

23. LONG TERM LOANS

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

Included in the long term loans of the Group is RM80,000,000 Bithaman Ajil Serial Bonds ("BBA Serial 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 BBA Serial Bonds. The BBA Serial 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 BBA Serial 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 BBA Serial 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 and Company			
	2004		2003	
	Number of shares	RM'000	Number of shares	RM'000
Ordinary shares of RM1 each:				
Authorised	<u>500,000,000</u>	<u>500,000</u>	<u>500,000,000</u>	<u>500,000</u>
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	<u>67,285,572</u>	<u>67,286</u>	<u>-</u>	<u>-</u>
As at end of the financial year	<u>201,856,767</u>	<u>201,857</u>	<u>120,507,195</u>	<u>120,507</u>

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 (RM)	Number of shares
1.000	729,000
1.290	687,000
1.470	133,000
1.476	<u>815,000</u>
	<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.

24. SHARE CAPITAL (continued)

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.
- (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

24. SHARE CAPITAL (continued)

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 in each particular year of the ESOS				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 20,000	100%	-	-	-	-
20,000 to less than 100,000	40%*	30%	30%**	-	-
100,000 and above	20%	20%	20%	20%	20%

* 40% or 20,000 shares whichever is higher

** 30% or the remaining number of shares

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

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

The employees to whom the options have been granted shall not be entitled to participate in any other share option or similar scheme administered by any other company in the Group. They are also not entitled to any right to participate by virtue of the options in any share issue of any other company.

24. SHARE CAPITAL (continued)

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 exercise price RM	Balance at 1 June '000	Granted '000	Exercised '000	Adjustments for bonus issue '000	Forfeited '000	Balance at 31 May '000
2004							
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)	-
2003							
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.

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 shares issued '000	Exercise price RM	Consideration RM'000	Fair value of shares issued	
				Per share RM	Total 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

24. SHARE CAPITAL (continued)

Exercise date	Number of shares issued '000	Option exercise price RM	Consideration RM'000	Fair value of shares issued	
				Per share RM	Total RM'000
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			649		
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			1		
Total consideration received			<u>5</u>		

25. RESERVES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(i) Non-distributable				
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
(ii) Distributable				
Retained profits	34,856	37,038	11,085	10,897
	<u>65,853</u>	<u>133,856</u>	<u>69,166</u>	<u>134,914</u>

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 RM'000	2003 RM'000	2004 RM'000	2003 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

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deferred tax assets				
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	-	-

26. DEFERRED TAX ASSETS/LIABILITIES (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deferred tax liabilities				
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 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	<u>24,121</u>	<u>23,585</u>	<u>3,558</u>	<u>3,438</u>

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

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

26. DEFERRED TAX ASSETS/LIABILITIES (continued)

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

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

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	2003
	RM'000	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
	<u>3,854</u>	<u>3,716</u>
As at end of the financial year		

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	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
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
	<u>972,903</u>	<u>912,703</u>	<u>28,757</u>	<u>31,945</u>
Discontinuing operations				
Income from property development	<u>5,778</u>	<u>22,890</u>	<u>-</u>	<u>-</u>
	<u>978,681</u>	<u>935,593</u>	<u>28,757</u>	<u>31,945</u>

30. OTHER OPERATING INCOME/(EXPENSES)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Included in other operating income are exceptional items as follows:				
Gain on disposal of subsidiary companies	290	-	-	-
Surplus on non-consolidation of subsidiary companies	549	-	-	-
Gain on disposal of investment	<u>12,492</u>	<u>-</u>	<u>12,492</u>	<u>-</u>
Included in other operating expenses are exceptional items as follows:				
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	-

30. OTHER OPERATING INCOME/(EXPENSES)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
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 loss 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.

30. OTHER OPERATING INCOME/EXPENSES (continued)**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 of discontinuing operation RM'000	*2003 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)
	<hr/>	<hr/>
Total net liabilities disposed of	(8,598)	(9,616)
Minority interest	(1,631)	<hr/>
	<hr/>	<hr/>
Proceed from disposal	(10,229)	<hr/>
	(4,791)	<hr/>
	<hr/>	<hr/>
Gain on disposal	(15,020)	<hr/>

31. DISCONTINUING OPERATION (continued)

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.

32. PROFIT BEFORE TAX

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	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 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

32. PROFIT BEFORE TAX (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
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	-	-

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 RM'000	2003 RM'000	2004 RM'000	2003 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	-	-
	<u>8,975</u>	<u>16,988</u>	<u>4,000</u>	<u>4,473</u>
Deferred tax (Note 26)	4,263	(304)	120	-
	<u>13,238</u>	<u>16,684</u>	<u>4,120</u>	<u>4,473</u>
(Over)/Under provision in prior year:				
- taxation	(823)	198	(832)	474
- deferred tax	210	(224)	-	-
	<u>(613)</u>	<u>(26)</u>	<u>(832)</u>	<u>474</u>
	<u>12,625</u>	<u>16,658</u>	<u>3,288</u>	<u>4,947</u>
Share of tax in associated companies	108	435	-	-
	<u>12,733</u>	<u>17,093</u>	<u>3,288</u>	<u>4,947</u>

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 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Profit before tax	<u>37,900</u>	<u>27,170</u>	<u>20,672</u>	<u>11,716</u>
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	10,612	7,608	5,788	3,280
Tax effect in respect of:				
Depreciation on non-qualifying property, 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 income up to RM500,000 (2003: RM100,000)	(118)	(25)	-	-

33. TAX EXPENSE (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Utilisation of previously unrecognised deferred 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 on revaluation reserve	(39)	(39)	(30)	(30)
Utilisation of previously unrecognised deferred 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.

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	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Retained profits				
Balance as at 1 June 2003/ 2002, as previously reported	36,707	37,885	10,802	7,452
Effect of adoption of MASB 25	<u>331</u>	<u>(235)</u>	<u>95</u>	<u>65</u>
Balance as at 1 June 2003/ 2002, as restated	<u><u>37,038</u></u>	<u><u>37,650</u></u>	<u><u>10,897</u></u>	<u><u>7,517</u></u>
Revaluation reserve				
Balance as at 1 June 2003/ 2002, as previously reported	20,442	20,442	14,753	14,753
Effect of adoption of MASB 25	<u>(4,143)</u>	<u>(4,143)</u>	<u>(3,200)</u>	<u>(3,200)</u>
Balance as at 1 June 2003/ 2002, as restated	<u><u>16,299</u></u>	<u><u>16,299</u></u>	<u><u>11,553</u></u>	<u><u>11,553</u></u>
Net profit for the financial year				
Net profit before change in accounting policy	15,790	2,273	17,356	6,739
Effect of adoption of MASB 25	<u>39</u>	<u>566</u>	<u>30</u>	<u>30</u>
Net loss for the financial year	<u><u>15,829</u></u>	<u><u>2,839</u></u>	<u><u>17,386</u></u>	<u><u>6,769</u></u>
Minority interest				
Balance as at 1 June 2003/ 2002, as previously reported	141,807	134,003	-	-
Effect of adoption of MASB 25	<u>177</u>	<u>177</u>	<u>-</u>	<u>-</u>
Balance as at 1 June 2003/ 2002, as restated	<u><u>141,984</u></u>	<u><u>134,180</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

35. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deferred tax assets				
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	-	-
Deferred tax liabilities				
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

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 2003 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.

38. DISPOSAL OF SUBSIDIARY COMPANIES

	Group 2004 RM'000
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)

38. DISPOSAL OF SUBSIDIARY COMPANIES (continued)

	Group 2004 RM'000
Balance brought forward	(8,641)
Goodwill on consolidation	4,878
Minority interest	(1,830)
Gain on disposal of investment	<u>15,310</u>
	9,717
Capitalised as investment	<u>(1,363)</u>
Total disposal proceeds	8,354
Cash and cash equivalents in subsidiary companies disposed of	<u>(11,768)</u>
Cash outflow on disposal, net of cash and cash equivalents disposed of	<u><u>(3,414)</u></u>

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

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

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:

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

41. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
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
	<u>55,440</u>	<u>52,334</u>	<u>(1,509)</u>	<u>(1,765)</u>
Less:				
Pledged with licensed banks:				
- short term deposits pledged with licensed banks	(2,640)	(2,996)	-	-
- cash and bank balances	(12)	-	-	-
	<u>52,788</u>	<u>49,338</u>	<u>(1,509)</u>	<u>(1,765)</u>
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	-	-
	<u>39,251</u>	<u>50,478</u>	<u>25</u>	<u>82</u>

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.

42. FINANCIAL INSTRUMENTS (continued)

(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 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>

42. FINANCIAL INSTRUMENTS (continued)

(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 amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
As at 31 May 2004				
Recognised				
Quoted investments other than quoted 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	*
As at 31 May 2003				
Recognised				
Quoted investments other than quoted 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	*

⁺ 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 carrying amount represents the recoverable value as the Group and the Company's share of net tangible assets reported by 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 the 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.

42. FINANCIAL INSTRUMENTS (continued)

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

	Group	
	2004 RM'000	2003 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	-

43. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

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

45. CONTINGENT LIABILITIES**Group - Unsecured**

	2004 RM'000	2003 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	-
	<u>30,811</u>	<u>23,789</u>

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.

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.

46. SIGNIFICANT EVENTS (continued)

- (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;
- (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.

46. SIGNIFICANT EVENTS (continued)

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.

- (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%.

47. **EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (continued)**

- (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.

48. NUMBER OF EMPLOYEES AND STAFF COSTS

	Group		Company	
	2004	2003	2004	2003
Number of employees, including Executive Directors, at the end of the financial year	<u>2,006</u>	<u>2,072</u>	<u>28</u>	<u>30</u>

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

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	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	<u>2,778</u>	<u>3,055</u>	<u>32</u>	<u>32</u>
	<u>85,839</u>	<u>89,088</u>	<u>2,956</u>	<u>2,966</u>

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.

49. SEGMENTAL INFORMATION (continued)

(a) Business segment

	Agricultural and industrial chemicals										Oil and gas services	Investment holding	
	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
2004													
Revenue													
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	-	(65,349)	-	978,681
Result													
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

49. SEGMENTAL INFORMATION (continued)

	Investment holding RM'000	Agricultural and industrial chemicals RM'000	Oil and gas services RM'000	Logistic RM'000	Discontinuing operation RM'000	Information technology RM'000	Polymer RM'000	Engineering RM'000	Building products RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2004												
Other information												
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
Total assets	122,103	120,754	9,297	42,419	-	4,795	30,792	241,092	4,062	-	(102,964)	472,350
Segment liabilities												
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities												
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

49. SEGMENTAL INFORMATION (continued)

2003	Agricultural and oil and gas services											Consolidated RM'000
	Investment holding RM'000	Industrial chemicals RM'000	Oil and gas services RM'000	Logistic RM'000	Discontinuing operation RM'000	Information technology RM'000	Polymer RM'000	Engineering RM'000	Building products RM'000	Others RM'000	Elimination RM'000	
Revenue												
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)	-
Total	7,922	480,478	35,562	35,903	22,890	2,060	117,458	255,192	13,701	-	(35,573)	935,593
Result												
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

49. SEGMENTAL INFORMATION (continued)

	Investment holding RM'000	Agricultural and industrial chemicals RM'000	Oil and gas services RM'000	Logistic RM'000	Discontinuing operation RM'000	Information technology RM'000	Polymer RM'000	Engineering RM'000	Building products RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2003												
Other												
Information												
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	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	-	57,549
Total assets												11,674
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	-	-	-	-	-	-	-	-	-	-	-	923,136
Total liabilities												58,542
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

49. **SEGMENTAL INFORMATION (continued)**(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 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 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 Incorporation	Effective Equity Interest		Principal Activities
		2004	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

50. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2004	2003	
Fempro 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
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
WorldSOL.com Sdn. Bhd.	Malaysia	100%	100%	Provision of business to business exchange portal services, portal development services, web and multimedia design and other related services
▪ 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 Sendirian Berhad	Malaysia	100%	100%	Property development and investment holding. The Company has temporary ceased operation

50. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2004	2003	
* 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
Subsidiary companies of Ancom Crop Care Sdn. Bhd.				
<i>OrganiGro Sdn. Bhd.</i>	<i>Malaysia</i>	<i>77.44%</i>	<i>77.44%</i>	<i>Manufacture and marketing of organic fertilizers</i>
<i>Ancom Garden Products Sdn. Bhd.</i>	<i>Malaysia</i>	<i>100%</i>	<i>100%</i>	<i>Trading of gardening products</i>
▪ <i>Consolidated Specialties Sdn. Bhd.</i>	<i>Malaysia</i>	<i>100%</i>	<i>100%</i>	<i>Dormant. In the process of winding up</i>
* <i>Ancom do Brasil Ltda</i>	<i>Brazil</i>	<i>99.9%</i>	<i>99.9%</i>	<i>Dormant. Holder of licenses for certain agricultural chemical products</i>
* <i>Ancom Australia Pty. Ltd.</i>	<i>Australia</i>	<i>100%</i>	<i>100%</i>	<i>Dormant. Holder of licenses for certain agricultural chemical products</i>
* <i>Malancom Agrochemicals (Pty.) Limited</i>	<i>South Africa</i>	<i>100%</i>	<i>100%</i>	<i>Dormant. Holder of licenses for certain agricultural chemical products</i>
Subsidiary company of Ancom Overseas Ventures Sdn. Bhd.				
* <i>ChemResources China (Agencies) Limited</i>	<i>Hong Kong</i>	<i>84.6%</i>	<i>54.7%</i>	<i>Distributor of printing ink solvent and industrial chemicals</i>

50. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2004	2003	
Subsidiary companies of ChemResources China (Agencies) Limited				
* 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
Subsidiary companies of Ancom Energy & Services Sdn. Bhd.				
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
Subsidiary company of Material Performance Engineering Sdn. Bhd.				
MPE Lindung Sdn. Bhd.	Malaysia	-	49.5%	Manufacture and supply of anodes and cathodic protection equipment
Subsidiary company of Synergy Tanker Sdn. Bhd.				
* SM Integrated Transware Pte. Ltd.	Singapore	51.0%	51.0%	Providing transportation, container haulage, bulk cargo handling, chemical warehousing and drumming services

50. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2004	2003	
Subsidiary company of SM Integrated Transware Pte. Ltd.				
* <i>Pengangkutan Cogent Sdn. Bhd.</i>	<i>Malaysia</i>	<i>35.7%</i>	<i>35.7%</i>	<i>Providing transportation and related services</i>
Subsidiary company of Perusahaan Kimia Gemilang Sdn. Bhd.				
* <i>Dynamic Chemical Trading Pte. Ltd.</i>	<i>Singapore</i>	<i>100%</i>	<i>100%</i>	<i>Trading in industrial chemicals</i>
Subsidiary company of WorldSOL.com Sdn. Bhd.				
<i>MSB Solutions Sdn. Bhd.</i>	<i>Malaysia</i>	<i>-</i>	<i>50.1%</i>	<i>Providing IT related services</i>
Subsidiary companies of Syarikat Wandeerfull Sdn. Bhd.				
* <i>Wandeerfull Industries Sdn. Bhd.</i>	<i>Malaysia</i>	<i>100%</i>	<i>100%</i>	<i>Dormant</i>
* <i>Wandeerfull Property & Development Sdn. Bhd.</i>	<i>Malaysia</i>	<i>-</i>	<i>70%</i>	<i>Property development</i>
Subsidiary company of Wandeerfull Property & Development Sdn. Bhd.				
* <i>Wandeerfull Mining Sdn. Bhd.</i>	<i>Malaysia</i>	<i>-</i>	<i>70%</i>	<i>Dormant</i>
Subsidiary company of Rhodemark Development Sdn. Bhd.				
* <i>Nylex (Malaysia) Berhad</i>	<i>Malaysia</i>	<i>26%</i>	<i>26%</i>	<i>Manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other polymer products, including geotextiles and prefabricated sub-soil drainage systems</i>

50. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2004	2003	
Subsidiary companies of Nylex (Malaysia) Berhad				
* <i>Tamco Corporate Holdings Berhad</i>	<i>Malaysia</i>	<i>26%</i>	<i>26%</i>	<i>Design, manufacture, supply, installation, commissioning and maintenance of switchgear equipment and systems for power distribution</i>
* <i>Nycon Manufacturing Sdn. Bhd.</i>	<i>Malaysia</i>	<i>26%</i>	<i>26%</i>	<i>Manufacture and marketing of rotomoulded plastic products, including bulk chemical containers, road barriers, playground equipment and disposal bins</i>
* <i>Malaysian Roofing Industries Sdn. Bhd.</i>	<i>Malaysia</i>	<i>18.2%</i>	<i>18.2%</i>	<i>Manufacture and marketing of metal roofing tiles</i>
* <i>Zonson Sports (Malaysia) Sdn. Bhd.</i>	<i>Malaysia</i>	<i>20.8%</i>	<i>20.8%</i>	<i>Dormant - ceased operations</i>
* <i>Logislease Sdn. Bhd.</i>	<i>Malaysia</i>	<i>26%</i>	<i>26%</i>	<i>Dormant. In the process of deregistration</i>
* <i>Tamco Systems (Malaysia) Sdn. Bhd.</i> <i>(Formerly known as Tamco Electrical & Electronics (Malaysia) Sdn. Bhd.)</i>	<i>Malaysia</i>	<i>26%</i>	<i>26%</i>	<i>Trading and contracting in electrical engineering products</i>
* <i>Tamco Systems (Singapore) Pte. Ltd.</i> <i>(Formerly known as Tamco (Singapore) Pte Ltd)</i>	<i>Singapore</i>	<i>26%</i>	<i>26%</i>	<i>Trading and contracting in electrical engineering products</i>
* <i>Tamco Systems (Hong Kong) Limited</i> <i>(Formerly known as Tamco Electrical & Electronics (HK) Limited)</i>	<i>Hong Kong</i>	<i>26%</i>	<i>26%</i>	<i>Trading and contracting in electrical engineering products</i>
* <i>Tamco (Malaysia) Sdn. Berhad</i>	<i>Malaysia</i>	<i>26%</i>	<i>26%</i>	<i>Dormant. In the process of deregistration</i>
* <i>Tamco Industries Sdn. Berhad</i>	<i>Malaysia</i>	<i>26%</i>	<i>26%</i>	<i>Dormant</i>
* <i>TEE Power & Engineering Sdn. Bhd.</i>	<i>Malaysia</i>	<i>26%</i>	<i>26%</i>	<i>Dormant</i>
* <i>PT Indomalay Ekatana Roofing Industries</i>	<i>Indonesia</i>	<i>12.7%</i>	<i>12.7%</i>	<i>Manufacture and marketing of metal roofing tiles</i>

50. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2004	2003	
* <i>Universal Motor Kontrol Pty. Limited</i>	<i>Australia</i>	26%	26%	<i>Manufacture and marketing of switchgear and related products</i>
* <i>Kontrol Sales Pty. Limited</i>	<i>Australia</i>	26%	26%	<i>Dormant</i>
* <i>PT Kontrol Ragam Indonesia</i>	<i>Indonesia</i>	20.8%	20.8%	<i>Manufacture and trading of control switchboard</i>
* <i>Universal Motor Kontrol Hong Kong Limited</i>	<i>Hong Kong</i>	26%	26%	<i>Sales and marketing of switchgear and related products</i>
* <i>Tamco Shanghai Switchgear Company Limited</i>	<i>China</i>	26%	26%	<i>Manufacture and marketing of switchgear and related products</i>
* <i>Tamco Electrical Industries Australia Pty. Limited</i>	<i>Australia</i>	26%	26%	<i>Dormant</i>
* <i>Tamco Gulf Enterprises Sdn. Berhad</i>	<i>Malaysia</i>	26%	26%	<i>Dormant. In the process of deregistration</i>
* <i>Tamco Static Systems (Far East) Limited</i>	<i>Hong Kong</i>	26%	26%	<i>Dormant</i>
Subsidiary companies of MSTi Corporation Sdn. Bhd.				
* <i>I-Enterprise Online.Com Sdn. Bhd.</i>	<i>Malaysia</i>	25.6%	25.6%	<i>Provision of IT services</i>
* <i>HSO Business Solutions Sdn. Bhd.</i>	<i>Malaysia</i>	-	25.1%	<i>Dormant</i>

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

▪ In the process of deregistration/members' voluntary liquidation.

50. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Details of associated companies are as follows:-

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2004	2003	
<i>Direct:-</i>				
* 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
<i>Indirect:-</i>				
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
* 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

50. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2004	2003	
* 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.