| <b>Recognised</b>   |                              |                         |                              |                         |
| Quoted investments other than quoted<br>investments in a subsidiary company | 7,836                        | 6,030+                  | 7,836                        | 6,030+                  |
| Unquoted investments  | 8,099                        | #                       | 4,378                        | #                       |
| Amounts owing by subsidiary companies                                       | -                            | -                       | 32,409                       | *                       |
| Amounts owing to subsidiary companies                                       | -                            | -                       | 49,685                       | *                       |
| <b>As at 31 May 2003</b>  |                              |                         |                              |                         |
| <b>Recognised</b>   |                              |                         |                              |                         |
| Quoted investments other than quoted<br>investments in a subsidiary company | 40,482                       | 18,803+                 | 40,482                       | 18,803+                 |
| Unquoted investments  | 3,790                        | #                       | 210                          | #                       |
| Amounts owing by subsidiary companies                                       | -                            | -                       | 36,558                       | *                       |
| Amounts owing to subsidiary companies                                       | -                            | -                       | 56,851                       | *                       |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 42. FINANCIAL INSTRUMENTS (cont'd)

- + Fair value in 2004 represents the market value of the investments quoted in Malaysia and the subsequent market value of the investment quoted outside Malaysia. Fair value in 2003 represents the market value of the quoted investments.
- # It is not practical to estimate the fair value of the long term unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. The Company believes that the amount represents the recoverable value as the Group and the Company's share of net tangible assets reported the investee companies as at 31 May 2004 amounted to RM10,436,000 (2003: RM11,327,000) and RM1,414,000 (2003: RM210,000) respectively.
- \* It is not practical to estimate the fair value of amounts owing by/to subsidiary companies. This is principally due to lack of fixed repayment terms and the inability to estimate fair value without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to determined the fair value of financial instruments:

- (i) The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.
- (ii) The fair values of quoted investments are their quoted market prices at the balance sheet date.
- (iii) The fair values of the financial liabilities are estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

### 43. SIGNIFICANT RELATED PARTY TRANSACTIONS

|  | 2004<br>RM'000 | Group<br>2003<br>RM'000 |
|--|----------------|-------------------------|
| Commission received from Transmare - Chemie Handelsgesellschaft mbH  | -              | 56                      |
| Consultancy fees paid to:  |                |                         |
| - Mount Top Management Limited   | -              | 52                      |
| - YAM Dato' Seri Diraja Syed Razlan  | 60             | -                       |
| Sales to:  |                |                         |
| - Nufarm Technologies (Malaysia) Sdn. Bhd. (formerly known as Fernz Timber Protection (M) Sdn. Bhd.)   | 1,853          | 1,068                   |
| - Info One Services Sdn. Bhd.  | 346            | 387                     |
| - Ancom Kimia Sdn. Bhd.  | 19             | -                       |
| Purchases from:  |                |                         |
| - Ancom Kimia Sdn. Bhd.  | 195,551        | 150,760                 |
| - Transmare - Chemie (Singapore) Pte. Ltd.   | -              | 237                     |
| - Transmare - Chemie Handelsgesellschaft mbH   | -              | 86                      |
| Commission paid and payable to Nufarm Technologies (Malaysia) Sdn. Bhd. (formerly known as Fernz Timber Protection (M) Sdn. Bhd.)                            | 456            | 452                     |
| Insurance premium paid to Pacific & Orient Insurance Co. Berhad  | 1,222          | 1,218                   |
| Sales proceed from the disposal of 5% equity interest in Tubex Sdn. Bhd., a subsidiary company, to Datuk Haji Ismail bin Haji Hashim                         | 250            | -                       |
| Sales proceed from the disposal of 13,310 8% Non-convertible Cumulative Redeemable Preference Shares and 2,502,000 ordinary shares in MPE to Botco Sdn. Bhd. | 3,500          | -                       |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 43. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

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 50 to the financial statements.

| Identity of Related Party             | Relationship with the Group   |
|---------------------------------------|---|
| Pacific & Orient Insurance Co. Berhad | A company in which a Director of the Company has a substantial indirect shareholding    |
| Mount Top Management Limited          | A company in which a director of ChemResources China (Agencies) Limited is a consultant |
| Info One Services Sdn. Bhd.           | A corporate shareholder of a subsidiary company   |
| YAM Dato' Seri Diraja Syed Razlan     | A director of a subsidiary company  |
| Datuk Haji Ismail bin Haji Hashim     | A director of a subsidiary company  |
| Botco Sdn. Bhd.                       | A company in which a major shareholder/director is related to a Director of the Company |

### 44. CAPITAL COMMITMENTS

Capital expenditure not provided in respect of property, plant and equipment for in the financial statements are as follows:-

|                                   | Group          |                | Company        |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Authorised and contracted for     | 21,567         | 1,121          | -              | -              |
| Authorised but not contracted for | 773            | 3,918          | -              | -              |
|                                   | 22,340         | 5,039          | -              | -              |

### 45. CONTINGENT LIABILITIES

#### Group - Unsecured

|  | 2004<br>RM'000 | 2003<br>RM'000 |
|--|----------------|----------------|
| Bills discounted with banks            | 1,516          | 1,384          |
| Bank guarantees given to third parties |                |                |
| - trade related                        | 28,540         | 22,405         |
| Letter of credit                       | 340            | -              |
| Performance bonds                      | 415            | -              |
|  | 30,811         | 23,789         |

In addition to the above, a subsidiary company is contingently liable for a sales tax claim of approximately RM6,052,000 by the Director General of Customs Malaysia. The management of the subsidiary company are of the opinion that the claim has no merit and probably will not require an outflow of resources. Accordingly, no provision has been made in the financial statements pending the outcome of the subsidiary company's appeal to the Ministry of Finance.

#### Company - Unsecured

As at 31 May 2004, the Company has given corporate guarantees amounting to RM18,484,000 (2003: RM12,908,000) to financial institutions for credit facilities granted to and utilised by certain subsidiary companies.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 46. SIGNIFICANT EVENTS

During the financial year:

- (a) Syarikat Wandeerfull Sdn. Bhd., a wholly-owned subsidiary, completed the disposal of its entire 70% equity interest in WPDSB for RM4,791,000 cash. Consequently, WPDSB ceased to be a subsidiary of the Company and the Group ceased its business operation in property development.
  - (b) Ancom Energy & Services Sdn. Bhd. ("AES") a 50.2% owned subsidiary, completed the sale of 250,000 ordinary shares representing 5% equity in Tubex Sdn. Bhd., a 90% owned subsidiary of AES, to a director of a subsidiary company for RM250,000 cash.
  - (c) The Company and AES sold their 13,310 8% Non-convertible Cumulative Redeemable Preference Shares ("NCCRPS") and 2,502,000 ordinary shares of RM1 each in MPE for sale consideration of RM1 and RM3,500,000 cash respectively to Botco Sdn. Bhd, a company in which a major shareholder/director is related to a Director of the Company. On the same date, the Company subscribed for 1,363,000 new ordinary shares of RM1 each representing 24.9% equity interest in MPE at par for cash using the proceeds from the redemption of the remaining 13,630 NCCRPS in MPE.
  - (d) Ancom Overseas Ventures Sdn. Bhd. ("AOV"), a wholly-owned subsidiary, sold its entire 1,200,000 shares representing 20% equity interest in Transmare-Chemie Handelsgesellschaft mbH ("TMCH") for cash consideration of Euro 297,000 (RM1,387,000 equivalent). At the same time, AOV purchased 772,000 ordinary shares in the enlarged share capital of Transmare-Chemie (Singapore) Pte Ltd ("TMCS") for S\$1.12 million (RM2,591,000 equivalent), increasing its interest in TMCS from 20% to 36%.
  - (e) AOV further purchased 552,000 ordinary shares of HK\$10 each in CRC for HK\$125,000. It has further subscribed for 600,000 ordinary shares of HK\$10 each in CRC at par for cash to increase its shareholding in CRC from 54.8% to 84.6%.
  - (f) In July 2003, the Company announced a proposed re-organisation of its subsidiary companies involving in the transportation and logistic business as follows:
    - (i) Proposed disposal by the Company of its entire 100% equity interest in Ancom Ship Management Sdn. Bhd. ("ASMSB"), Synergy Point Sdn. Bhd. ("SPSB"), Synergy Concepts Sdn. Bhd. ("SCSB"), and 51% equity interest in Ancom-ChemQuest Terminals Sdn. Bhd. ("ACQT") to Synergy Trans-Link Sdn. Bhd. ("STL"), for total sale consideration of RM19,608,617 to be satisfied by STL issuing to the Company 137,268,936 new ordinary shares and 16,954,840 new ordinary shares of RM0.10 each at an issue price of RM0.10 and approximately RM0.12 each respectively and 39,217,234 zero coupon Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at an issue price of RM0.10 each;
    - (ii) Proposed acquisition by SMIT of the remaining 30% equity interest in Pengangkutan Cogent Sdn. Bhd. ("PCSB") from the remaining shareholders of PCSB for purchase consideration of RM2,166,808 to be satisfied by SMIT issuing a total of 739,651 new ordinary shares of S\$1.00 each at an issue price of approximately S\$1.35 per share to the Vendors;
    - (iii) Proposed disposal by Synergy Tankers Sdn. Bhd. ("STSB"), a wholly-owned subsidiary company, of its entire 3,210,815 ordinary shares or 45.61% equity of SMIT (after the proposed acquisition of PCSB as mentioned above) to STL for sale consideration of RM13,303,771 to be satisfied by STL issuing a total of 67,167,648 new ordinary shares of RM0.10 each at an issue price of approximately RM0.16 per share and 26,607,542 ICULS at an issue price of RM0.10 each;
- Proposed disposal by the other shareholders of SMIT of their entire remaining 54.39% interest in SMIT (after the proposed acquisition of PCSB as mentioned in (ii) above) to STL for total consideration of RM15,864,769 to be satisfied by STL issuing 80,097,530 new ordinary shares of RM0.10 each at an issue price of approximately RM0.16 per share and 31,729,538 ICULS at an issue price of RM0.10 each;



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 46. SIGNIFICANT EVENTS (cont'd)

- (iv) Pursuant to the proposed transactions mentioned above, STL will capitalise the debts owing by SPSB, SCSB and ASMSB to Elderberry Sdn. Bhd. totaling RM1,985,223 which will be assigned to the Company by the issuance of 19,852,230 ICULS at an issue price of RM0.10 each.

The proposed transactions above have been approved by Bank Negara Malaysia and the Securities Commission/Foreign Investment Committee. They are now pending completion.

Upon the completion of the proposed transactions, the Company and STSB will hold a total of 72.9% equity interest in STL which would in turn hold the entire 100% equity in SPSB, SCSB, ASMSB, SMIT, PCSB and 51% equity in ACQT.

- (g) The issued and paid-up share capital of the Company was increased from 120,507,195 ordinary shares of RM1 each to 201,856,767 ordinary shares of RM1 each as disclosed in Note 24 to the financial statements.

- (h) The Company purchased a total of 25,876,000 ordinary stock units representing 11.1% equity interest in Eastern & Oriental Berhad ("E&O"), a company listed on Bursa Malaysia Securities Berhad, for total cash consideration of RM16,677,000. The Company's shareholding in E&O, after the purchases, increased to 47,479,552 ordinary stock units representing 20.4% equity interest in E&O and 3,273,250 warrants 2001/2011.

Subsequently, the Company sold its entire ordinary stock units and warrants 2001/2011 in E&O for cash consideration of RM59,393,000, resulted in a gain of RM12,492,000 (after brokerage and other expenses) to the Company and the Group respectively.

- (i) The Company transferred its entire 1,657,895 ordinary shares of RM1 each in E-Cop.net Surveillance Sdn. Bhd. to E-Cop.net Pte. Ltd. ("e-Cop") in exchange for 322,013 new ordinary shares of S\$1 each representing 3.2% of the enlarged paid up share capital in e-Cop pursuant to the restructuring of e-Cop.
- (j) The Company subscribed for 1,006,008 new ordinary shares of RM1 each at par for cash in the capital of HSO which had been renounced by the existing shareholders of HSO.

All the transactions above have been completed during the financial year, except for the transactions in (f).

### 47. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The followings are the significant events subsequent to the balance sheet date:

- (a) In July 2004, the Company sold its entire 1,363,000 ordinary shares of RM1 each representing 24.9% equity interest in MPE to Total Oil Technologies Sdn. Bhd. at par for cash.
- (b) Pursuant to the capital reconstruction undertaken by Nylex (Malaysia) Berhad ("Nylex"), a 51.93% subsidiary of Rhodemark Development Sdn. Bhd. ("RDSB"), which in turn is a 50.1% owned subsidiary of the Company, Nylex had completed its capital reduction and capital consolidation exercise as well as the capital distribution of its entire shareholding in Tamco to the shareholders of Nylex on the basis of two (2) ordinary shares of RM0.50 each in Tamco for every one (1) existing ordinary share of RM1 each held in Nylex after the capital reduction and capital consolidation exercise. Pursuant to the capital distribution, RDSB received 116,587,972 ordinary shares of RM0.50 each representing 51.94% equity interest in Tamco.

Tamco further undertook a bumiputra special issue involving 35,000,000 new ordinary shares of RM0.50 each to the Bumiputra directors of Nylex and Tamco and other bumiputra institutions at par for cash. RDSB's shareholding in Tamco was reduced to 44.93% upon the completion of the bumiputra special issue. Tamco was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 6 July 2004.

Tamco further proposed an additional placement of up to 40,000,000 new ordinary shares of RM0.50 each to strategic investors at an issue price which shall not be more than 5% discount from the weighted average market price of Tamco shares for the 5 market days prior to the placement.

The additional placement of Tamco shares has not been implemented.





## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 47. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (cont'd)

- (c) In July 2004, the conditional Sale and Purchase Agreement entered into between Nylex and Ancom on 3 September 2002 for the sale of the entire equity interest in Perusahaan Kimia Gemilang Sdn. Bhd., Fempro Sdn. Bhd., Kumpulan Kesuma Sdn. Bhd. and Wedon Sdn. Bhd. (collectively "Chemical Companies"), became unconditional and the 64,427,000 new Nylex ordinary shares of RM1 each issued by Nylex to the Company to satisfy the purchase consideration of RM64,427,000 were listed on the Bursa Malaysia Securities Berhad on 14 July 2004. Consequently, the Company's effective interest in the Chemical Companies was reduced from 100% to 53% while its effective interest in Nylex increased from 26.0% to 53%.
- (d) In April 2004, the Company announced that it proposed to undertake a renounceable rights issue of up to 100,928,383 warrants ("Warrants") at an issue price of RM0.02 per Warrant on the basis of one (1) Warrant for every two (2) existing ordinary shares of RM1 each in the Company held at a date to be announced subject to the approvals of the relevant authorities.

The other salient terms of the Warrants are:

- |                                     |   |  |
|-------------------------------------|---|--|
| (i) Exercise period                 | : | Three (3) years commencing from and inclusive of the date of issue of the Warrants and may be exercised at any time after the date of issue of the Warrants. Warrants not exercised during the exercise period will thereafter be lapsed and ceased to be valid.   |
| (ii) Exercise rights and price      | : | Each Warrants entitled the holder to subscribe for one (1) new ordinary share of RM1 each in the Company at an exercise price of RM1, being the par value of the ordinary shares in the Company.   |
| (iii) Mode of exercise              | : | The registered holders of Warrants shall pay cash for the exercise price of the Warrants when exercise to subscribe for the new ordinary shares in the Company.  |
| (iv) Ranking of new ordinary shares | : | The new ordinary shares in the Company to be issued upon the exercise of the Warrants, shall upon issue and allotment, rank pari passu in all respects with the existing ordinary shares except that they shall not be entitled to any dividend, rights allotments, and/or other distributions, the entitlement date of which precedes the allotment date of the new ordinary shares in the Company arising from the exercise of the Warrants. |
| (v) Listing and board lot           | : | Application will be made to the Bursa Malaysia Securities Berhad for the admission, listing of and quotation for the Warrants in board lot of 100 Warrants and the listing of and quotation for the new ordinary shares in the Company arising from the exercise of the Warrants.  |
| (vi) Deed poll                      | : | The Warrants are constituted by a Deed Poll to be executed by the Company.   |

The proposed issue of Warrants has been approved by Bank Negara Malaysia and Securities Commission in August and September 2004 respectively. It is now subject to the approval of the Company's shareholders.



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 48. NUMBER OF EMPLOYEES AND STAFF COSTS

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Number of employees, including Executive Directors,<br>at the end of the financial year | 2,006          | 2,072          | 28             | 30             |

The staff costs recognised in the income statements are as follow:

|                                      | Group          |                | Company        |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
|                                      | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 |
| Salaries and wages                   | 75,302         | 78,134         | 2,636          | 2,643          |
| Defined contribution retirement plan | 7,759          | 7,899          | 288            | 291            |
| Other employee benefits              | 2,778          | 3,055          | 32             | 32             |
|                                      | 85,839         | 89,088         | 2,956          | 2,966          |

### 49. SEGMENTAL INFORMATION

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

|                                       |   |
|---------------------------------------|---|
| Investment holding                    | : Investment holding  |
| Agricultural and industrial chemicals | : Manufacture and sale of agricultural and industrial chemical products   |
| Oil and gas services                  | : Supply of goods and services to oil and gas industry  |
| Logistic                              | : Ship-owning, ship-operating, transportation, container haulage, bulk cargo handling, chemicals warehousing and related services |
| Discontinuing operation               | : Property development  |
| Information technology ("IT")         | : Provision of IT services and sales of computer hardware and software  |
| Polymer                               | : Manufacturing and marketing of polymer products   |
| Engineering                           | : Trading, contracting and marketing in electrical engineering products   |
| Building products                     | : Manufacture and marketing of metal roof tiles   |
| Others                                | : Dormant and inactive companies  |

The inter-segment transactions were entered in the normal course of business and were on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.



# NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 49. SEGMENTAL INFORMATION (cont'd)

### (a) Business segment

| 2004                                     | Agricultural and Industrial Chemicals |                             |                     |        | Oil and Gas Services |        | Logistic |         | Discontinuing Operation |        | Information Technology |        | Polymer |        | Engineering |        | Building Products |        | Others |        | Elimination |        | Consolidated |  |
|--|---------------------------------------|-----------------------------|---------------------|--------|----------------------|--------|----------|---------|-------------------------|--------|------------------------|--------|---------|--------|-------------|--------|-------------------|--------|--------|--------|-------------|--------|--------------|--|
|  | Investment Holding RM'000             | Industrial Chemicals RM'000 | Gas Services RM'000 | RM'000 | RM'000               | RM'000 | RM'000   | RM'000  | RM'000                  | RM'000 | RM'000                 | RM'000 | RM'000  | RM'000 | RM'000      | RM'000 | RM'000            | RM'000 | RM'000 | RM'000 | RM'000      | RM'000 | RM'000       |  |
| <b>Revenue</b>                           |                                       |                             |                     |        |                      |        |          |         |                         |        |                        |        |         |        |             |        |                   |        |        |        |             |        |              |  |
| External sales                           | 709                                   | 506,064                     | 23,664              | 43,885 | 5,778                | 3,380  | 117,192  | 261,755 | 16,254                  | -      | -                      | -      | -       | -      | -           | -      | -                 | -      | -      | -      | -           | -      | 978,681      |  |
| Inter-segment sales                      | 28,133                                | 30,887                      | -                   | 5,291  | 390                  | 648    | -        | -       | -                       | -      | -                      | -      | -       | -      | -           | -      | -                 | -      | -      | -      | -           | -      | -            |  |
| Total                                    | 28,842                                | 536,951                     | 23,664              | 49,176 | 6,168                | 4,028  | 117,192  | 261,755 | 16,254                  | -      | -                      | -      | -       | -      | -           | -      | -                 | -      | -      | -      | -           | -      | 978,681      |  |
| <b>Result</b>                            |                                       |                             |                     |        |                      |        |          |         |                         |        |                        |        |         |        |             |        |                   |        |        |        |             |        |              |  |
| Segment results                          | (3,073)                               | 9,238                       | (10,020)            | 6,457  | 17,039               | (460)  | 12,049   | 25,464  | (734)                   | 15     | -                      | -      | -       | -      | -           | -      | -                 | -      | -      | -      | -           | -      | 55,975       |  |
| Unallocated corporate expenses           |                                       |                             |                     |        |                      |        |          |         |                         |        |                        |        |         |        |             |        |                   |        |        |        |             |        | (2,981)      |  |
| Operating profits                        |                                       |                             |                     |        |                      |        |          |         |                         |        |                        |        |         |        |             |        |                   |        |        |        |             |        | 52,994       |  |
| Finance cost                             |                                       |                             |                     |        |                      |        |          |         |                         |        |                        |        |         |        |             |        |                   |        |        |        |             |        | (16,243)     |  |
| Share of results of associated companies | -                                     | 736                         | -                   | -      | -                    | (147)  | -        | 560     | -                       | -      | -                      | -      | -       | -      | -           | -      | -                 | -      | -      | -      | -           | -      | 1,149        |  |
| Profit before tax                        |                                       |                             |                     |        |                      |        |          |         |                         |        |                        |        |         |        |             |        |                   |        |        |        |             |        | 37,900       |  |
| Tax expense                              |                                       |                             |                     |        |                      |        |          |         |                         |        |                        |        |         |        |             |        |                   |        |        |        |             |        | (12,733)     |  |
| Profit from ordinary activities          |                                       |                             |                     |        |                      |        |          |         |                         |        |                        |        |         |        |             |        |                   |        |        |        |             |        | 25,167       |  |
| Minority interests                       |                                       |                             |                     |        |                      |        |          |         |                         |        |                        |        |         |        |             |        |                   |        |        |        |             |        | (9,338)      |  |
| Net profit for the financial year        |                                       |                             |                     |        |                      |        |          |         |                         |        |                        |        |         |        |             |        |                   |        |        |        |             |        | 15,829       |  |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 49. SEGMENTAL INFORMATION (cont'd)

| 2004  | Agricultural and Oil and |                      |              |          |                         |                        |         |             |                   |        | Elimination | Consolidated |
|---|--------------------------|----------------------|--------------|----------|-------------------------|------------------------|---------|-------------|-------------------|--------|-------------|--------------|
|   | Investment Holding       | Industrial Chemicals | Gas Services | Logistic | Discontinuing Operation | Information Technology | Polymer | Engineering | Building Products | Others |             |              |
|   | RM'000                   | RM'000               | RM'000       | RM'000   | RM'000                  | RM'000                 | RM'000  | RM'000      | RM'000            | RM'000 | RM'000      | RM'000       |
| <b>Other information</b>  |                          |                      |              |          |                         |                        |         |             |                   |        |             |              |
| Segment assets  | 379,364                  | 224,120              | 28,353       | 100,784  | -                       | 9,130                  | 114,094 | 351,203     | 15,278            | -      | (383,333)   | 838,993      |
| Investment in associated companies                                      | -                        | 6,063                | -            | -        | -                       | 1,772                  | -       | 5,067       | -                 | -      | -           | 12,902       |
| Goodwill on consolidation   |                          |                      |              |          |                         |                        |         |             |                   |        |             | 44,905       |
| Unallocated corporate assets  |                          |                      |              |          |                         |                        |         |             |                   |        |             | 13,736       |
| <b>Total assets</b>   |                          |                      |              |          |                         |                        |         |             |                   |        |             | 910,536      |
| Segment liabilities   | 122,103                  | 120,754              | 9,297        | 42,419   | -                       | 4,795                  | 30,792  | 241,092     | 4,062             | -      | (102,964)   | 472,350      |
| Unallocated corporate liabilities                                       |                          |                      |              |          |                         |                        |         |             |                   |        |             | 24,513       |
| <b>Total liabilities</b>  |                          |                      |              |          |                         |                        |         |             |                   |        |             | 496,863      |
| Capital expenditure   | 2,105                    | 1,384                | 762          | 7,167    | -                       | 529                    | 5,559   | 10,441      | 519               | -      | -           | 28,466       |
| Unallocated capital expenditure   |                          |                      |              |          |                         |                        |         |             |                   |        |             | 17           |
| Depreciation and amortisation   | 1,751                    | 2,233                | 2,456        | 6,594    | 27                      | 1,541                  | 7,174   | 8,403       | 475               | -      | (647)       | 30,007       |
| Unallocated depreciation  |                          |                      |              |          |                         |                        |         |             |                   |        |             | 90           |
| Non-cash expenses, other than depreciation and amortisation             | 4,242                    | 8,121                | 10,497       | 125      | -                       | 76                     | (666)   | 3,973       | 80                | -      | -           | 26,448       |
| Unallocated non-cash expenses, other than depreciation and amortisation |                          |                      |              |          |                         |                        |         |             |                   |        |             | 96           |



# NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 49. SEGMENTAL INFORMATION (cont'd)

| 2003                                     | Agricultural and   |                      |                      |               |                         |                        |                |                |                   |          | Elimination     | Consolidated   |
|--|--------------------|----------------------|----------------------|---------------|-------------------------|------------------------|----------------|----------------|-------------------|----------|-----------------|----------------|
|  | Investment Holding | Industrial Chemicals | Oil and Gas Services | Logistic      | Discontinuing Operation | Information Technology | Polymer        | Engineering    | Building Products | Others   |                 |                |
|  | RM'000             | RM'000               | RM'000               | RM'000        | RM'000                  | RM'000                 | RM'000         | RM'000         | RM'000            | RM'000   | RM'000          | RM'000         |
| <b>Revenue</b>                           |                    |                      |                      |               |                         |                        |                |                |                   |          |                 |                |
| External sales                           | 862                | 459,649              | 35,562               | 29,346        | 22,890                  | 943                    | 117,448        | 255,192        | 13,701            | -        | -               | 935,593        |
| Inter-segment sales                      | 7,060              | 20,829               | -                    | 6,557         | -                       | 1,117                  | 10             | -              | -                 | -        | (35,573)        | -              |
| <b>Total</b>                             | <b>7,922</b>       | <b>480,478</b>       | <b>35,562</b>        | <b>35,903</b> | <b>22,890</b>           | <b>2,060</b>           | <b>117,458</b> | <b>255,192</b> | <b>13,701</b>     | <b>-</b> | <b>(35,573)</b> | <b>935,593</b> |
| <b>Result</b>                            |                    |                      |                      |               |                         |                        |                |                |                   |          |                 |                |
| Segment results                          | 1,724              | 9,866                | (2,576)              | 1,530         | 9,841                   | (8,190)                | 11,119         | 18,864         | 1,666             | 87       | -               | 43,931         |
| Unallocated corporate expenses           | -                  | -                    | -                    | -             | -                       | -                      | -              | -              | -                 | -        | -               | 1,075          |
| Operating profits                        | -                  | -                    | -                    | -             | -                       | -                      | -              | -              | -                 | -        | -               | 45,006         |
| Finance cost                             | -                  | -                    | -                    | -             | -                       | -                      | -              | -              | -                 | -        | -               | (17,532)       |
| Share of results of associated companies | -                  | 1,017                | -                    | -             | -                       | (1,336)                | -              | 15             | -                 | -        | -               | (304)          |
| Profit before tax                        | -                  | -                    | -                    | -             | -                       | -                      | -              | -              | -                 | -        | -               | 27,170         |
| Tax expense                              | -                  | -                    | -                    | -             | -                       | -                      | -              | -              | -                 | -        | -               | (17,093)       |
| Profit from ordinary activities          | -                  | -                    | -                    | -             | -                       | -                      | -              | -              | -                 | -        | -               | 10,077         |
| Minority interests                       | -                  | -                    | -                    | -             | -                       | -                      | -              | -              | -                 | -        | -               | (7,238)        |
| Net profit for the financial year        | -                  | -                    | -                    | -             | -                       | -                      | -              | -              | -                 | -        | -               | 2,839          |

## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 49. SEGMENTAL INFORMATION (cont'd)

| 2003  | Agricultural and Oil and Gas |                                |                    |                    |                                   |                                  |                   |                       |                             |                  |                       | Consolidated |        |
|---|------------------------------|--------------------------------|--------------------|--------------------|-----------------------------------|----------------------------------|-------------------|-----------------------|-----------------------------|------------------|-----------------------|--------------|--------|
|   | Investment Holding<br>RM'000 | Industrial Chemicals<br>RM'000 | Services<br>RM'000 | Logistic<br>RM'000 | Discontinuing Operation<br>RM'000 | Information Technology<br>RM'000 | Polymer<br>RM'000 | Engineering<br>RM'000 | Building Products<br>RM'000 | Others<br>RM'000 | Elimination<br>RM'000 | RM'000       |        |
|   |                              |                                |                    |                    |                                   |                                  |                   |                       |                             |                  |                       |              | RM'000 |
| <b>Other information</b>                                    |                              |                                |                    |                    |                                   |                                  |                   |                       |                             |                  |                       |              |        |
| Segment assets  | 120,395                      | 233,091                        | 36,068             | 98,628             | 40,269                            | 22,344                           | 181,608           | 263,935               | 15,552                      | -                | (172,785)             | 839,105      |        |
| Investment in associated companies                          | -                            | 7,372                          | -                  | -                  | -                                 | 2,880                            | -                 | 4,556                 | -                           | -                | -                     | 14,808       |        |
| Goodwill on consolidation                                   |                              |                                |                    |                    |                                   |                                  |                   |                       |                             |                  |                       | 57,549       |        |
| Unallocated corporate assets                                |                              |                                |                    |                    |                                   |                                  |                   |                       |                             |                  |                       | 11,674       |        |
| <b>Total assets</b>   |                              |                                |                    |                    |                                   |                                  |                   |                       |                             |                  |                       | 923,136      |        |
| Segment liabilities   | 153,444                      | 126,680                        | 15,841             | 44,168             | 49,559                            | 21,242                           | 47,344            | 248,470               | 4,560                       | -                | (241,363)             | 469,945      |        |
| Unallocated corporate liabilities                           |                              |                                |                    |                    |                                   |                                  |                   |                       |                             |                  |                       | 58,542       |        |
| <b>Total liabilities</b>                                    |                              |                                |                    |                    |                                   |                                  |                   |                       |                             |                  |                       | 528,487      |        |
| Capital expenditure   | 1,200                        | 4,209                          | 2,252              | 46,318             | -                                 | 735                              | 3,895             | 4,150                 | 236                         | -                | -                     | 62,995       |        |
| Unallocated capital expenditure                             |                              |                                |                    |                    |                                   |                                  |                   |                       |                             |                  |                       | 205          |        |
| Depreciation and amortisation                               | 829                          | 2,337                          | 2,581              | 6,171              | 28                                | 1,920                            | 7,020             | 8,124                 | 602                         | -                | -                     | 29,612       |        |
| Unallocated depreciation                                    |                              |                                |                    |                    |                                   |                                  |                   |                       |                             |                  |                       | 104          |        |
| Non-cash expenses, other than depreciation and amortisation | 142                          | 5,160                          | 4,861              | 1,723              | -                                 | 2,391                            | 1,069             | 3,376                 | 62                          | -                | -                     | 18,784       |        |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 49. SEGMENTAL INFORMATION (cont'd)

#### (b) Geographical segment

The Group operates mainly in Malaysia. It also has operations in Singapore, China, Hong Kong, Australia and Indonesia. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical location of assets.

|                 | Revenue        |                | Segment Assets |                | Capital Expenditure |                |
|-----------------|----------------|----------------|----------------|----------------|---------------------|----------------|
|                 | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000 | 2003<br>RM'000 | 2004<br>RM'000      | 2003<br>RM'000 |
| Malaysia        | 505,150        | 478,417        | 663,019        | 655,045        | 22,886              | 15,281         |
| Singapore       | 66,020         | 86,349         | 63,588         | 68,539         | 3,868               | 46,125         |
| Philippines     | 30,766         | 22,504         | -              | -              | -                   | -              |
| China           | 144,305        | 107,668        | 69,985         | 54,863         | 1,115               | 416            |
| Hong Kong       | 30,847         | 85,908         | 11,620         | 16,581         | 11                  | 171            |
| Australia       | 7,974          | 8,604          | 18,846         | 32,886         | 93                  | 864            |
| Indonesia       | 36,757         | 39,523         | 11,933         | 11,189         | 493                 | 138            |
| Middle East     | 68,660         | 37,766         | -              | -              | -                   | -              |
| Europe          | 12,474         | 22,059         | -              | -              | -                   | -              |
| Thailand        | 23,036         | 16,635         | -              | -              | -                   | -              |
| Other countries | 52,692         | 30,160         | 2              | 2              | -                   | -              |
|                 | 978,681        | 935,593        | 838,993        | 839,105        | 28,466              | 62,995         |

### 50. SUBSIDIARY AND ASSOCIATED COMPANIES

Details of subsidiary companies are as follows:

| Company                             | Country of<br>Incorporation | Effective      |                  | Principal Activities   |
|-------------------------------------|-----------------------------|----------------|------------------|--|
|                                     |                             | Equity<br>2004 | Interest<br>2003 |  |
| Ancom Crop Care Sdn. Bhd.           | Malaysia                    | 100%           | 100%             | Manufacture and marketing of agricultural chemical products                              |
| Polytensides Sdn. Bhd.              | Malaysia                    | 100%           | 100%             | Manufacture and sale of agricultural products and chemicals                              |
| Timber Preservatives Sdn. Bhd.      | Malaysia                    | 51%            | 51%              | Manufacture and distribution of timber preservatives and related chemical products       |
| ° Sun Chemicals Sdn. Bhd.           | Malaysia                    | 100%           | 100%             | Dormant. In the process of winding up  |
| Ancom Overseas Ventures Sdn. Bhd.   | Malaysia                    | 100%           | 100%             | Investment holding company and provision of management services                          |
| Fermpro Sdn. Bhd.                   | Malaysia                    | 100%           | 100%             | Manufacture and marketing of ethanol, carbon dioxide and other related chemical products |
| Perusahaan Kimia Gemilang Sdn. Bhd. | Malaysia                    | 100%           | 100%             | Trading in petrochemicals and industrial chemicals                                       |
| Kumpulan Kesuma Sdn. Bhd.           | Malaysia                    | 100%           | 100%             | Manufacture and marketing of sealants and adhesive products                              |
| Wedon Sdn. Bhd.                     | Malaysia                    | 100%           | 100%             | Marketing of sealants and adhesive products  |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 50. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

| Company  | Country of Incorporation | Effective Equity 2004 | Interest 2003 | Principal Activities  |
|--|--------------------------|-----------------------|---------------|---|
| Ancom-ChemQuest Terminals Sdn. Bhd.                      | Malaysia                 | 51%                   | 51%           | Build, own, operate, lease and manage chemical tank farm and warehouse  |
| Ancom Energy & Services Sdn. Bhd.                        | Malaysia                 | 50.2%                 | 55.0%         | Supply of goods and services to oil and gas industry  |
| Elderberry Sdn. Bhd.                                     | Malaysia                 | 100%                  | 100%          | Dormant   |
| 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%          | Investment holding  |
| Ancom Ship Management Sdn. Bhd.                          | Malaysia                 | 100%                  | 100%          | Ship management services  |
| 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%          | Deregistered  |
| Syarikat Wandeerfull Sdn. Bhd                            | Malaysia                 | 100%                  | 100%          | Investment holding, dealing in and subletting of land   |
| * Bullion Mining and Developments Sdn. Berhad            | Malaysia                 | 100%                  | 100%          | Property development and investment holding. The Company has temporary ceased operation   |
| * Rhodemark Development Sdn. Bhd.                        | Malaysia                 | 50.1%                 | 50.1%         | Investment holding  |
| * HSO Business Systems Sdn. Bhd.                         | Malaysia                 | 47.8%                 | 25.1%         | Trading of computer hardware and software and rendering of IT related consulting services   |
| ° Ancom (Hong Kong) Limited                              | Hong Kong                | -                     | 100%          | Deregistered  |
| * MSTi Corporation Sdn. Bhd.                             | Malaysia                 | 50.1%                 | 50.1%         | Trading of computer hardware and software and rendering of IT related consulting services   |
| <b>Subsidiary companies of Ancom Crop Care Sdn. Bhd.</b> |                          |                       |               |   |
| OrganiGro Sdn. Bhd.                                      | Malaysia                 | 77.44%                | 77.44%        | Manufacture and marketing of organic fertilizers  |
| Ancom Garden Products Sdn. Bhd.                          | Malaysia                 | 100%                  | 100%          | Trading of gardening products   |
| ° Consolidated Specialties Sdn. Bhd.                     | Malaysia                 | 100%                  | 100%          | Dormant. In the process of winding up   |
| * Ancom do Brasil Ltda                                   | Brazil                   | 99.9%                 | 99.9%         | Dormant. Holder of licenses for certain agricultural chemical products  |





## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 50. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

| Company   | Country of Incorporation | Effective Equity 2004 | Interest 2003 | Principal Activities  |
|---|--------------------------|-----------------------|---------------|---|
| <b>Subsidiary companies of Ancom Crop Care Sdn. Bhd.</b>                |                          |                       |               |   |
| * Ancom Australia Pty. Ltd.   | Australia                | 100%                  | 100%          | Dormant. Holder of licenses for certain agricultural chemical products  |
| * Malancom Agrochemicals (Pty.) Limited                                 | South Africa             | 100%                  | 100%          | Dormant. Holder of licenses for certain agricultural chemical products  |
| <b>Subsidiary company of Ancom Overseas Ventures Sdn. Bhd.</b>          |                          |                       |               |   |
| * ChemResources China (Agencies) Limited                                | Hong Kong                | 84.6%                 | 54.7%         | Distributor of printing ink solvent and industria chemicals   |
| <b>Subsidiary companies of ChemResources China (Agencies) Limited</b>   |                          |                       |               |   |
| °* ChemResources China (Coating) Limited                                | Hong Kong                | -                     | 54.7%         | Deregistered  |
| °* ChemSing Chemicals Distribution (China) Limited                      | Hong Kong                | 25.5%                 | 25.5%         | Dormant. In the process of members' voluntary liquidation   |
| <b>Subsidiary companies of Ancom Energy &amp; Services Sdn. Bhd.</b>    |                          |                       |               |   |
| Tubex Sdn. Bhd.   | Malaysia                 | 42.7%                 | 49.5%         | Provide threading and ancillary services  |
| Akra Engineering Sdn. Bhd.  | Malaysia                 | 41.0%                 | 53.1%         | Manufacture of steel structures for oil and gas industries and other related maintenance and engineering services                                       |
| AES Mayak Sdn. Bhd.   | Malaysia                 | 50.2%                 | 55%           | Dormant   |
| Material Performance Engineering Sdn. Bhd.                              | Malaysia                 | -                     | 49.5%         | Investment holding, trading of anodes and cathodic protection equipment and provision of technical training services                                    |
| Indah Segar Sdn. Bhd.   | Malaysia                 | 42.7%                 | 55%           | Technical and consulting services in the field of corrosion protection, material design, evaluation and environment engineering related work activities |
| <b>Subsidiary company of Material Performance Engineering Sdn. Bhd.</b> |                          |                       |               |   |
| MPE Lindung Sdn. Bhd.   | Malaysia                 | -                     | 49.5%         | Manufacture and supply of anodes and cathodic protection equipment  |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 50. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

| Company   | Country of Incorporation | Effective Equity 2004 | Interest 2003 | Principal Activities  |
|---|--------------------------|-----------------------|---------------|---|
| <b>Subsidiary company of Synergy Tanker Sdn. Bhd.</b>                         |                          |                       |               |   |
| * SM Integrated Transware Pte. Ltd.   | Singapore                | 51.0%                 | 51.0%         | Providing transportation, container haulage, bulk cargo handling, chemical warehousing and drumming services  |
| <b>Subsidiary company of SM Integrated Transware Pte. Ltd.</b>                |                          |                       |               |   |
| * Pengangkutan Cogent Sdn. Bhd.   | Malaysia                 | 35.7%                 | 35.7%         | Providing transportation and related services   |
| <b>Subsidiary company of Perusahaan Kimia Gemilang Sdn. Bhd.</b>              |                          |                       |               |   |
| * Dynamic Chemical Trading Pte. Ltd.  | Singapore                | 100%                  | 100%          | Trading in industrial chemicals   |
| <b>Subsidiary company of WorldSOL.com Sdn. Bhd.</b>                           |                          |                       |               |   |
| MSB Solutions Sdn. Bhd.   | Malaysia                 | -                     | 50.1%         | Providing IT related services   |
| <b>Subsidiary companies of Syarikat Wandeerfull Sdn. Bhd.</b>                 |                          |                       |               |   |
| * Wandeerfull Industries Sdn. Bhd.  | Malaysia                 | 100%                  | 100%          | Dormant   |
| * Wandeerfull Property & Development Sdn. Bhd.                                | Malaysia                 | -                     | 70%           | Property development  |
| <b>Subsidiary company of Wandeerfull Property &amp; Development Sdn. Bhd.</b> |                          |                       |               |   |
| * Wandeerfull Mining Sdn. Bhd.  | Malaysia                 | -                     | 70%           | Dormant   |
| <b>Subsidiary company of Rhodemark Development Sdn. Bhd.</b>                  |                          |                       |               |   |
| * Nylex (Malaysia) Berhad   | Malaysia                 | 26%                   | 26%           | Manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other polymer products, including geotextiles and prefabricated sub-soil drainage systems |
| <b>Subsidiary companies of Nylex (Malaysia) Berhad</b>                        |                          |                       |               |   |
| * Tamco Corporate Holdings Berhad   | Malaysia                 | 26%                   | 26%           | Design, manufacture, supply, installation, commissioning and maintenance of switchgear equipment and systems for power distribution   |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

## 50. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

| Company  | Country of Incorporation | Effective Equity 2004 | Interest 2003 | Principal Activities   |
|--|--------------------------|-----------------------|---------------|--|
| <b>Subsidiary companies of Nylex (Malaysia) Berhad</b>   |                          |                       |               |  |
| * Nycon Manufacturing Sdn. Bhd.  | Malaysia                 | 26%                   | 26%           | Manufacture and marketing of rotomoulded plastic products, including bulk chemical containers, road barriers, playground equipment and disposal bins |
| * Malaysian Roofing Industries Sdn. Bhd.   | Malaysia                 | 18.2%                 | 18.2%         | Manufacture and marketing of metal roofing tiles   |
| * Zonson Sports (Malaysia) Sdn. Bhd.   | Malaysia                 | 20.8%                 | 20.8%         | Dormant - ceased operations  |
| °* Logislease Sdn. Bhd.  | Malaysia                 | 26%                   | 26%           | Dormant. In the process of deregistration  |
| * Tamco Systems (Malaysia) Sdn. Bhd. (Formerly known as Tamco Electrical & Electronics (Malaysia) Sdn. Bhd.) | Malaysia                 | 26%                   | 26%           | Trading and contracting in electrical engineering products   |
| * Tamco Systems (Singapore) Pte. Ltd. (Formerly known as Tamco (Singapore) Pte Ltd)                          | Singapore                | 26%                   | 26%           | Trading and contracting in electrical engineering products   |
| * Tamco Systems (Hong Kong) Limited (Formerly known as Tamco Electrical & Electronics (HK) Limited)          | Hong Kong                | 26%                   | 26%           | Trading and contracting in electrical engineering products   |
| °* Tamco (Malaysia) Sdn. Bhd   | Malaysia                 | 26%                   | 26%           | Dormant. In the process of deregistration  |
| * Tamco Industries Sdn. Bhd  | Malaysia                 | 26%                   | 26%           | Dormant  |
| * TEE Power & Engineering Sdn. Bhd.  | Malaysia                 | 26%                   | 26%           | Dormant  |
| * PT Indomalay Ekatana Roofing Industries  | Indonesia                | 12.7%                 | 12.7%         | Manufacture and marketing of metal roofing tiles   |
| * Universal Motor Kontrol Pty. Limited   | Australia                | 26%                   | 26%           | Manufacture and marketing of switchgear and related products   |
| * Kontrol Sales Pty. Limited   | Australia                | 26%                   | 26%           | Dormant  |
| * PT Kontrol Ragam Indonesia   | Indonesia                | 20.8%                 | 20.8%         | Manufacture and trading of control switchboard   |
| * Universal Motor Kontrol Hong Kong Limited  | Hong Kong                | 26%                   | 26%           | Sales and marketing of switchgear and related products   |
| * Tamco Shanghai Switchgear Company Limited  | China                    | 26%                   | 26%           | Manufacture and marketing of switchgear and related products   |
| * Tamco Electrical Industries Australia Pty. Limited   | Australia                | 26%                   | 26%           | Dormant  |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 50. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

| Company   | Country of Incorporation | Effective Equity 2004 | Interest 2003 | Principal Activities                      |
|---|--------------------------|-----------------------|---------------|---|
| <b>Subsidiary companies of Nylex (Malaysia) Berhad</b>    |                          |                       |               |   |
| °* Tamco Gulf Enterprises Sdn. Bhd.                       | Malaysia                 | 26%                   | 26%           | Dormant. In the process of deregistration |
| * Tamco Static Systems (Far East) Limited                 | Hong Kong                | 26%                   | 26%           | Dormant                                   |
| <b>Subsidiary companies of MSTi Corporation Sdn. Bhd.</b> |                          |                       |               |   |
| * I-Enterprise Online.Com Sdn. Bhd.                       | Malaysia                 | 25.6%                 | 25.6%         | Provision of IT services                  |
| * HSO Business Solutions Sdn. Bhd.                        | Malaysia                 | -                     | 25.1%         | Dormant                                   |

- \* Not audited by BDO Binder or member firms of BDO International.  
° In the process of deregistration/members' voluntary liquidation.

Details of associated companies are as follows:

| Company  | Country of Incorporation | Effective Equity 2004 | Interest 2003 | Principal Activities   |
|--|--------------------------|-----------------------|---------------|--|
| <b>Direct:</b>   |                          |                       |               |  |
| * Nufarm Technologies (Malaysia) Sdn. Bhd. (formerly known as Fernz Timber Protection (M) Sdn. Bhd.) | Malaysia                 | 49%                   | 49%           | Trading in timber wood preservative and other chemical products  |
| * E-Cop.Net Surveillance Sdn. Bhd.   | Malaysia                 | -                     | 27.3%         | Providing network services in electronic and Internet security protection  |
| * iSpring Capital Sdn. Bhd.  | Malaysia                 | 42%                   | 40%           | Providing and sourcing private equity finance and providing related consultancy services, business acceleration and other value added facilities and services to technology ventures |
| * Vision IP Services Sdn. Bhd.   | Malaysia                 | 36.1%                 | 33.3%         | Providing call centre services   |
| <b>Indirect:-</b>  |                          |                       |               |  |
| Ancom Kimia Sdn. Bhd.  | Malaysia                 | 30%                   | 30%           | Distributor of petrochemicals and industrial chemicals   |
| * Transmare - Chemie (Singapore) Pte. Ltd.   | Singapore                | 36%                   | 20%           | Distributor of printing ink solvent and industrial chemicals   |
| * Transmare - Chemie Handelsgesellschaft mbH   | Germany                  | -                     | 20%           | Distributor of printing ink solvent and industrial chemicals   |



## NOTES TO THE FINANCIAL STATEMENTS 31 May 2004 (cont'd)

### 50. SUBSIDIARY AND ASSOCIATED COMPANIES (cont'd)

| Company                                      | Country of Incorporation | Equity 2004 | Effective Interest 2003 | Principal Activities  |
|--|--------------------------|-------------|-------------------------|---|
| <b>Indirect:-</b>                            |                          |             |                         |   |
| * Transmare - Chemie (Malaysia) Sdn. Bhd.    | Malaysia                 | 20%         | -                       | Distributor of printing ink solvent and industrial chemicals  |
| + Ancom Philippines Inc.                     | Philippines              | 39.6%       | 39.6%                   | Dormant. Holder of licenses for certain agricultural chemical products  |
| * Hikmat Ikhlas Sdn. Bhd.                    | Malaysia                 | 12.8%       | 12.8%                   | Trading and contracting in electrical engineering products  |
| * Suistulin Sdn. Bhd.                        | Malaysia                 | 7.8%        | 7.8%                    | Dormant   |
| * Tamco Chongqing Switchgear Company Limited | China                    | 9.8%        | 9.8%                    | Manufacturing and marketing of switchgear and related products  |
| * Sinaran Takhta-Tamco Sdn. Bhd.             | Malaysia                 | 7.8%        | 7.8%                    | This company was wound up by the KL High Court on 5/11/2003 and is currently in the process of being liquidated |
| * Etah Shanghai Electric Co. Ltd             | China                    | 5.2%        | 5.2%                    | Manufacture and sales of transformers and related products  |

\* Not audited by BDO Binder or member firms of BDO International.

+ Audited by member firms of BDO International.

### 51. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 28 September 2004.



## ADDITIONAL INFORMATION

in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad

### SHARE BUY BACK

The Company sold a total of 2,817,000 treasury shares pursuant to section 67A(3A)(b) of the Companies Act, 1965 during the financial year. The Company also purchased a total of 1,848,600 ordinary shares in the Company pursuant to Section 67A of the Companies Act, 1965 during the financial year. The details of the sale of treasury shares and the repurchase of the Company's shares are in the Directors Report of this Annual Report.

### OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year.

On 29 April 2004, the Company announced that it proposed to undertake a renounceable rights issue of up to 100,928,383 warrants ("Warrants") at an issue price of RM0.02 per Warrant on the basis of one (1) Warrant for every two (2) existing ordinary shares of RM1.00 each in the Company held at a date to be announced subject to the approvals of the relevant authorities.

Further details on the Warrants are in Note 47(d) of the financial statements.

### UTILISATION OF PROCEEDS

During the financial year, the Company raised gross proceeds of RM11,700,000 from a private placement of 11,700,000 new ordinary shares of RM1.00 each to certain placees at par for cash. The gross proceeds were used as follows:

|                                    | RM'000        |
|------------------------------------|---------------|
| Repayment of bank borrowings       | 11,400        |
| Expenses for the private placement | 300           |
| <b>Total</b>                       | <b>11,700</b> |

In addition, the Company had also raised gross proceeds of RM3,004,980 from the exercises of the options issued pursuant to the ESOS, which were used for working capital of the Company during the financial year.

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

The Company did not sponsor any ADR or GDR programme during the financial year.

### SANCTIONS AND/OR PENALTIES

Other than those disclosed in Note 45 of the financial statements, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant authorities during the financial year.

### NON-AUDIT FEE

A total of RM127,550 was paid to the external auditors of the Company in the financial year for non-audit assignments.

### VARIATION IN RESULTS

There were no material variances between the results for the financial year ended 31 May 2004 and the unaudited results previously announced. The Company did not announce any profit estimates, forecasts and projections for the financial year.

### PROFIT GUARANTEE

The Company did not give any profit guarantee in respect of the financial year ended 31 May 2004.



## ADDITIONAL INFORMATION

in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

### MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS

1. Conditional Sale and Purchase Agreements both dated 30 June 2003 between Ancom Energy & Services Sdn Bhd ("AES"), a 50.2%-owned subsidiary of the Company, and Botco Sdn Bhd ("Botco"), for the disposals of 2,502,000 ordinary shares of RM1.00 each representing 90% equity interest in Material Performance Engineering Sdn Bhd ("MPE") and 13,310 8% non-convertible cumulative redeemable preference shares in MPE respectively, for total cash consideration of RM3.5 million and RM1.00 respectively. Both the transactions have been completed in December 2003.

Dato' Johari Razak, the Executive Chairman of the Company, is the brother of En. Nizam Razak, the Chairman and a 25% substantial shareholder of Botco.

2. Share Sale Agreement dated 13 October 2003 between AES and Datuk Hj Ismail bin Hj Hashim ("Datuk Ismail") for the disposal of 250,000 shares of RM1.00 each representing 5% equity interest in Tubex Sdn Bhd ("Tubex") by AES to Datuk Ismail for a total cash consideration of RM250,000. The transaction has been completed in October 2003.

Datuk Ismail is a Director and a 41.1% substantial shareholder of AES. He is also a Director of Tubex.

### REVALUATION POLICY

The Company did not have a revaluation policy on landed properties for the financial year ended 31 May 2004.

### RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

During the financial year, details of the RRPT pursuant to the shareholders' mandate obtained in the last annual general meeting of the Company are as follows:

| Related Party  | Nature of Transaction   | Interested Directors, Major Shareholders and Connected Persons                                 | Value of RRPT (RM) |
|--|---|--|--------------------|
| Pacific & Orient Insurance Co. Berhad  | Purchase of general insurance   | Pacific & Orient Berhad<br>Chan Thye Seng  | 1,222,000          |
| MSTi Corporation Sdn Bhd and its subsidiaries namely:<br>- i-Enterprise Online.com Sdn Bhd<br>- HSO Business Systems Sdn Bhd | Receiving of IT related consultancy services  | Dato' Siew Nim Chee<br>Dato' Siew Ka Wei<br>Siew Ka Kheong                                     | 846,282            |
|  | Provision of management services by holding company   | Datin Young Ka Mun<br>Quek Lay Kheng<br>Silver Dollars Sdn Bhd<br>Siew Nim Chee & Sons Sdn Bhd | 54,485             |
| Broad-Link Logistic Sdn Bhd (Formerly known as Broadway Transport & Forwarding Sdn Bhd)                                      | Provision of transport services to SM Integrated Transware Pte Ltd ("SMIT")                           | Lim Eng Poh  | 116,648            |
|  | Receive of documentation services (Preparation/application of custom forms/clearance, etc.) from SMIT |  | 47,471             |
|  | Provision of pack truck services to Pengangkutan Cogent Sdn Bhd                                       |  | 261,568            |



## LIST OF PROPERTIES as at 31 May 2004

| Location  | Tenure  | Land Area     | Descriptions  | Net Book Value As At 31 May 2004 | Date Of Acquisition/ Last Valuation Date |
|---|---|---------------|---|----------------------------------|--|
| <b>Ancom Berhad</b>   |   |               |   |                                  |  |
| 1. Q.T. (R) 4353<br>Mukim of Damansara<br>Daerah Klang<br>Selangor Darul Ehsan            | Unexpired leasehold interest of 64 years (Expiring on 10.4.2068)  | 2.22 hectares | Office and factory building<br>Age of buildings: approximately 34 years     | RM11,957,992                     | 24.5.1999                                |
| 2. P.T. 4227 and P.T. 4228<br>Mukim of Kapar<br>Daerah Klang<br>Selangor Darul Ehsan      | Unexpired leasehold interest of 82 years (Expiring on 9.6.2086)   | 5.37 hectares | Office and factory buildings<br>Age of buildings: approximately 13 years    | RM13,260,628                     | 24.5.1999                                |
| <b>Ferpro Sdn Bhd</b>   |   |               |   |                                  |  |
| 1. H.S.(M) 748, Lot 1113<br>Mukim of Chuping<br>Perlis Indera Kayangan                    | Unexpired leasehold interest of 42 years (Expiring on 22.11.2046) | 1.62 hectare  | Office and factory buildings<br>Age of buildings: approximately 16 years    | RM1,901,815                      | 21.3.2000                                |
| 2. H.S.(M) 1804,<br>Plot 3 & 4<br>P.T. 924A<br>Mukim of Chuping<br>Perlis Indera Kayangan | Unexpired leasehold interest of 55 years (Expiring on 7.2.2059)   | 2.43 hectares | Spent molasses treatment pond   | RM947,888                        | 21.3.2000                                |
| 3. H.S.(M) 1803, P.T. 2978<br>Mukim of Chuping<br>Perlis Indera Kayangan                  | Unexpired leasehold interest of 55 years (Expiring on 7.2.2059)   | 0.81 hectare  | Office and factory buildings<br>Age of buildings: approximately 2 years     | RM319,530                        | 1.5.2000                                 |
| <b>Perusahaan Kimia Gemilang Sdn Bhd</b>  |   |               |   |                                  |  |
| 1. Lot 279, Sec 63,<br>Town of<br>Kuala Lumpur  | Freehold  | 0.26 hectare  | Two storey bungalow<br>Age of building: approximately 42 years              | RM5,962,500                      | 18.8.1999                                |
| 2. Lot 1219 and 1220<br>Mukim 12,<br>Seberang Perai Selatan<br>Pulau Pinang               | Freehold  | 0.12 hectare  | 1½ -storey semi-detached factory<br>Age of building: approximately 10 years | RM536,667                        | 21.3.2000                                |





## LIST OF PROPERTIES as at 31 May 2004 (cont'd)

| Location   | Land Tenure  | Area         | Descriptions  | Net Book Value As At 31 May 2004 | Date Of Acquisition/ Last Valuation Date |
|--|--|--------------|---|----------------------------------|--|
| <b>OrganiGro Sdn Bhd</b>   |  |              |   |                                  |  |
| 1. H.S.(M) 748<br>P.T. 1113 (Lot 2) &<br>Sebhg H.S.(M) 1803<br>P.T.2978 (Lot 4)<br>Mukim of Chuping,<br>Perlis Indera Kayangan | N/A  | N/A          | Office and factory buildings<br>Age of buildings: approximately 2 years   | RM2,866,620                      | 31.12.2001                               |
| <b>Ancom Energy &amp; Services Sdn Bhd</b>   |  |              |   |                                  |  |
| 1. Lot 153, Section 5,<br>Phase 2B,<br>Jalan 4/8 Pulau Indah Industrial Park,<br>West Port,<br>Selangor Darul Ehsan            | Unexpired leasehold interest of 95 years (Expiring on 5.3.2099)  | 0.22 hectare | Office and factory buildings<br>Age of buildings: approximately 2.5 years | RM432,529                        | 6.3.2000                                 |
| 2. Lot 140, Section 5,<br>Phase 2B,<br>Jalan 4/8 Pulau Indah Industrial Park,<br>West Port,<br>Selangor Darul Ehsan            | Unexpired leasehold interest of 97 years (Expiring on 25.7.2101) | 0.22 hectare | Vacant land   | RM442,126                        | 29.8.2002                                |
| <b>Tubex Sdn Bhd</b>   |  |              |   |                                  |  |
| 1. Kawasan Perindustrian Baru KSB, Phase 2,<br>Kemaman Supply Base,<br>Kemaman,<br>Terengganu Darul Iman                       | N/A  | N/A          | Office and covered workshop<br>Age of building: approximately 8 years     | RM502,446                        | N/A                                      |
| <b>Akra Engineering Sdn Bhd</b>  |  |              |   |                                  |  |
| 1. Lot 118,<br>Senawang Industrial Estate,<br>Seremban,<br>Negeri Sembilan<br>Darul Khusus                                     | Unexpired leasehold interest of 69 years (Expiring on 22.3.2073) | 0.81 hectare | Office with covered workshop<br>Age of building: approximately 29 years   | RM3,086,398                      | 1.4.2000                                 |
| <b>Ancom-ChemQuest Terminals Sdn Bhd</b>   |  |              |   |                                  |  |
| 1. Jeti Petrokimia,<br>Pelabuhan Barat<br>Pelabuhan Klang<br>Selangor Darul Ehsan  | N/A  | N/A          | Office and warehouse<br>Age of building: approximately 7 years            | RM596,371                        | N/A                                      |



## LIST OF PROPERTIES as at 31 May 2004 (cont'd)

| Location   | Tenure  | Land Area        | Descriptions   | Net Book Value As At 31 May 2004 | Date Of Acquisition/ Last Valuation Date |
|--|---|------------------|--|----------------------------------|--|
| <b>SM Integrated Transware Pte Ltd</b>   |   |                  |  |                                  |  |
| 1. 32 Tanjong Penjuru<br>Singapore 609028  | N/A   | N/A              | Office and warehouse<br>Age of building: approximately 17 years          | RM19,155,950<br>(S\$8,601,684)   | N/A                                      |
| 2. 52 Tanjong Penjuru<br>Singapore 609034  | N/A   | N/A              | Warehouse and yard<br>Age of building: approximately 25 years            | RM1,293,782<br>(S\$580,953)      | N/A                                      |
| 3. 7 Kwong Min Road<br>Singapore 628710  | N/A   | N/A              | Office and warehouse<br>Age of building: approximately 3 years           | RM7,254,155<br>(S\$3,257,367)    | N/A                                      |
| <b>Syarikat Wandeerfull Sdn Bhd</b>  |   |                  |  |                                  |  |
| 1. Apartment 8E<br>Kayangan Apartments<br>Genting Highlands<br>Pahang Darul Makmur             | Freehold  | 2,806<br>sq.ft.  | Apartment<br>Age of building: approximately 25 years                     | RM220,000                        | 31.5.2004                                |
| 2. Shoplot No. 1.30<br>First Floor<br>Wisma Cosway<br>Kuala Lumpur                             | Freehold  | 428<br>sq.ft.    | Shoplot<br>Age of building: approximately 28 years                       | RM150,000                        | 31.5.2004                                |
| 3. Geran 11679<br>Lot 40268<br>Mukim of Batu<br>Daerah Wilayah<br>Persekutuan                  | Freehold  | 597<br>sq.m.     | Vacant land  | RM20,000                         | 31.5.2004                                |
| <b>Malaysian Roofing Industries Sdn Bhd</b>  |   |                  |  |                                  |  |
| 1. H.S.(D) 33792,<br>Lot 12, Nilai Industrial Estate<br>Nilai, Negeri Sembilan<br>Darul Khusus | Unexpired leasehold interest of 40 years<br>(Expiring on 18.6.2044) | 2.17<br>hectares | Office and factory buildings<br>Age of buildings: approximately 20 years | RM2,330,738                      | 31.12.1985                               |



## LIST OF PROPERTIES as at 31 May 2004 (cont'd)

| Location  | Tenure   | Land Area     | Descriptions   | Net Book Value As At 31 May 2004 | Date Of Acquisition/ Last Valuation Date |
|---|--|---------------|--|----------------------------------|--|
| 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 66 years (Expiring on 19.7.2070) | 2.93 hectares | Office and factory buildings<br>Age of buildings: approximately 33 years       | RM17,922,855                     | 26.11.1985                               |
| 2. H.S.(D) 209 Persiaran Selangor, Section 15, Shah Alam Industrial Estate, Shah Alam, Selangor Darul Ehsan | Unexpired leasehold interest of 71 years (Expiring on 10.2.2075) | 1.21 hectares | Warehouse, factory and buildings<br>Age of buildings: approximately 24 years   |                                  | 26.11.1985                               |
| Tamco Corporate Holdings Berhad   |  |               |  |                                  |  |
| 1. H.S.(D) 7524 2A, Jalan 13/2 Petaling Jaya Selangor Darul Ehsan   | Unexpired leasehold interest of 54 years (Expiring on 20.7.2058) | 1.31 hectares | Office and factory buildings<br>Age of buildings: approximately 19 to 29 years | RM9,568,393                      | 28.3.1985                                |
| 2. H.M.30892, Lot 24 Mukim of Kapar Daerah Klang Selangor Darul Ehsan                                       | Freehold   | 2.75 hectares | Office and factory buildings<br>Age of buildings: approximately 12.5 years     | RM13,970,920                     | 30.10.1990                               |
| Tamco Shanghai Switchgear Company Ltd   |  |               |  |                                  |  |
| 1. 1997-000180 You Ai Village Tangwan Town Minhang District Shanghai China                                  | Unexpired leasehold interest of 41 years (Expiring on 2.10.2045) | 1.25 hectares | Office and factory buildings<br>Age of buildings: approximately 11 years       | RM8,109,089                      | 31.1.1997                                |
| 2. 1997-000181 No.379 Jianchuan Road Tangwan Town Minhang District Shanghai, China                          | Unexpired leasehold interest of 41 years (Expiring on 2.10.2045) | 2.09 hectares | Office and factory buildings<br>Age of buildings: approximately 11 years       |                                  | 31.1.1997                                |



## ANALYSIS OF SHAREHOLDINGS as at 30 September 2004

### No. Of Holders Of Each Class Of Equity Securities

|                            |   |                                |
|----------------------------|---|--------------------------------|
| Class of shares            | : | Ordinary shares of RM1.00 each |
| Total no. of shares issued | : | 201,856,767                    |
| No. of holders             | : | 11,509                         |

### Distribution Schedule

| Holdings                                 | No. of Holders | Total Holdings | %      |
|--|----------------|----------------|--------|
| Less than 100                            | 37             | 1,192          | 0.00   |
| 100 to 1,000                             | 567            | 445,527        | 0.23   |
| 1,001 to 10,000                          | 8,887          | 32,511,665     | 16.50  |
| 10,001 to 100,000                        | 1,878          | 46,067,076     | 23.38  |
| 100,001 to less than 5% of issued shares | 139            | 100,732,374    | 51.13  |
| 5% and above of issued shares            | 1              | 17,249,233     | 8.76   |
|  | 11,509         | 197,007,067    | 100.00 |
| Treasury shares                          | -              | 4,849,700      | -      |
|  | 11,509         | 201,856,767    | 100.0  |

### Substantial Shareholders As Per The Register Of Substantial Shareholders

|                         | Direct        |      | Indirect       |       |
|-------------------------|---------------|------|----------------|-------|
|                         | No. of Shares | %    | No. of Shares  | %     |
| Dato'Siew Ka Wei        | 12,832,300    | 6.51 | 12,782,128 (a) | 6.49  |
| Pacific & Orient Berhad | 17,249,233    | 8.76 | 5,250,000 (b)  | 2.66  |
| Chan Thye Seng          | -             | -    | 22,499,233 (c) | 11.42 |

Note:

- (a) Held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Siew Ka Kheong, Datin Young Ka Mun and Quek Lay Kheng.  
(b) Held through Pacific & Orient Insurance Co. Berhad, a wholly-owned subsidiary of Pacific & Orient Berhad.  
(c) Held through Pacific & Orient Berhad and Pacific & Orient Insurance Co. Berhad.

### Directors' Shareholdings As Per the Register of Directors' Shareholdings

|                              | Direct        |      | Indirect       |       |
|------------------------------|---------------|------|----------------|-------|
|                              | No. of Shares | %    | No. of Shares  | %     |
| Dato' Johari Razak           | 748,688       | 0.38 | -              | -     |
| Dato' Siew Ka Wei            | 12,832,300    | 6.51 | 12,782,128 (a) | 6.49  |
| Tan Sri Dato' Dr Lin See Yan | 150,000       | 0.08 | -              | -     |
| Dato' Siew Nim Chee          | 120,000       | 0.06 | -              | -     |
| Chan Thye Seng               | -             | -    | 22,499,233 (b) | 11.42 |

Note:

- (a) Held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Siew Ka Kheong, Datin Young Ka Mun and Quek Lay Kheng.  
(b) Held through Pacific & Orient Berhad and Pacific & Orient Insurance Co. Berhad.



## ANALYSIS OF SHAREHOLDINGS as at 30 September 2004 (cont'd)

### Thirty Largest Shareholders As Per Record of Depositors

| Name  | No. of shares     | %            |
|---|-------------------|--------------|
| 1. Pacific & Orient Berhad  | 17,249,233        | 8.76         |
| 2. Lembaga Tabung Haji  | 9,635,839         | 4.89         |
| 3. HDM Nominees (Tempatan) Sdn Bhd<br>- <i>HDM Capital Sdn Bhd for Siew Ka Wei</i>                          | 6,689,300         | 3.40         |
| 4. Lim Chui Kui @ Lim Chooi Kui   | 6,481,854         | 3.29         |
| 5. Mayban Nominees (Asing) Sdn Bhd<br>- <i>Sword Investments Private Limited</i>                            | 6,478,250         | 3.29         |
| 6. Pacific & Orient Insurance Co Berhad   | 5,250,000         | 2.66         |
| 7. Malaysia Nominees (Tempatan) Sendirian Berhad<br>- <i>Silver Dollars Sdn Bhd</i>                         | 5,021,482         | 2.55         |
| 8. Malaysia Nominees (Tempatan) Sendirian Berhad<br>- <i>Siew Nim Chee &amp; Sons Sdn Bhd</i>               | 3,446,547         | 1.75         |
| 9. E & O Developers Sdn Bhd   | 3,305,000         | 1.68         |
| 10. Southern Nominees (Tempatan) Sdn Bhd<br>- <i>Domestic Star Sdn Bhd</i>                                  | 3,300,000         | 1.67         |
| 11. ECM Libra Securities Nominees (Tempatan) Sdn Bhd<br>- <i>ECM Libra Partners Sdn Bhd for Siew Ka Wei</i> | 3,283,500         | 1.67         |
| 12. HDM Nominees (Tempatan) Sdn Bhd<br>- <i>HDM Capital Sdn Bhd for Siew Nim Chee &amp; Sons Sdn Bhd</i>    | 3,000,000         | 1.52         |
| 13. DB (Malaysia) Nominee (Asing) Sdn Bhd<br>- <i>BNP Paribas Nominees Singapore Pte Ltd for Esee Ltd</i>   | 2,700,000         | 1.37         |
| 14. Malaysia Nominees (Tempatan) Sendirian Berhad<br>- <i>Tan Sri Dato' Thong Yaw Hong</i>                  | 2,250,000         | 1.14         |
| 15. Chua Ching Geh  | 1,664,550         | 0.84         |
| 16. Eastern & Oriental Berhad   | 1,652,500         | 0.84         |
| 17. Southern Investment Bank Berhad<br>- <i>Employee's Provident Fund</i>                                   | 1,481,000         | 0.75         |
| 18. Malaysia Nominees (Tempatan) Sendirian Berhad<br>- <i>Siew Ka Wei</i>                                   | 1,378,500         | 0.70         |
| 19. Kam Loong Mining Sdn Bhd  | 1,360,043         | 0.69         |
| 20. Public Nominees (Tempatan) Sdn Bhd<br>- <i>William Chung Thin Seng</i>                                  | 921,550           | 0.47         |
| 21. Howe Yoon Chong   | 900,000           | 0.46         |
| 22. Astro (M) Sdn Bhd   | 863,475           | 0.44         |
| 23. Mayban Nominees (Asing) Sdn Bhd<br>- <i>Baxterley Holdings Private Limited</i>                          | 839,250           | 0.43         |
| 24. Vietnam Industrial Investments Ltd  | 750,000           | 0.38         |
| 25. Ng Wing Kong  | 747,211           | 0.38         |
| 26. Cimsec Nominees (Tempatan) Sdn Bhd<br>- <i>Ahmad Johari bin Tun Abdul Razak</i>                         | 713,278           | 0.36         |
| 27. TA Nominees (Tempatan) Sdn Bhd<br>- <i>Zulfadzli bin Mohd Yusoff</i>                                    | 687,000           | 0.35         |
| 28. Employees Provident Fund Board<br>- <i>Seksyen Depositori Pusat</i>                                     | 675,000           | 0.34         |
| 29. Tan Aik Kuai  | 621,000           | 0.31         |
| 30. Thong Yaw Hong  | 589,500           | 0.30         |
| <b>Total</b>  | <b>93,934,862</b> | <b>47.68</b> |



## NOTICE OF ANNUAL GENERAL MEETING

*NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of the Company will be held at Ballroom 2, Lower Ground Level, Eastin Hotel, 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on 30 November 2004 at 12.00 noon for the following purposes:*

### AGENDA

1. To receive and adopt the audited accounts, reports of the Directors and the Auditors thereon for the financial year ended 31 May 2004;
2. To approve a final dividend of 3% less 28% income tax in respect of the financial year ended 31 May 2004;
3. To approve Directors' fees for the financial year ended 31 May 2004;
4. To re-elect the following Directors who retire pursuant to Article 81 of the Company's Articles of Association:
  - 4.1 Tan Sri Dato' Dr Lin See Yan
  - 4.2 Datuk Hj Mohamed Al Amin bin Hj Abdul Majid, JP
5. To re-elect Dato'Siew Nim Chee, a Director who retires pursuant to Section 129(2) of the Companies Act, 1965 to hold office until the next annual general meeting of the Company;
6. To re-appoint BDO Binder as Auditors of the Company and to authorize the Board of Directors to fix their remuneration;
7. As special business, to consider and if thought fit, to pass the following Ordinary Resolution:  
Proposed Issuance Of New Ordinary Shares Of RM1 Each Pursuant To Section 132D of the Companies Act, 1965.

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares of RM1 each in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may deem fit provided that the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten (10) per centum of the total issued share 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 such applications to Bursa Malaysia Securities Berhad and to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

8. As special business, to consider and if thought fit, to pass the following Ordinary Resolution:  
Proposed Renewal Of Shareholders' Mandate To Purchase Ancom Berhad's Own Shares ("Proposed Share Buy - Back Mandate Renewal")

"THAT subject to the provisions of the Companies Act, 1965 ("Act"), the Articles of Association of the Company, the regulations and guidelines issued from time to time by Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities, the Directors be and are hereby authorised to utilise an amount not exceeding the total audited share premium and retained profits of the Company as at 31 May 2004 of RM9,116,000 and RM11,085,000 respectively to purchase on the Bursa Securities up to 15,074,000 ordinary shares of RM1.00 each of the Company being the number of ordinary shares which when aggregated with the 5,111,400 ordinary shares already purchased and held as treasury shares as defined under Section 67A of the Act ("Treasury Shares") by the Company, representing not more than 10% of its issued and paid up share capital which stood at 201,856,767 ordinary shares as at 20 October 2004 AND THAT

**Resolution 1**

**Resolution 2**

**Resolution 3**

**Resolution 4**

**Resolution 5**

**Resolution 6**

**Resolution 7**

**Resolution 8**



## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

such authority shall commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company which shall be held not later than 30 November 2005 unless earlier revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting AND THAT the Directors may cancel or retain the ordinary shares so purchased as Treasury Shares and may distribute the Treasury Shares as share dividend or may resell the Treasury Shares in a manner they deem fit and expedient as prescribed by the Act and the applicable regulations and guidelines of Bursa Securities and any other relevant authorities for the time being in force AND THAT authority be and is hereby given to the Directors to take all such steps as are necessary to implement, finalise and to give effect to the aforesaid purchases and re-sales with full power to assent to any conditions modifications variations and amendments as may be imposed by the relevant authorities and to do all such acts and things and upon such terms and conditions as the Directors may in their discretion deem fit and expedient in the best interest of the Company in accordance with the aforesaid Act, regulations and guidelines."

### Resolution 9

9. As special business, to consider and if thought fit, to pass the following Ordinary Resolution:  
Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("Proposed RRPT Mandate Renewal")

"THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad and to the undermentioned items (i), (ii) and (iii), the Company shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature and with those related parties as specified in page 6 of the Circular to Shareholders dated 5 November 2004:

- (i) that the transactions are in the ordinary course of business, made on arm's length and on normal commercial terms and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders;
- (ii) that disclosure is made in the annual report a breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year with particulars of the types of transactions made and the names of the related parties involved in each type of transactions made and their relationships with the Company and that such approval shall unless revoked or varied by the Company in general meeting commence upon the passing of this resolution and shall remain valid until the conclusion of the next annual general meeting of the Company or after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act; and
- (iii) that the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

### Resolution 10

10. As special business, to consider and if thought fit, to pass the following Ordinary Resolution:  
Proposed Rights Issue

"THAT, subject to the approvals of the relevant authorities, including without limitation the approval-in-principle of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Warrants (as defined below) to be admitted to the Official List of Bursa Securities and for the listing of and quotation for the Warrants and new ordinary shares of RM1.00 each in the Company ("Share(s)") to be issued upon exercise of the said Warrants, approval be and is hereby given to the Directors of the Company to issue and allot by way of a renounceable rights issue of up to 100,928,383 three (3)-year warrants 2005/2008 ("Warrants") at an issue price of RM0.02 per Warrant on the basis of one (1) Warrant for every two (2) existing Shares held ("Proposed Rights Issue") in accordance with the terms and conditions of the deed poll constituting the Warrants to be executed by the Company (including any amendment or supplemental thereto) ("Deed Poll"), by way of provisional allotment to shareholders whose names appear on the Record of Depositors at the close of business on a date to be determined by the Directors, wherein each of the



## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Warrants will carry the right to subscribe, at any time during the tenure of the Warrants from the date of issue of the Warrants and ending at 5.00 p.m. on the date falling 3 years from the date of the issue of the Warrants, for one (1) new Share at the exercise price of RM1.00 per Share payable in cash, subject to any adjustment of the exercise price and number of Warrants in accordance with the terms and conditions of the Deed Poll;

AND THAT the Directors be and are hereby authorised to deal with any fractional Warrants in such manner as the Directors may in their discretion deem fit and expedient;

AND THAT the Directors be and are hereby authorised to issue and allot such appropriate number of additional Warrants if any, as a consequence of the adjustment of the number of Warrants in accordance to the provisions of the Deed Poll and/or any amendments thereof or as may be imposed by the relevant authorities and to issue and allot such appropriate number of new Shares in connection with and arising from the exercise of the Warrants and/or any additional Warrants ("New Shares") AND THAT the New Shares shall, upon issue and allotment, rank pari passu in all respects with the existing Shares except that they shall not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which precedes the date of allotment of the New Shares;

AND THAT the Directors be and are hereby authorised to execute the Deed Poll and all other documents pertaining to the Proposed Rights Issue and to affix the Common Seal on any agreement or document executed in connection with the Proposed Rights Issue;

AND THAT the Directors be and are hereby further authorised to do all acts and things as they may consider necessary or expedient in the best interests of the Company to give effect to the Proposed Rights Issue with full power to assent to any modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to enter into all agreements and arrangements as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Rights Issue."

### 11. Other Ordinary Business

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

By Order of the Board,

**NANDITA K.K. CHOUDHURY**  
**CHOO SE ENG**  
Secretaries

Petaling Jaya  
5 November 2004

### Resolution 11





## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company.
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 Level 14, Uptown 1, No.1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.

### EXPLANATORY NOTES:

1. Item 7 of the Agenda

Resolution 8 proposed under item 7 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 share 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.

2. Item 8 of the Agenda

Resolution 9 proposed under item 8 of the Agenda, if passed, will give the Directors authority to purchase up to 15,074,000 ordinary shares of RM1.00 each of the Company on Bursa Malaysia Securities Berhad. 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. Further details on this matter are in the Company's Circular to Shareholders dated 5 November 2004.

3. Item 9 of the Agenda

Resolution 10 proposed under item 9 of the Agenda, if passed, will give the Company authority to enter into recurring transactions of a revenue or trading nature with its related parties as defined in the Listing Requirements of Bursa Malaysia Securities Berhad. 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. Further details on this matter are in the Company's Circular to Shareholders dated 5 November 2004.

4. Item 10 of the Agenda

Resolution 11 proposed under item 10 of the Agenda, if passed, will give the Directors authority to issue and allot by way of a renounceable rights issue of up to 100,928,383 three (3)-year warrants 2005/2008 at an issue price of RM0.02 per warrant, the details of which are in the Company's Circular to Shareholders dated 5 November 2004.



## NOTICE OF ANNUAL GENERAL MEETING (cont'd)

### STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. The venue, date and time of the Company's 35th Annual General Meeting are as follows:

**Venue** Ballroom 2, Lower Ground Level, Eastin Hotel  
13, Jalan 16/11, 46350 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia.

**Date** 30 November 2004

**Time** 12.00 noon

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:

- Tan Sri Dato' Dr Lin See Yan
- Datuk Hj Mohamed Al Amin bin Hj Abdul Majid, JP

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

- Dato' Siew Nim Chee

3. The attendance record at Board Meetings and other details required under Appendix 8A of the Listing Requirements of Bursa Malaysia Securities Berhad of the above named Directors can be found in the "Profile of Board of Directors" and the "Directors' Report" in the Company's Annual Report 2004.

## FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_  
(Full Name In Block Letters) (Full Address)

\_\_\_\_\_ being (a) member(s) of **ANCOM BERHAD**, hereby

appoint(s) \_\_\_\_\_  
(Full Name In Block Letters)

of \_\_\_\_\_  
(Full Address)

\_\_\_\_\_ or

failing him / her, the Chairman of the Meeting as my / our proxy to attend and to vote for me / us on my / our behalf at the 35th Annual General Meeting of the Company to be held at Ballroom 2, Lower Ground Level, Eastin Hotel, 13, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia, on 30 November 2004 at 12.00 noon or any adjournment thereof and to vote as indicated below:

| Item | Description of Resolution  | Resolution | For | Against |
|------|--|------------|-----|---------|
| 1.   | To adopt audited accounts and reports  | 1          |     |         |
| 2.   | To approve a final dividend of 3% 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 :   |            |     |         |
|      | Tan Sri Dato' Dr Lin See Yan   | 4          |     |         |
|      | Datuk Hj Mohamed Al Amin bin Hj Abdul Majid, JP  | 5          |     |         |
| 5.   | To re-elect Dato'Siew Nim Chee, a Director who retires pursuant to Section 129(2) of the Companies Act, 1965 to hold office until the next Annual General Meeting. | 6          |     |         |
| 6.   | To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration   | 7          |     |         |
| 7.   | To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965.   | 8          |     |         |
| 8.   | To approve the renewal of share buy-back mandate   | 9          |     |         |
| 9.   | To approve the renewal of recurring related party transaction mandate  | 10         |     |         |
| 10.  | To approve the proposed rights issue   | 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 ..... 2004

|                    |  |
|--------------------|--|
| No. of shares held |  |
|--------------------|--|

MCD No. \_\_\_\_\_

.....  
[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 Level 14, Uptown 1, No.1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.

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AFFIX  
STAMP

**ANCOM BERHAD**  
(Company No. : 8440-M)  
Registered Office :  
c/o PFA Corporate Services Sdn Bhd  
Level 14, Uptown 1,  
No.1 Jalan SS21/58,  
Damansara Uptown,  
47400 Petaling Jaya,  
Selangor Darul Ehsan  
Malaysia

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