

FINANCIAL STATEMENTS

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Directors' Report

The Directors of Nylex (Malaysia) Berhad have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2003.

Principal Activities

The Company is principally involved in investment holding and the manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other plastic products, including geotextiles and prefabricated sub-soil drainage systems.

The principal activities of the subsidiaries comprise the following:

- a) Design, manufacture, supply, installation, commissioning and maintenance of equipment and systems for power distribution and motor control centres, trading and contracting in electrical engineering products;
- b) Manufacture and marketing of roofing products; and
- c) Manufacture and marketing of rotomoulded plastic products including bulk chemical containers, road barriers, playground equipment and disposal bins.

Other than the cessation of operations by a subsidiary involved in the manufacture and marketing of quality golf bags, there have been no other significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

Results

The results of the operations of the Group and of the Company for the financial year are as follows:

	Group	Company
	RM'000	RM'000
Profit from operations	34,634	18,543
Finance costs	(6,615)	(1,440)
Impairment of investment	–	(2,864)
Impairment of goodwill on consolidation	(903)	–
Impairment of assets in a subsidiary	(1,007)	–
Share of results of associates	15	–
Profit before taxation	26,124	14,239
Taxation	(10,064)	(4,618)
Profit after taxation	16,060	9,621
Minority interests	696	–
Profit for the year	16,756	9,621

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

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.

Issue of Shares and Debentures

There were no issues of new shares or debentures during the financial year.

Dividends

During the financial year, the Company paid an interim dividend of 1.0 sen per share less tax amounting to RM1,616,312. The Company declared a 2nd interim dividend of 2.0 sen per share less tax amounting to RM3,232,623, which was paid on 23 June 2003. A final dividend of 2.0 sen per share less tax amounting to RM3,232,623 was proposed on 29 July 2003.

Directors' Report

Directors

The Directors who served on the Board of the Company since the date of the last report and at the date of this report are:

Allahyarham Y.A.B.M. Raja Tun Mohar bin Raja Badiozaman (*deceased on 08.06.2003*)
Y. Bhg. Datuk Haji Mohamed Al Amin bin Haji Abdul Majid, JP (*appointed on 30.07.2003*) (*Chairman*)
Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak (*Executive Vice-Chairman*)
Y. Bhg. Dato' Siew Ka Wei (*Group Managing Director*)
Y.M. Tengku Yusoff bin Tengku Mahmud
Y.A.M. Tunku Muhriz Ibni Almarhom Tuanku Munawir
Y. Bhg. Dato' Mohd Ismail bin Che Rus
Teo Ek Tor (*appointed on 21.02.2003*)
Toh Yiu Joe
Chua Ah Lak
Chieng Ing Huong
Hsieh Fu Hua (*resigned on 10.02.2003*)

Y. Bhg. Datuk Haji Mohamed Al Amin bin Haji Abdul Majid and Teo Ek Tor who were appointed to the Board after the last Annual General Meeting, retire under Article 115 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

In accordance with Article 109 of the Company's Articles of Association, Y. Bhg. Dato' Siew Ka Wei, Toh Yiu Joe and Chua Ah Lak retire by rotation and, being eligible, offer themselves for re-election.

Directors' Report

Directors' Interests

The interests in shares and share options of the Company and of related companies of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	No. of Shares			
	Balance at 1.6.2002	Acquired	Sold	Balance at 31.5.2003
Ordinary Shares of RM1.00 each in the Company				
Registered in the name of Directors				
Chua Ah Lak	38,000	62,000	–	100,000
Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak	150,000	–	–	150,000
Deemed interest				
Y. Bhg. Dato' Siew Ka Wei	116,587,972	–	–	116,587,972
Cheng Ing Huong	28,000	–	–	28,000
Ordinary Shares of RM1.00 each in Holding Company, Rhodemark Development Sdn Bhd				
Deemed interest				
Chua Ah Lak	10,300,114	–	–	10,300,114
Y. Bhg. Dato' Siew Ka Wei	53,753,722	–	–	53,753,722
	No. of Shares/Options			
	Balance at 1.6.2002	Acquired/ Granted	Sold/ Lapsed	Balance at 31.5.2003
Ordinary Shares of RM1.00 each in Ultimate Holding Company, Ancom Berhad				
Registered in the name of Directors				
Allahyarham Y.A.B.M. Raja				
Tun Mohar bin Raja Badiozaman (<i>deceased on 08.06.2003</i>)	20,971	–	–	20,971
Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak	499,126	–	–	499,126
Y. Bhg. Dato' Siew Ka Wei	4,121,000	244,000	(585,000)	3,780,000
Deemed interest				
Allahyarham Y.A.B.M. Raja				
Tun Mohar bin Raja Badiozaman (<i>deceased on 08.06.2003</i>)	348,947	–	–	348,947
Y. Bhg. Dato' Siew Ka Wei	11,396,427	1,539,384	(5,050,692)	7,885,119
Options over Ordinary Shares in Ultimate Holding Company, Ancom Berhad				
Registered in the name of Directors				
Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak	150,000	–	–	150,000
Y. Bhg. Dato' Siew Ka Wei	120,000	–	–	120,000

Directors' Report

Directors' Interests *(continued)*

By virtue of his interest in the shares of the ultimate holding company, Ancom Berhad, Y. Bhg. Dato' Siew Ka Wei is also deemed to have an interest in the shares of all the other subsidiaries of Ancom Berhad to the extent Ancom Berhad has an interest.

The other Directors do not have any interest in the shares and/or share options of the Company and of related companies at the end of the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits 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 other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those pursuant to the employees' share option scheme of the ultimate holding company.

Other Statutory Information

- 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 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 value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - i) 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 substantial extent; and
 - ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d) At the date of this report, 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.
- e) At the date of this report, there does not exist:
 - i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- f) In the opinion of the Directors:
 - i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

Directors' Report

Holding Companies

The immediate holding and ultimate holding companies of the Company are Rhodemark Development Sdn. Bhd. and Ancom Berhad respectively, both of which are incorporated in Malaysia.

Significant Events During the Year and Subsequent to Balance Sheet Date

Significant events during the year and subsequent to the balance sheet date are disclosed in Note 29 to the financial statements.

Auditors

The auditors, Messrs Ernst & Young, have expressed their willingness to continue in office.

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

Dato' Siew Ka Wei

Group Managing Director

Chua Ah Lak

Director

Shah Alam, Selangor Darul Ehsan, Malaysia

25 September 2003

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, DATO' SIEW KA WEI and CHUA AH LAK being two of the Directors of NYLEX (MALAYSIA) BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 41 to 79 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

Dato' Siew Ka Wei
Group Managing Director

Chua Ah Lak
Director

Shah Alam, Selangor Darul Ehsan, Malaysia
25 September 2003

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, JONATHAN MARK BONG CHEE HOONG, being the Officer primarily responsible for the financial management of NYLEX (MALAYSIA) BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 79 are in my opinion 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 JONATHAN MARK BONG CHEE HOONG at Petaling Jaya on 25 September 2003

Jonathan Mark Bong Chee Hoong

Before me,

G. Vijayan@Baskaran, PPN (No. B014)
Pesuruhjaya Sumpah
Malaysia

Report of the Auditors

To the Members of Nylex (Malaysia) Berhad

We have audited the accompanying financial statements as set out on pages 41 to 79. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. 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 the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - i) the financial position of the Group and of the Company as at 31 May 2003 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 31 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 subsidiaries that have been consolidated with the financial statements of the Company 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 subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Choong Mei Ling
1918/09/04 (J)
Partner

Kuala Lumpur, Malaysia
25 September 2003

Income Statements

For the year ended 31 May 2003

		Group		Company	
		2003	2002	2003	2002
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	3	386,351	365,873	109,340	86,996
Cost of sales	3	(301,133)	(298,753)	(86,219)	(68,312)
Gross profit		85,218	67,120	23,121	18,684
Other operating income		10,874	9,160	9,254	11,384
Selling and distribution expenses		(29,060)	(34,629)	(6,349)	(5,643)
Administrative expenses		(22,597)	(33,030)	(6,843)	(6,097)
Other operating expenses		(9,801)	(9,663)	(640)	(1,291)
Profit/(loss) from operations		34,634	(1,042)	18,543	17,037
Finance cost (net)	4	(6,615)	(7,464)	(1,440)	(1,522)
Impairment of investment		–	–	(2,864)	(64,801)
Impairment of goodwill on consolidation		(903)	(21,670)	–	–
Impairment of assets in a subsidiary		(1,007)	(23,325)	–	–
Share of results of associates		15	227	–	–
Profit/(loss) before taxation	5	26,124	(53,274)	14,239	(49,286)
Taxation	7	(10,064)	(9,669)	(4,618)	(4,301)
Profit/(loss) after taxation		16,060	(62,943)	9,621	(53,587)
Minority interests		696	602	–	–
Profit/(loss) for the year		16,756	(62,341)	9,621	(53,587)
Basic profit/(loss) per share (sen)	8	7.5	(27.8)		
Net dividend per share (sen)		2.2	1.4		

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

Balance Sheets

As at 31 May 2003

		Group		Company	
		2003	2002	2003	2002
	Note	RM'000	RM'000	RM'000	RM'000
Non-current assets					
Property, plant and equipment	10	126,768	134,131	54,126	57,380
Investments	11	8,136	7,313	46,790	49,654
Intangible assets	12	7,654	7,866	388	
Goodwill arising on consolidation	13	21,791	24,031	–	–
Future income tax benefit	14	7,008	7,078	–	–
Current assets					
Inventories	15	85,811	93,617	16,135	16,017
Receivables	16	151,715	147,516	34,038	19,783
Tax recoverable		1,964	2,413	786	–
Amount owing by group companies	17	3	24	130,479	141,300
Short-term deposits with licensed banks		7,203	12,256	–	–
Cash and bank balances		19,932	19,263	8,480	6,498
Total current assets		266,628	275,089	189,918	183,598
Current liabilities					
Payables	18	92,282	105,053	25,270	20,255
Amount owing to group companies	17	256	1,767	238	190
Short-term borrowings	19	113,926	119,246	62,677	66,100
Dividends payable		3,233	–	3,233	–
Provision for taxation		666	3,004	–	1,732
Total current liabilities		210,363	229,070	91,418	88,277
Net current assets		56,265	46,019	98,500	95,321
		227,622	226,438	199,804	202,355
Financed by					
Share capital	20	224,488	224,488	224,488	224,488
Reserves	21	6,233	9,590	6,173	6,173
Accumulated losses		(27,377)	(39,284)	(46,676)	(51,448)
Shareholders' funds		203,344	194,794	183,985	179,213
Minority interests					
Minority interests		2,476	3,191	–	–
Deferred taxation	22	8,831	8,631	4,720	4,097
Long-term borrowings	19	9,255	15,941	7,948	15,941
Provision for retirement benefits		3,716	3,881	3,151	3,104
		227,622	226,438	199,804	202,355

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

Statement of Changes in Equity – Group

For the year ended 31 May 2003

	Note	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained profit/ (Accumulated losses) RM'000	Total RM'000
Balance as at 1 June 2001		224,488	6,173	(3,526)	26,290	253,425
Currency translation differences		–	–	6,943	–	6,943
Net loss for the year		–	–	–	(62,341)	(62,341)
Dividends	9	–	–	–	(3,233)	(3,233)
Balance as at 31 May 2002		224,488	6,173	3,417	(39,284)	194,794
Currency translation differences		–	–	(3,357)	–	(3,357)
Net profit for the year		–	–	–	16,756	16,756
Dividends	9	–	–	–	(4,849)	(4,849)
Balance as at 31 May 2003		224,488	6,173	60	(27,377)	203,344

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

Statement of Changes in Equity – Company

For the year ended 31 May 2003

	Note	Share capital RM'000	Share premium RM'000	Retained profit/ (Accumulated losses) RM'000	Total RM'000
Balance as at 1 June 2001		224,488	6,173	5,372	236,033
Net loss for the year		–	–	(53,587)	(53,587)
Dividends	9	–	–	(3,233)	(3,233)
Balance as at 31 May 2002		224,488	6,173	(51,448)	179,213
Net profit for the year		–	–	9,621	9,621
Dividends	9	–	–	(4,849)	(4,849)
Balance as at 31 May 2003		224,488	6,173	(46,676)	183,985

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

Cash Flow Statement – Group

For the year ended 31 May 2003

	2003	2002
	RM'000	RM'000
Cash flows from operating activities		
Profit/(loss) before taxation	26,124	(53,274)
Adjustments for:		
Depreciation of property, plant and equipment	13,058	15,268
Interest expense	6,915	7,675
Amortisation of:		
Goodwill arising on consolidation	1,337	1,819
Development expenditure	2,792	2,682
Impairment of goodwill on consolidation	903	21,670
Impairment of assets in a subsidiary	1,007	23,325
Inventories written down	1,885	–
Provision for doubtful debts	3,184	4,408
Bad debts written off	8	658
Unrealised gain on foreign exchange	(3,674)	(2,548)
Provision for retirement benefits	789	938
Dividend income	(6,667)	(9,160)
Interest income	(300)	(211)
Loss on disposal of property, plant and equipment (net)	172	179
Translation adjustments	872	(4,580)
Share of results of associates	(15)	(227)
Operating profit before working capital changes	48,390	8,622
Working capital changes		
Receivables	(6,820)	22,983
Inventories	7,870	25,554
Group companies	(2,011)	(1,553)
Payables	(14,088)	(8,316)
Cash generated from operations	33,341	47,290
Income taxes paid	(11,221)	(8,808)
Retirement benefits paid	(1,022)	(850)
Net cash generated from operating activities	21,098	37,632

Cash Flow Statement – Group *(continued)*

For the year ended 31 May 2003

	2003	2002
	RM'000	RM'000
Net cash generated from operating activities	21,098	37,632
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	417	1,097
Purchase of property, plant and equipment	(3,443)	(8,756)
Additions to development expenditure	(1,826)	(3,746)
Acquisition of interest in associates	(905)	(75)
Net cash flows on disposal of a subsidiary (Note A)	–	(95)
Interest received	300	211
Dividend received from:		
– an associate	99	–
– unquoted shares	6,667	9,160
Net cash generated from/(used in) investing activities	1,309	(2,204)
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(1,616)	(3,233)
Repayment of hire-purchase creditors	(357)	–
Borrowings	(24,629)	15,735
Interest paid	(6,915)	(7,675)
Net cash (used in)/generated from financing activities	(33,517)	4,827
Net (decrease)/increase in cash and cash equivalents	(11,110)	40,255
Cash and cash equivalents at beginning of year	29,504	(9,996)
Effects of exchange rate changes	(873)	(755)
	28,631	(10,751)
Cash and cash equivalents at end of year (Note 24)	17,521	29,504

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

Cash Flow Statement – Group (continued)

For the year ended 31 May 2003

	2003	2002
	RM'000	RM'000
Note A		
Analysis of effects of disposal of subsidiary		
Fair value of assets disposed:		
Property, plant and equipment	–	16,832
Investments	–	203
Inventories	–	3,493
Receivables	–	6,578
Cash and bank balances	–	95
Payables	–	(5,197)
Short-term bank borrowings	–	(11,825)
Provision for taxation	–	144
Future income tax benefit	–	3,210
Net assets disposed	–	13,533
Realisation of translation loss	–	9,792
Goodwill	–	21,670
	–	44,995
Impairment of goodwill on consolidation	–	(21,670)
Impairment of assets in a subsidiary	–	(23,325)
Sale proceeds	–	– *
Cash and cash equivalents		(95)
Net cash flows on disposal	–	(95)

* Cash consideration of RM1.00

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

Cash Flow Statement – Company

For the year ended 31 May 2003

	2003	2002
	RM'000	RM'000
Cash flows from operating activities		
Profit/(loss) before taxation	14,239	(49,286)
Adjustments for:		
Depreciation of property, plant and equipment	6,781	6,714
Interest expense	4,048	3,062
Inventories written down	41	–
Write-back of doubtful debts	(163)	(245)
Provision for retirement benefits	463	375
Dividend income	(8,967)	(11,460)
Interest income	(2,608)	(1,540)
(Gain)/loss on disposal of property, plant and equipment (net)	(50)	154
Impairment of investment	2,864	64,801
Operating profit before working capital changes	16,648	12,575
Working capital changes		
Receivables	(11,784)	1,980
Inventories	(158)	1,418
Group companies	10,902	(15,271)
Payables	4,625	217
Cash generated from operations	20,233	919
Income taxes paid	(6,521)	(4,476)
Retirement benefits paid	(416)	(393)
Net cash generated from/(used in) operating activities	13,296	(3,950)

Cash Flow Statement – Company *(continued)*

For the year ended 31 May 2003

	2003	2002
	RM'000	RM'000
Net cash generated from/(used in) operating activities	13,296	(3,950)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	60	330
Purchase of property, plant and equipment	(3,074)	(2,653)
Interest received	2,608	1,540
Dividend received	6,667	11,460
Net cash generated from investing activities	6,261	10,677
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(1,616)	(3,233)
Short-term loans and advances	(11,361)	17,198
Repayment of hire-purchase creditors	(74)	–
Interest paid	(4,048)	(3,062)
Net cash (used in)/generated from financing activities	(17,099)	10,903
Net increase in cash and cash equivalents	2,458	17,630
Cash and cash equivalents at beginning of year	6,022	(11,608)
Cash and cash equivalents at end of year (Note 24)	8,480	6,022

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

Notes to the Financial Statements

31 May 2003

1 Corporate information

The Company is principally involved in investment holding and the manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other plastic products, including geotextiles and prefabricated sub-soil drainage systems.

The principal activities of the subsidiaries are indicated in Note 31.

Other than the cessation of operations by a subsidiary involved in the manufacture and marketing of quality golf bags, there have been no other significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at No. 602, 6th Floor, Block A, Phileo Damansara 1, No. 9, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan while the principal place of business is located at Persiaran Selangor, Seksyen 15, Shah Alam Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 1,292 (2002: 1,364) and 420 (2002: 406) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 September 2003.

2 Significant accounting policies

a) Basis of preparation

Unless otherwise indicated in the significant accounting policies, the financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards issued in Malaysia.

During the financial year ended 31 May 2003, the Group and the Company adopted the following Malaysian Accounting Standards Board ("MASB") standards for the first time:

- MASB 19 – 'Events After the Balance Sheet Date'
- MASB 20 – 'Provisions, Contingent Liabilities and Contingent Assets'
- MASB 21 – 'Business Combinations'
- MASB 22 – 'Segment Reporting'
- MASB 23 – 'Impairment of Assets'
- MASB 24 – 'Financial Instruments: Disclosure and Presentation'

The adoption of MASB 19, 20 and 21 represents a change in accounting policies and are to be applied retrospectively. However, this has not had an effect on the financial statements presented, nor led to a restatement of prior year results as the Group and the Company were already following the recognition and measurement principles in the standard where applicable.

Comparative figures have been adjusted to conform with the changes in presentation as required by MASB 22.

MASB 23 is to be applied prospectively and hence, the restatement of comparative figures and prior year adjustments are not presented.

b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation.

Notes to the Financial Statements

31 May 2003

2 Significant accounting policies *(continued)*

b) Basis of consolidation *(continued)*

Goodwill arising on consolidation is systematically amortised over the period of time not exceeding twenty years during which the benefits are expected to arise.

Intragroup transactions, balances and the resulting unrealised profits are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

Dividends from subsidiaries are recognised in the income statements as and when declared or proposed. Dividends from other investee companies are recognised as and when declared.

c) Associates

An associate is a company in which the Group or the Company holds as long-term investment not less than 20% of the equity voting rights and in which the Group or the Company is in a position to exercise significant influence in its management.

Investment in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the latest audited and/or management financial statements of the associate. Under the equity method of accounting, the Group's share of post-acquisition profits less losses of associates is included in the consolidated income statement while dividend received is reflected as a reduction of the investment in the consolidated balance sheet. The Group's interest in the associates is stated at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves in the associates.

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

d) Property, plant & equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n). Cost consists of purchase, commissioning, installation costs and in respect of construction of plant and machinery, interest expense incurred prior to commencement of production.

Certain leasehold land and buildings were stated on the basis of their previous revaluation in 1985 (subject to continuity in depreciation and the requirement to write assets down to their recoverable amounts) as allowed by the transitional provision of the accounting standard on property, plant and equipment.

Land held under long lease is amortised evenly over the term of the lease of 60 to 84.5 years. Depreciation of all other assets is computed on the straight-line method based on the estimated useful lives of the various assets at the following annual rates:

	%
Buildings and improvements	2.5 – 10.0
Plant and machinery	7.5 – 33.3
Furniture and fittings	7.5 – 20.0
Office equipment	15.0 – 33.3
Motor vehicles	15.0 – 20.0

Depreciation is not provided for freehold land and capital work-in-progress.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

Notes to the Financial Statements

31 May 2003

2 Significant accounting policies *(continued)*

e) Investments in subsidiaries and associates

Investments in unquoted subsidiaries, which are eliminated on consolidation, and investment in unquoted associates are stated at cost less impairment losses in the Company's financial statements. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

f) Inventories

Raw materials and consumable stores, work-in-progress, finished products and inventory-in-transit are valued at the lower of cost and net realisable value. Cost comprises the actual cost of raw materials determined using weighted average cost and an applicable portion of labour and manufacturing overheads for work-in-progress and finished goods. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Profit earned on contracts is recognised in the income statement progressively, based on estimated cost to completion in cases where progress payments are received. On all contracts, full provision is made for any losses in the period in which they are first foreseen.

g) Provision for liabilities

Provision for liabilities is recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

h) Research and development expenditure

Research and development expenditure are written off to the income statement as and when incurred except that development expenditure relating to specific projects with commercial viability and for which there is a clear indication of the marketability of the products being developed, is carried forward. Such expenditure is amortised on a systematic basis over the period of time not exceeding five years in which the benefits are expected to be derived commencing in the period in which the related sales are first made.

i) Retirement benefits

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

j) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

The tax effects of transactions are recognised, using the 'liability' method, in the period such transactions enter into the determination of net income regardless of when they are recognised for tax purposes.

Deferred income taxes are provided on timing differences between tax capital allowances and book depreciation of property, plant and equipment, and on certain provisions which are not currently deductible for tax purposes.

The net future tax benefit relating to unutilised tax losses, unabsorbed capital allowances, future tax savings from unutilised investment incentives claimed and other timing differences are recognised only when the Directors are certain of their realisation.

k) Foreign currencies

i) Foreign currency transactions

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical

Notes to the Financial Statements

31 May 2003

2 Significant accounting policies *(continued)*

k) Foreign currencies *(continued)*

i) Foreign currency transactions *(continued)*

rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These exchange differences are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at average exchange rates for the period with respect to the income statement. All resulting translation differences are included in the translation reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal average rates and closing rates were as follows:

	Average Rate		Closing Rate	
	2003	2002	2003	2002
RM1.00 =				
<i>Foreign currency</i>				
Australian Dollar	0.4590	0.5149	0.4053	0.4722
Chinese Renminbi	2.1862	2.1963	2.1854	2.1962
Hong Kong Dollar	2.0612	2.0754	2.0600	2.0750
Indonesia Rupiah (1,000 units)	2.3865	2.6976	2.2040	2.3877
Philippines Peso	–	14.0281	–	14.1300
Singapore Dollar	0.4648	0.4798	0.4564	0.4755

l) Revenue

Revenue represents gross invoiced value of sales, less returns and discounts, and services rendered to customers. All significant intercompany sales are eliminated on consolidation.

m) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

n) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the

Notes to the Financial Statements

31 May 2003

2 Significant accounting policies *(continued)*

n) Impairment of assets *(continued)*

income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

An 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 that event.

o) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

i) Finance leases

Assets acquired by way of hire-purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liabilities is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of change on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

p) Financial instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

i) Other non-current investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

ii) Trade receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. Debts considered to be uncollectible are written off while provisions are made for debts considered to be doubtful of collection.

iii) Trade payables

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

iv) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Notes to the Financial Statements

31 May 2003

2 Significant accounting policies (continued)

p) Financial instruments (continued)

iv) Interest-bearing borrowings (continued)

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

v) Equity instruments

Ordinary shares are classified as equity. Dividend on ordinary shares are recognised in equity in the period in which they are declared.

vi) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements on inception.

Forward foreign exchange contracts

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rate and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

3 Revenue and cost of sales

Revenue represents the gross invoiced value of sales, less returns and discounts while cost of sales represents the cost of products sold.

4 Finance cost (net)

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Interest expense				
– Short-term borrowings	6,777	7,618	4,048	3,062
– Others	138	57	–	–
Interest income				
– Short-term deposits	(290)	(209)	–	–
– Advances to subsidiaries	–	–	(2,608)	(1,540)
– Others	(10)	(2)	–	–
	6,615	7,464	1,440	1,522

Notes to the Financial Statements

31 May 2003

5 Profit/(loss) before taxation

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
This was arrived at after charging:				
Amortisation of intangibles (Note 12)	2,792	2,682	–	–
Amortisation of goodwill (Note 13)	1,337	1,819	–	–
Auditors' remuneration				
– Current	503	585	72	89
– Over provision in prior years	–	(18)	–	(20)
Bad debts written off	8	658	–	–
Depreciation of property, plant and equipment (Note 10)	13,058	15,268	6,781	6,714
Hire of equipment	28	50	–	–
Inventories written down	1,885	–	41	–
Loss/(gain) on disposal of property, plant and equipment (net)	172	179	(50)	154
Provision for retirement benefits	789	938	463	375
Provision for/(write-back of) doubtful debts	3,184	4,408	(163)	(245)
Rent of premises	2,407	2,600	–	103
Staff costs	48,463	57,775	14,614	14,748
And crediting:				
Gross dividend income from				
– unquoted shares	6,667	9,160	6,667	9,160
– subsidiaries	–	–	2,300	2,300
Realised gain/(loss) on foreign exchange	534	(9,271)	57	–
Unrealised gain on foreign exchange	3,674	2,548	–	78

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM2,030,000 (2002: RM2,900,000) and RM1,279,000 (2002: RM2,060,000) respectively as further disclosed in Note 6.

Notes to the Financial Statements

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6 Directors' remuneration

a) Total remuneration

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
Fees	279	35	–	33
Salaries	1,441	981	1,062	846
Other emoluments	310	1,884	217	1,181
	2,030	2,900	1,279	2,060
Benefit-in-kind	61	37	61	26
	2,091	2,937	1,340	2,086
Non-Executive Directors				
Fees	166	149	166	149
Other emoluments	83	281	83	281
	249	430	249	430
Total	2,340	3,367	1,589	2,516

b) Number of Directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	No. of Directors	
	2003	2002
Executive Directors		
Less than RM200,000	–	2
RM200,001 to RM300,000	1	–
RM300,001 to RM500,000	1	–
RM500,001 to RM600,000	1	–
RM600,001 to RM700,000	–	1
RM700,001 to RM800,000	–	1
RM800,001 to RM1,100,000	1	–
RM1,100,001 to RM1,200,000	–	1
	4	5
Non-Executive Directors		
Less than RM50,000	6	2
RM50,001 to RM100,000	1	2
RM100,001 to RM150,000	–	2
	7	6

Notes to the Financial Statements

31 May 2003

7 Taxation

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the year:				
– Current				
Malaysian	(9,118)	(9,198)	(4,003)	(6,208)
Foreign	(197)	(1,501)	–	–
– Deferred	(640)	1,360	(1,332)	1,907
– Deferred tax benefits	(497)	548	–	–
	(10,452)	(8,791)	(5,335)	(4,301)
Over/(under) provision in prior years	388	(878)	717	–
	(10,064)	(9,669)	(4,618)	(4,301)

The effective tax rates of the Group and Company are disproportionate to the statutory tax rate mainly due to the impairment losses which are not allowed to be claimed for taxation purposes and the absence of group relief for losses suffered by certain subsidiaries.

The Company is entitled to claim certain tax incentives under the Income Tax Act, 1967 and Promotion of Investment Act, 1986. Pending finalisation of these claims with the Inland Revenue Board, an amount of RM1,227,000 (2002: RM876,000) has been taken into account in the current year's tax computation. As at 31 May 2003, the Company has claimed tax incentives totalling RM6,166,000 (2002: RM7,789,000) which, if agreed with the Inland Revenue Board, will enable the Company to distribute tax-exempt dividends of up to the same amount.

8 Earnings per ordinary share

Earnings per ordinary share is calculated by dividing the net profit of RM16,756,000 (2002: net loss of RM62,341,000) by the number of ordinary shares in issue during the financial year of 224,487,720 shares.

9 Dividends

	Group/Company	
	2003	2002
	RM'000	RM'000
1st interim paid – 1.0 sen per share less tax (2002: 2.0 sen per share less tax)	1,616	3,233
2nd interim declared – 2.0 sen per share less tax (2002: Nil)	3,233	–
	4,849	3,233

Notes to the Financial Statements

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10 Property, plant and equipment

	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture & fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Group										
At 1 June 2002										
Cost	6,871	17,393	19,417	20,324	144,078	4,975	12,318	7,087	2,554	235,017
Valuation	–	9,830	–	5,020	–	–	–	–	–	14,850
	6,871	27,223	19,417	25,344	144,078	4,975	12,318	7,087	2,554	249,867
Additions	–	–	–	231	2,742	119	504	1,220	1,456	6,272
Disposals	–	–	–	–	(2,162)	(363)	(333)	(1,139)	–	(3,997)
Reclassification	–	–	–	157	733	36	375	5	(1,306)	–
Exchange fluctuation	110	46	731	–	627	136	292	100	–	2,042
At 31 May 2003	6,981	27,269	20,148	25,732	146,018	4,903	13,156	7,273	2,704	254,184
Accumulated depreciation										
At 1 June 2002	–	4,822	3,465	7,909	81,637	3,479	10,179	4,245	–	115,736
Charge for the year	–	417	408	634	9,533	341	971	754	–	13,058
Disposals	–	–	–	–	(1,745)	(282)	(304)	(1,044)	–	(3,375)
Exchange fluctuation	–	5	141	–	363	147	252	82	–	990
Impairment of assets	–	–	670	–	337	–	–	–	–	1,007
At 31 May 2003	–	5,244	4,684	8,543	90,125	3,685	11,098	4,037	–	127,416
Net book value										
At 31 May 2003	6,981	22,025	15,464	17,189	55,893	1,218	2,058	3,236	2,704	126,768
At 31 May 2002	6,871	22,401	15,953	17,434	62,442	1,496	2,139	2,841	2,554	134,131
Depreciation charge										
for year 2002	–	416	458	719	11,049	427	1,262	937	–	15,268

Notes to the Financial Statements

31 May 2003

10 Property, plant and equipment (continued)

	Leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture & fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Company								
At 1 June 2002								
Cost	–	9,154	89,765	662	1,706	2,515	347	104,149
Valuation	9,830	5,020	–	–	–	–	–	14,850
	9,830	14,174	89,765	662	1,706	2,515	347	118,999
Additions	–	190	2,142	6	177	813	241	3,569
Disposals	–	–	(134)	–	(88)	(477)	–	(699)
Reclassification	–	26	315	–	–	5	(346)	–
At 31 May 2003	9,830	14,390	92,088	668	1,795	2,856	242	121,869
Accumulated depreciation								
At 1 June 2002	1,908	3,775	52,680	593	1,318	1,345	–	61,619
Charge for the year	117	357	5,773	21	187	326	–	6,781
Disposals	–	–	(125)	–	(85)	(447)	–	(657)
At 31 May 2003	2,025	4,132	58,328	614	1,420	1,224	–	67,743
Net book value								
At 31 May 2003	7,805	10,258	33,760	54	375	1,632	242	54,126
At 31 May 2002	7,922	10,399	37,085	70	387	1,170	347	57,380
Depreciation charge for year 2002	117	349	5,728	24	202	294	–	6,714

- a) Leasehold land and buildings were revalued in 1985 based on the valuation reports of an independent firm of professional valuers. The valuation was arrived at on an open market value basis. These assets continue to be stated on the basis of their 1985 valuation as allowed by the transitional provisions in respect of International Accounting Standard No.16 (Revised), Property, Plant & Equipment adopted by MASB. The net book value of assets stated at 1985 valuation had they been stated at cost would have been approximately RM914,523 (2002: RM1,095,426) in respect of both the Group and Company.

The tax effects in respect of the surplus that arose upon revaluation of properties had not been accounted for in view of there being no intention to dispose of these properties in the foreseeable future.

Notes to the Financial Statements

31 May 2003

10 Property, plant and equipment *(continued)*

b) Net book values of property, plant and equipment held under hire-purchase and finance lease arrangements are as follows:

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	877	–	517	–
Capital work-in-progress	2,239	–	–	–
	3,116	–	517	–

c) During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM6,272,000 (2002: RM8,756,000) and RM3,569,000 (2002: RM2,653,000) respectively of which RM2,829,000 (2002: Nil) and RM495,000 (2002: Nil) were acquired by means of finance lease arrangements.

11 Investments

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Investment in unquoted subsidiaries				
– At cost	–	–	49,574	49,574
– Accumulated impairment losses	–	–	(2,864)	–
	–	–	46,710	49,574
Investment in unquoted associates				
– At cost	4,485	3,580	–	–
– Share of post-acquisition results	71	153	–	–
	4,556	3,733	–	–
Investment in unquoted company	3,580	3,580	80	80
	8,136	7,313	46,790	49,654

The Group's investment in associates is as follows:

	Group	
	2003	2002
	RM'000	RM'000
Share of net tangible assets	4,556	3,733

In the last financial year, the Group disposed of a wholly-owned subsidiary, Asia Pacific Insulation Corporation for cash consideration of RM1. Prior to the disposal, the total impairment of goodwill and assets amounted to RM45.0 million for the Group, whilst the impairment of investment in subsidiary amounted to RM64.8 million for the Company.

Notes to the Financial Statements

31 May 2003

11 Investments (continued)

The effect of the disposal of Asia Pacific Insulation Corporation on the financial results of the Group in the last financial year is shown below:

	Group	
	2003	2002
	RM'000	RM'000
Operating revenue	–	9,964
Cost of sales	–	(10,211)
Gross loss	–	(247)
Other operating income	–	312
Selling and distribution expenses	–	(1,159)
Administrative expenses	–	(572)
Other operating expenses	–	(441)
Loss from operations	–	(2,107)
Finance cost	–	(1,562)
Loss before taxation	–	(3,669)
Taxation	–	(7)
Loss after taxation	–	(3,676)

12 Intangible assets

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Research and development expenditure				
Balance at beginning of year	7,866	6,622	–	–
Exchange fluctuation	366	180	–	–
Additions during the year	1,826	3,746	–	–
Amount amortised	(2,792)	(2,682)	–	–
Balance at end of year	7,266	7,866	–	–
Rights				
Balance at beginning of year	–	–	–	–
Additions during the year	388	–	388	–
Balance at end of year	388	–	388	–
Total	7,654	7,866	388	–

Notes to the Financial Statements

31 May 2003

13 Goodwill arising on consolidation

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Balance at beginning of year	24,031	47,520	–	–
Impairment of goodwill arising on consolidation	(903)	(21,670)	–	–
Amount amortised	(1,337)	(1,819)	–	–
Balance at end of year	21,791	24,031	–	–

14 Future income tax benefit

Balance at beginning of year	7,078	10,378	–	–
Exchange fluctuation	664	340	–	–
Arising during the year	(497)	548	–	–
Disposal of a subsidiary	–	(3,210)	–	–
Over provision in prior years	(237)	(978)	–	–
Balance at end of year	7,008	7,078	–	–

The future income tax benefit is primarily in respect of unutilised losses of subsidiaries carried forward to offset against future profits.

15 Inventories

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Finished goods	22,488	19,621	8,351	7,214
Work-in-progress	21,995	31,246	2,726	3,465
Raw materials and consumable stores	42,784	45,006	6,963	7,202
Inventory-in-transit	1,941	1,498	–	–
	89,208	97,371	18,040	17,881
Provision for obsolete stock	(3,397)	(3,754)	(1,905)	(1,864)
	85,811	93,617	16,135	16,017

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

	Group	
	2003	2002
	RM'000	RM'000
Finished goods	204	–

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16 Receivables

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Trade receivables	147,650	140,129	30,072	19,416
Provision for doubtful debts	(8,354)	(4,926)	(280)	(471)
	139,296	135,203	29,792	18,945
Other receivables	6,858	7,087	4,036	404
Deposits	2,137	3,069	66	65
Prepayments	3,424	2,157	144	369
	12,419	12,313	4,246	838
	151,715	147,516	34,038	19,783

The Group's normal trade credit term ranges from 30 – 120 days. Other credit terms are assessed and approved on case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

17 Amount owing by/to group companies

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Amount owing by group companies				
Amount owing by related companies	1	24	–	–
Amount owing by subsidiaries	–	–	130,477	141,300
Amount owing by ultimate holding company	2	–	2	–
	3	24	130,479	141,300
Amount owing to group companies				
Amount owing to related companies	238	1,760	238	183
Amount owing to ultimate holding company	18	7	–	7
	256	1,767	238	190

The Company is a subsidiary of Rhodemark Development Sdn. Bhd., a company incorporated in Malaysia. The ultimate holding company is Ancom Berhad, a company incorporated in Malaysia.

The account balances with the holding company, subsidiaries, associates and other related companies arose mainly from intercompany advances which bear interest at rates ranging from 5.3% to 5.7% (2002: 5.3% to 5.7%) per annum, interest-free advances by/to other related companies, expenses paid on behalf and other intercompany charges which are negotiated on a basis determined within the Group.

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18 Payables

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Trade payables	65,864	75,516	20,624	15,811
Other payables	20,034	20,567	1,724	2,148
Accruals	6,384	8,970	2,922	2,296
	92,282	105,053	25,270	20,255

The normal trade credit terms granted to the Group range from 30 to 90 days.

19 Borrowings

Short-term borrowings

Unsecured

Bank overdrafts (Note 24)	9,614	2,015	–	476
Short-term loan and advances	103,470	117,231	62,579	65,624
Hire-purchase creditors (Note 23)	842	–	98	–
	113,926	119,246	62,677	66,100

Long-term borrowings

Unsecured

Term loan	7,625	15,941	7,625	15,941
Hire-purchase creditors (Note 23)	1,630	–	323	–
	9,255	15,941	7,948	15,941

Total borrowings	123,181	135,187	70,625	82,041
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The borrowings are unsecured and bear interest at rates ranging from 1.0% to 7.9% (2002: 1.25% to 7.4%) per annum.

20 Share capital

	Group/Company	
	2003	2002
	RM'000	RM'000
Authorised		
300,000,000 ordinary shares of RM1.00 each	300,000	300,000
Issued and fully paid		
224,487,720 ordinary shares of RM1.00 each	224,488	224,488

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21 Reserves

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Non-distributable				
– Share premium	6,173	6,173	6,173	6,173
– Translation reserves	60	3,417	–	–
	6,233	9,590	6,173	6,173

22 Deferred taxation

Balance at beginning of year	8,631	9,798	4,097	6,004
Exchange fluctuation	15	3	–	–
Arising during the year	640	(1,360)	1,332	(1,907)
Over provision in prior years	(455)	(53)	(709)	–
Others	–	243	–	–
Balance at end of year	8,831	8,631	4,720	4,097

The provision for deferred taxation is primarily in respect of depreciation timing differences.

Deferred tax liabilities amounting to RM572,000 (2002: RM572,000) which relate to the surplus on revaluation of certain leasehold land and buildings have not been accounted for as it is the intention of the Group to retain the properties for its own use on long term purposes.

23 Hire-purchase and finance lease payables

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments				
– not later than one year	986	–	118	–
– later than one year & not later than two years	986	–	118	–
– later than two years & not later than five years	713	–	195	–
– later than five years	90	–	90	–
	2,775	–	521	–
Future finance charges	(303)	–	(100)	–
Present value of finance lease liabilities	2,472	–	421	–
Present value of finance lease liabilities				
– not later than one year	842	–	98	–
– later than one year & not later than two years	900	–	98	–
– later than two years & not later than five years	659	–	154	–
– later than five years	71	–	71	–
	2,472	–	421	–
Analysed as				
Due within 12 months (Note 19)	842	–	98	–
Due after 12 months (Note 19)	1,630	–	323	–
	2,472	–	421	–

The hire-purchase and lease liabilities bore interest at the balance sheet date of between 6.87% to 9.76% (2002: Nil) per annum.

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24 Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following:

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	19,932	19,263	8,480	6,498
Short-term deposits with licensed banks	7,203	12,256	–	–
Bank overdrafts (Note 19)	(9,614)	(2,015)	–	(476)
	17,521	29,504	8,480	6,022

25 Commitments

a) Capital commitments

Approved and contracted	1,196	1,523	34	–
Approved and not contracted	3,230	1,887	785	1,572
	4,426	3,410	819	1,572

b) Lease commitments, in respect of property, plant and equipment of the subsidiaries are as follows:

Less than 12 months	1,501	1,126	–	–
Between 1 year to 5 years	472	829	–	–
	1,973	1,955	–	–

26 Contingent liabilities

Unsecured

Bills discounted with banks	1,384	1,617	1,384	1,617
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27 Significant related party transactions

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Sales to subsidiaries/associates:				
– Zonson Sports (Malaysia) Sdn Bhd	–	–	12	390
– TEE Power & Engineering Sdn Bhd	–	–	–	147
Purchases from subsidiaries/associates:				
– Perusahaan Kimia Gemilang Sdn Bhd	502	–	–	–
– MSTi Corporation Sdn Bhd (formerly known as Malay Sino Technologies Sdn Bhd)	653	1,793	–	–
Interest income from/(expense to) subsidiaries:				
– Tamco Corporate Holdings Berhad	–	–	2,538	1,391
– Malaysian Roofing Industries Sdn Bhd	–	–	65	167
Technical fees paid to subsidiary:				
– Tamco Electrical & Electronics (HK) Limited	–	–	282	–
Gross dividend from subsidiary	–	–	2,300	2,300

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

28 Financial instrument and financial risk management objectives and policies

The daily operations of the Group require the use of financial instruments. Financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, contractual right to exchange financial instruments from other enterprises under conditions that are potentially favourable or an equity instrument of another enterprise, whilst financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to other enterprises or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The use of financial instruments exposes the Group to financial risks which are categorised as credit, foreign currency, liquidity, cash flow, interest rate and market risks.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing their risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

Notes to the Financial Statements

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28 Financial instrument and financial risk management objectives and policies *(continued)*

The policies for controlling these risks when applicable are set out below:

a) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt. The investments in financial assets are mainly short-term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. As at the balance sheet date, approximately 95% of the Group's borrowings were at floating rates. However, on 28 August 2003, the Group successfully issued and completed a fixed rate long-term RM80.0 million Bai' Bithaman Ajil Serial Bonds ("BBA Bonds") part of which will be used to refinance its floating rate borrowings. This is part of the Group's strategy to rebalance its debt portfolio to mitigate against rate hikes and capitalise on cheaper funding in a low interest rate environment.

The interest profile of the financial assets and liabilities of the Group and the Company as at 31 May 2003 are as follows:

	Group	Company
	RM'000	RM'000
Financial assets		
Fixed rate	7,203	–
Floating rate	–	135,142
Interest free	175,230	37,935
	182,433	173,077
Financial liabilities		
Fixed rate	2,472	421
Floating rate	120,709	70,204
Interest free	95,771	28,741
	218,952	99,366

The average interest rates on the financial assets and liabilities as at 31 May 2003 are as follows:

	Group	Company
	%	%
Financial assets		
Fixed rate	1.56	–
Floating rate	–	5.50
Financial liabilities		
Fixed rate	7.86	7.41
Floating rate	4.53	5.12

b) Foreign exchange risk

The Group operates internationally and is exposed to various currencies, mainly Australian Dollar, Singapore Dollar, Hong Kong Dollar, Chinese Renminbi, Indonesian Rupiah and United States Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

Notes to the Financial Statements

31 May 2003

28 Financial instrument and financial risk management objectives and policies *(continued)*

b) Foreign exchange risk *(continued)*

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

At 31 May 2003

Functional currency of group companies	Malaysian Ringgit RM'000	Indonesian Rupiah RM'000	Australian Dollar RM'000	Chinese Renminbi RM'000	Singapore Dollar RM'000	Hong Kong Dollar RM'000	Total RM'000
Trade receivables							
United States Dollar	25,858	958	417	–	–	–	27,233
Singapore Dollar	5,021	–	–	–	–	–	5,021
Australian Dollar	1,756	–	–	–	–	–	1,756
Japanese Yen	429	–	–	–	–	–	429
Pound Sterling	1,208	–	–	–	–	–	1,208
Hong Kong Dollar	–	–	8,717	–	–	–	8,717
UAE Dirham	1,013	–	–	–	–	–	1,013
Brunei Dollar	56	–	–	–	–	–	56
Qatari Rial	1,435	–	–	–	–	–	1,435
	36,776	958	9,134	–	–	–	46,868
Cash and bank balances							
United States Dollar	13	961	333	833	379	549	3,068
Taiwan Dollar	1	–	–	–	–	–	1
UAE Dirham	1	–	–	–	–	–	1
Sri Lanka Rupee	1	–	–	–	–	–	1
Pound Sterling	–	–	–	–	495	2	497
Malaysian Ringgit	–	–	–	–	–	1	1
Chinese Renminbi	–	–	–	–	–	1	1
Euro	1	–	–	–	–	1	2
	17	961	333	833	874	554	3,572
Bank borrowings							
United States Dollar	–	2,273	–	10,796	–	–	13,069
	–	2,273	–	10,796	–	–	13,069
Trade payables							
United States Dollar	10,369	102	52	1,008	280	1,191	13,002
Singapore Dollar	297	18	–	–	–	–	315
Australian Dollar	124	–	–	–	–	–	124
Japanese Yen	463	–	–	–	–	458	921
Pound Sterling	1,231	–	–	–	195	–	1,426
Italian Lira	1	–	–	–	–	–	1
UAE Dirham	4	–	96	–	–	–	100
Hong Kong Dollar	2	13	681	13	–	–	709
Euro	659	–	–	–	221	–	880
	13,150	133	829	1,021	696	1,649	17,478

Notes to the Financial Statements

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28 Financial instrument and financial risk management objectives and policies *(continued)*

b) Foreign exchange risk *(continued)*

As at balance sheet date, the Group has entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Maturity Less than 1 year RM'000	Notional amount RM'000
Forward contract used to hedge trade receivables	United States Dollar	12,831	12,831
	Euro	5,021	5,021
	Hong Kong Dollar	7,617	7,617
		25,469	25,469
Forward contract used to hedge trade payables	Pound Sterling	777	777
	Euro	85	85
	Singapore Dollar	60	60
	United States Dollar	243	243
	Japanese Yen	840	840
		2,005	2,005
Forward contract used to hedge future sales	Euro	8,544	8,544
Forward contract used to hedge future purchases	Pound Sterling	1,428	1,428

c) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As at the balance sheet date, approximately 93% of the Group's borrowings are short-term in nature. However, as mentioned earlier in this report, the Group has raised RM80.0 million of BBA Bonds which were issued in two series of three and five years for amounts of RM20.0 million and RM60.0 million respectively. The proceeds of BBA Bonds will be partly used to refinance some of its short-term borrowings. The Group remains committed to continuously explore funding opportunities from the capital markets and financial institutions to balance its portfolio so as to achieve overall cost effectiveness.

The debt maturity profile of the Group and Company is as follows:

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
After five years	71	–	71	–
Between two and five years	659	–	154	–
Between one and two years	8,525	15,941	7,723	15,941
Within one year	113,926	119,246	62,677	66,100
	123,181	135,187	70,625	82,041

Notes to the Financial Statements

31 May 2003

28 Financial instrument and financial risk management objectives and policies *(continued)*

d) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

e) Fair values

The fair values of financial assets and financial liabilities approximate their respective carrying values on the balance sheets of the Group and of the Company.

There are no fair values for financial instruments not recognised in the balance sheets as at 31 May 2003 that are required to be disclosed.

29 Significant events during the year and subsequent to balance sheet date

1) Proposed reorganisation scheme

During the year, the Company announced the following corporate exercises:

i) Proposed Capital Reconstruction, involving:

- a) Proposed cancellation of RM0.50 for every existing ordinary share of RM1.00 each resulting in the reduction in the issued and paid-up share capital of Nylex from RM224,487,720 comprising 224,487,720 ordinary shares of RM1.00 each to RM112,243,860 comprising 224,487,720 ordinary shares of RM0.50 each pursuant to Section 64 of the Companies Act, 1965, resulting in a capital reserve of RM112,243,860 to be utilised for the Proposed Capital Distribution ("Proposed Capital Reduction");
- b) Proposed consolidation of 224,487,720 ordinary shares of RM0.50 each in Nylex into 112,243,860 ordinary shares of RM1.00 each on the basis of two (2) ordinary shares of RM0.50 each in Nylex into one (1) ordinary share of RM1.00 each in Nylex after the Proposed Capital Reduction ("Proposed Share Consolidation"); and
- c) Proposed distribution by Nylex of its entire investment in Tamco Corporate Holdings Berhad ("Tamco") of RM112,243,860 comprising 224,487,720 ordinary shares of RM0.50 each to the entitled shareholders of Nylex on the basis of two (2) ordinary shares of RM0.50 each in Tamco for each ordinary share of RM1.00 each held in Nylex ("Nylex Shares") after the Proposed Share Consolidation ("Proposed Capital Distribution").

ii) Proposed acquisition of the entire equity interest in four (4) companies, namely Perusahaan Kimia Gemilang Sdn Bhd, Fermpro Sdn Bhd, Wedon Sdn Bhd and Kumpulan Kesuma Sdn Bhd by Nylex from Ancom Berhad for a total purchase consideration of RM64,427,000 to be satisfied by the proposed issuance of 64,427,000 new Nylex Shares at an issue price of RM1.00 per share credited as fully paid-up after the Proposed Share Consolidation ("Proposed Acquisitions").

iii) Proposed capital restructuring of Tamco whereby Tamco will increase its issued and paid-up ordinary share capital of Tamco from RM8,400,000 comprising 8,400,000 ordinary shares of RM1.00 each to RM112,243,860 comprising 112,243,860 ordinary shares of RM1.00 each and thereafter, to undertake a share split of each of its ordinary share of RM1.00 into two (2) ordinary shares of RM0.50 each ("Proposed Capital Restructuring") to facilitate the Proposed Capital Distribution of Nylex.

iv) Proposed placement of up to 35,000,000 ordinary shares of RM0.50 each in Tamco ("Placement Shares") to certain Bumiputera investors to be nominated ("Proposed Placement").

v) Proposed admission to the official list of the MESDAQ Market of the Kuala Lumpur Stock Exchange ("KLSE") and the listing of and quotation for the entire issued and paid-up ordinary share capital of Tamco comprising up to 259,487,720 ordinary shares of RM0.50 each in Tamco on the MESDAQ Market of the KLSE ("Proposed MESDAQ Listing").

vi) Proposed fund raising exercise by Tamco involving the issuance of up to RM80.0 million Nominal Value of fixed rate Bai' Bithaman Ajil Serial Bonds ("BBA Bonds") on a private placement basis. The BBA Bonds will be issued in two series of three and five years for amounts of RM20.0 million and RM60.0 million respectively.

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29 Significant events during the year and subsequent to balance sheet date *(continued)*

1) Proposed reorganisation scheme *(continued)*

On 4 December 2002, 24 January 2003 and 7 March 2003, approvals were received from Ministry of International Trade and Industry, Foreign Investment Committee and Securities Commission ("SC") respectively on the Proposed Capital Reconstruction and Proposed Acquisitions.

On 8 August 2003, SC approved Tamco's Proposed Capital Restructuring.

On 15 August 2003, SC approved Rhodemark Development Sdn. Bhd.'s application for a waiver from the obligations to undertake a mandatory offer for the remaining voting shares in Tamco not owned by it under Practice Note 2.9.7 of the Malaysian Code on Take-overs and Mergers, 1998.

On 15 August 2003, the shareholders of the Company, at the Company's Extraordinary General Meeting, approved all the resolutions to give effect to the above proposals.

On 28 August 2003, Tamco successfully placed out the RM80.0 million BBA Bonds to Alliance Merchant Bank Berhad and Citibank Berhad.

On 29 August 2003, the shareholders of Ancom Berhad, at its Extraordinary General Meeting, approved the Proposed Acquisitions.

The above proposals are now subject to the following approvals being obtained:

- i) KLSE and SC in respect of the Proposed Placement and Proposed MESDAQ Listing;
- ii) High Court of Malaya in respect of the Proposed Capital Distribution; and
- iii) any other relevant authorities.

2) Disposal of land and building by a subsidiary

- i) On 25 May 2003, Universal Motor Kontrol Pty Limited, a 100% owned subsidiary of the Group, entered into a contract for the sale of its properties for a cash consideration of RM6.2 million (translated at year-end rate), which would result in an estimated gain of RM1.1 million. As at the date of this report, the sale of the properties has been completed;
- ii) On 18 August 2003, Zonson Sports (Malaysia) Sdn Bhd, a 80% owned subsidiary, entered into a Sale and Purchase Agreement with TH Furniture Trading Sdn Bhd for the sale of its freehold land and building for a consideration of RM3,250,000 which is the net book value as at 31 May 2003. As at the date of this report, the sale has yet to be completed.

30 Comparatives

The following comparative figures of the financial statements have been reclassified to conform with current year's presentation:

	Group	
	Previously reported RM'000	Restated RM'000
Income statement		
Other operating income	–	9,160
Administrative expenses	(23,870)	(33,030)
Balance sheet		
Receivables	149,929	147,516
Tax recoverable	–	2,413

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31 Subsidiaries

Details of subsidiaries are as follows:

Name of company	Country of incorporation	Effective % ownership in 2003 %	2002 %	Principal activities
Direct subsidiaries				
Tamco Corporate Holdings Berhad	Malaysia	100	100	Design, manufacture, supply, installation, commissioning and maintenance of equipment and systems for power distribution.
Nycon Manufacturing Sdn Bhd	Malaysia	100	100	Manufacture and marketing of rotomoulded plastic products including bulk chemical containers, road barriers, playground equipment and disposal bins.
Malaysian Roofing Industries Sdn Bhd	Malaysia	70	70	Manufacture and marketing of metal roofing tiles.
Zonson Sports (Malaysia) Sdn Bhd	Malaysia	80	80	Ceased operations.
Logislease Sdn Bhd	Malaysia	100	100	Dormant.
Indirect subsidiaries				
* Tamco (Singapore) Pte Ltd	Singapore	100	100	Trading and contracting in electrical engineering products.
Tamco Electrical & Electronics (Malaysia) Sdn Bhd	Malaysia	100	100	Trading and contracting in electrical engineering products.
* Tamco Electrical & Electronics (Singapore) Pte Ltd	Singapore	100	100	Dormant.
* Tamco Electrical & Electronics (Hong Kong) Limited	Hong Kong	100	100	Trading and contracting in electrical engineering products.
Tamco (Malaysia) Sdn Berhad	Malaysia	100	100	Dormant.
Tamco Industries Sdn Berhad	Malaysia	100	100	Dormant.
TEE Power & Engineering Sdn Bhd	Malaysia	100	100	Dormant.
** PT Indomalay Ekatana Roofing Industries	Indonesia	49	49	Manufacture and marketing of metal roofing tiles.

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31 Subsidiaries (continued)

Name of company	Country of incorporation	Effective % ownership in 2003 %	2002 %	Principal activities
Indirect subsidiaries (continued)				
* Universal Motor Kontrol Pty Limited	Australia	100	100	Design and manufacture of low voltage switchgear and electrical motor control centres.
* Kontrol Sales Pty Limited	Australia	100	100	Dormant.
* PT Kontrol Ragam Indonesia	Indonesia	80	80	Design, manufacture and sales of low voltage switchgear and electrical motor control centres.
Universal Motor Kontrol Hong Kong Limited	Hong Kong	100	100	Sales of low voltage switchgear, electrical motor control centres other related equipment.
** Tamco Shanghai Switchgear Company Limited	China	100	100	Manufacture and marketing of switchgear and related products.
Tamco Gulf Enterprises Sdn Berhad	Malaysia	100	100	Dormant.
* Tamco Static Systems (Far East) Limited	Hong Kong	100	100	Dormant.
Tamco Electrical Industries Australia Pty Ltd	Australia	100	–	Dormant.

* The financial statements of these companies are audited by member firms of Ernst & Young Global.

** The financial statements of these subsidiaries are not audited by Ernst & Young.

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32 Associates

Details of associates are as follows:

Name of company	Country of incorporation	Effective % ownership in 2003 %	2002 %	Principal activities
Hikmat Ikhlas Sdn Bhd	Malaysia	49	49	Trading and contracting in electrical engineering products.
Suistulin Sdn Bhd	Malaysia	50	50	Dormant.
Tamco Chongqing Switchgear Company Limited	China	49	37.5	Manufacture and sale of switchgear and related products.
Sinaran Takhta – Tamco Sdn Bhd	Malaysia	30	30	Sales of switchgear and related products.
Etah Shanghai Electrical Co. Ltd	China	20	20	Manufacture and sale of transformers and related products.

33 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

a) Business segments

The Group comprises the following main business segments:

- Polymer – manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting, and other plastic products, including geotextiles and prefabricated sub-soil drainage systems, and rotomoulded plastic products.
- Engineering – design, manufacture, supply, installation, commissioning and maintenance of equipment and systems for power distribution and motor control centres; trading and contracting in electrical engineering products.
- Building products – manufacture and marketing of roofing products.

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33 Segment information *(continued)*

a) Business segments *(continued)*

	Polymer RM'000	Engineering RM'000	Building products RM'000	Eliminations RM'000	Consolidated RM'000
2003					
Revenue					
External sales	117,458	255,192	13,701	–	386,351
Inter-segment sales	143	39	–	(182)	–
Total revenue	117,601	255,231	13,701	(182)	386,351
Results					
Segment result	11,954	19,366	1,666	–	32,986
Goodwill amortisation					(1,337)
Unallocated corporate income					1,075
Operating profit					32,724
Interest expense					(6,915)
Interest income					300
Share of results of associates					15
Profit before taxation					26,124
Taxation					(10,064)
Profit after taxation					16,060
Minority interests					696
Net profit for the year					16,756
Assets					
Segment assets	181,608	263,935	15,552	(70,103)	390,992
Investment in equity method of associates	–	4,556	–	–	4,556
Goodwill on consolidation					21,791
Unallocated corporate assets					11,674
Consolidated total assets					429,013
Liabilities					
Segment liabilities	47,344	248,470	4,560	(136,248)	164,126
Unallocated corporate liabilities					58,542
Consolidated total liabilities					222,668

Notes to the Financial Statements

31 May 2003

33 Segment information *(continued)*

a) Business segments *(continued)*

	Polymer RM'000	Engineering RM'000	Building products RM'000	Eliminations RM'000	Consolidated RM'000
Other information					
Capital expenditure	3,895	4,150	236	–	8,281
Unallocated corporate capital expenditure					205
Depreciation and amortisation	7,020	8,124	602	–	15,746
Unallocated corporate depreciation and amortisation					104
Impairment of assets	1,007	–	–	–	1,007
Unallocated corporate impairment of goodwill					903
Non-cash expenses other than depreciation, amortisation and impairment losses	1,799	4,092	62	–	5,953
Unallocated corporate non-cash expenses other than depreciation, amortisation and impairment losses					85
2002					
Revenue					
External sales	98,343	242,525	25,005	–	365,873
Inter-segment sales	210	–	–	(210)	–
Total revenue	98,553	242,525	25,005	(210)	365,873
Results					
Segment result	12,160	(13,984)	(1,069)	–	(2,893)
Goodwill amortisation					(1,819)
Unallocated corporate expenses					(41,325)
Operating loss					(46,037)
Interest expense					(7,982)
Interest income					518
Share of results of associates					227
Loss before taxation					(53,274)
Taxation					(9,669)
Loss after taxation					(62,943)
Minority interests					602
Net loss for the year					(62,341)
Assets					
Segment assets	163,879	296,914	15,959	(62,145)	414,607
Investment in equity method of associates	–	3,733	–	–	3,733
Goodwill on consolidation					24,031
Unallocated corporate assets					3,646
Consolidated total assets					446,017

Notes to the Financial Statements

31 May 2003

33 Segment information (continued)

a) Business segments (continued)

	Polymer RM'000	Engineering RM'000	Building products RM'000	Eliminations RM'000	Consolidated RM'000
2002					
Liabilities					
Segment liabilities	37,864	282,408	7,375	(149,558)	178,089
Unallocated corporate liabilities					67,799
Consolidated total liabilities					245,888
Other information					
Capital expenditure	2,857	9,400	21	–	12,278
Unallocated corporate capital expenditure					224
Depreciation and amortisation	7,140	8,426	2,274	–	17,840
Unallocated corporate depreciation and amortisation					110
Unallocated corporate impairment of assets					23,325
Unallocated corporate impairment of goodwill					21,670
Non-cash expenses other than depreciation, amortisation and impairment losses	135	5,840	(23)	-	5,952
Unallocated corporate non-cash expenses other than depreciation, amortisation and impairment losses					231

b) Geographical Segments

	Total revenue from external customers (Based on location of customers)		Segment assets (Based on location of assets)		Capital expenditure (Based on location of assets)	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Malaysia	174,205	153,375	264,238	275,525	6,650	11,737
China	23,150	38,477	54,863	61,816	416	285
Australia	7,942	10,827	32,886	34,117	864	102
Indonesia	26,689	20,054	11,189	14,973	138	61
Hong Kong	55,183	48,962	11,766	13,863	97	–
Singapore	22,921	27,908	16,050	14,313	116	93
Middle East	37,766	10,385	–	–	–	–
Europe	20,850	29,925	–	–	–	–
Philippines	4,007	10,183	–	–	–	–
Others	13,638	15,777	–	–	–	–
Consolidated	386,351	365,873	390,992	414,607	8,281	12,278

List of Properties

31 May 2003

Location/Address	Title	Age of building (years)	Land area (sq. m.)	Built-up area (sq. m.)	Existing use	Tenure	Net book value as at 31.5.03 (RM'000)
a) Proprietor:							
Nylex (Malaysia) Berhad	QT (R) 32	32	29,340	15,679	Office building and factory.	Leasehold, expiring 19 July 2070.	18,063
Persiaran Selangor, Section 15							
Shah Alam Industrial Estate							
40200 Shah Alam							
Selangor Darul Ehsan							
Malaysia	HS (D) 209	23	12,140		Warehouse, factory and vacant land.	Leasehold, expiring on 10 February 2075.	
b) Proprietor:							
Tamco Corporate Holdings Berhad							
Lot 2A, Jalan 13/2	HS (D) 7524	18-28	13,144	8,359	Office building, factory and warehouse.	Leasehold, expiring on 20 July 2058.	9,838
46200 Petaling Jaya							
Selangor Darul Ehsan							
Malaysia							
Lot 24, Mukim Kapar	HM 30892	11	27,519	10,736	Factory and office.	Freehold.	14,265
Daerah Klang							
Selangor Darul Ehsan							
Malaysia							
c) Proprietor:							
Malaysian Roofing Industries Sdn Bhd							
Lot 12	HS (D) 33792	19	21,721	1,254	Factory and office building.	Leasehold, expiring on 18 June 2044.	2,413
Nilai Industrial Estate							
71800 Nilai,							
Negeri Sembilan Darul Khusus							
Malaysia							
d) Proprietor:							
Universal Motor Kontrol Pty Limited							
31, Kitchen Road	V9922 / 509	9	4,000	4,655	Factory and office building.	Freehold.	4,925
Dandenong 3175	V9922 / 510	18	4,000				(A\$ 1,996,291)
Victoria, Melbourne							
Australia							

List of Properties

31 May 2003

Location/Address	Title	Age of building (years)	Land area (sq. m.)	Built-up area (sq. m.)	Existing use	Tenure	Net book value as at 31.5.03 (RM'000)
e) Proprietor:							
Tamco Shanghai Switchgear Company Ltd							
You Ai Village	1997-000180	10	12,498	1,816	Factory and	Leasehold,	8,149
Tangwan Town					office building.	expiring on	(RMB17,809,889)
Minhang District						2 October 2045.	
Shanghai, China							
No. 379	1997-000181	10	20,935	9,024	Factory and	Leasehold,	
Jianchuan Road					office building.	expiring on	
Tangwan Town						2 October 2045.	
Minhang District							
Shanghai, China							
f) Proprietor:							
Zonson Sports (Malaysia) Sdn Bhd							
Lot 13260	HS(D) 27690	14	11,951	3,575	Factory and	Freehold.	3,250
Jln. Hj. Abd. Manan					office building.		
Mukim Kampar							
42200 Klang							
Selangor Darul Ehsan							
Malaysia							
The above buildings are in good condition.							

Financial Calendar

Financial Year End 31 May 2003

Announcement of Results

First Quarter	30 October 2002
Second Quarter	29 January 2003
Third Quarter	30 April 2003
Fourth Quarter	30 July 2003

Dividends

Type of dividends	Announcement date	Entitlement date	Payment date
1st Interim Dividend of 1% less 28% income tax	30 October 2002	26 November 2002	23 December 2002
2nd Interim Dividend of 2% less 28% income tax	30 April 2003	27 May 2003	23 June 2003
Final Dividend of 2% less 28% income tax (proposed)	30 July 2003	3 December 2003	22 December 2003

Issue of Annual Report 28 October 2003

33rd Annual General Meeting 19 November 2003

Analysis of Shareholdings

As at 18 September 2003

Share Capital

Authorised Share Capital	: RM300,000,000
Issued and fully paid-up capital	: RM224,487,720 comprising of 224,487,720 ordinary shares of RM1.00 each
Class of shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share

Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	15	0.16	331	0.00
100 – 1,000	2,687	28.73	2,642,165	1.18
1,001 – 10,000	5,692	60.86	23,138,754	10.30
10,001 – 100,000	865	9.25	24,775,382	11.04
100,001 – 11,224,385 (less than 5% of issued shares)	91	0.97	39,762,616	17.71
11,224,386 and above	2	0.03	134,168,472	59.77
Total	9,352	100.00	224,487,720	100.00

Directors' Direct & Indirect Interest

As Per the Register of Directors' Shareholdings

Names of Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak	150,000	0.07	–	–
Y. Bhg. Dato' Siew Ka Wei	–	–	116,587,972 ⁽¹⁾	51.94
Chua Ah Lak	100,000	0.04	–	–
Chieng Ing Huong	–	–	28,000 ⁽²⁾	0.01

Note:

- ¹ Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Rhodemark Development Sdn. Bhd., a 51% owned subsidiary of Ancom Berhad and through his direct and indirect interest in Ancom Berhad.
- ² Shares registered in the name of his spouse, Choi Yoke Lan.

Substantial Shareholders

As Per the Register of Substantial Shareholders

	Direct		Indirect	
	No. of shares	%	No. of shares	%
1 Rhodemark Development Sdn. Bhd.	116,587,972 ⁽¹⁾	51.94	–	–
2 Ancom Berhad	–	–	116,587,972 ⁽²⁾	51.94
3 Eminent East Limited	–	–	116,587,972 ⁽²⁾	51.94
4 Y. Bhg. Dato' Siew Ka Wei	–	–	116,587,972 ⁽³⁾	51.94
5 Asian Corporate Finance Fund, L.P.	–	–	116,587,972 ⁽⁴⁾	51.94
6 Prime Enterprise II, L.P.	–	–	116,587,972 ⁽⁴⁾	51.94
7 Employees Provident Fund Board	17,582,000	7.83	1,912,000 ⁽⁵⁾	0.85

Note:

- ¹ Rhodemark Development Sdn. Bhd. is a 51% owned subsidiary of Ancom Berhad, out of the total shares above, 116,586,472 Ordinary Shares were registered in the name of OUBM Nominees (Tempatan) Sdn Bhd.
- ² Deemed interested by virtue of its direct interest in Rhodemark Development Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.
- ³ Deemed interested by virtue of his direct and indirect interest in Ancom Berhad.
- ⁴ Deemed interested by virtue of its direct interest in Eminent East Limited.
- ⁵ Shares registered in the names of Rothputra Nominees (Tempatan) Sdn Bhd (a wholly owned subsidiary of Alliance Merchant Bank Berhad), MIDF Aberdeen Asset Management Sdn Bhd and Rashid Hussain Asset Management Sdn Bhd.

Analysis of Shareholdings *(continued)*

As at 18 September 2003

List of Thirty Largest Shareholders

As Per Record of Depositors

(Without aggregating the securities from different securities accounts belonging to the same Depositors)

Name	No. of shares	%
1 UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rhodemark Development Sdn Bhd	116,586,472	51.93
2 Employees Provident Fund Board	17,582,000	7.83
3 Libra Capital Markets Sendirian Berhad – Libra Asia Securities Limited for Asia New Economy Fund	3,123,100	1.39
4 PAB Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Lembaga Tabung Amanah Warisan Negeri Terengganu	2,000,000	0.89
5 CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Grace Yeoh Cheng Geok	1,884,000	0.84
6 Gan Ah Kow	1,712,600	0.76
7 DB (Malaysia) Nominee (Asing) Sdn Bhd – UBS AG Singapore for DJelas Company S.A.	1,673,000	0.75
8 Mayban Nominees (Tempatan) Sdn Bhd – Mayban Trustees Berhad for Public Ittikal Fund	1,454,000	0.65
9 Hong Leong Finance Berhad Pledged Securities Account for Cheah Chee Kong	1,399,100	0.62
10 Cartaban Nominees (Asing) Sdn Bhd – Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreich Ische Volksbanken AG	1,276,000	0.57
11 Permodalan Nasional Berhad	1,184,000	0.53
12 Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad	1,172,000	0.52
13 Amanah Raya Nominees (Tempatan) Sdn Bhd – Sekim Amanah Saham Nasional	1,076,000	0.48
14 John Hancock Life Insurance (Malaysia) Berhad	1,020,000	0.45
15 Rothputra Nominees (Tempatan) Sdn Bhd – Employees Provident Fund	878,000	0.39
16 AMMB Nominees (Tempatan) Sdn Bhd – MIDF Aberdeen Asset Management Sdn Bhd for Employees Provident Fund	854,000	0.38
17 TCL Nominees (Asing) Sdn Bhd – OCBC Securities (Hong Kong) Ltd for RIZE Consultants Ltd	750,000	0.33
18 Libra Capital Markets Sendirian Berhad – DJelas Co S.A.	707,000	0.31
19 Lembaga Tabung Haji	707,000	0.31
20 Yeoh Kean Hua	690,000	0.31
21 DB (Malaysia) Nominee (Asing) Sdn Bhd – UBS AG Singapore for Kenno Hayashi Ltd	603,200	0.27
22 Gan Ah Kow	596,000	0.27
23 HSBC Nominees (Asing) Sdn Bhd – BNY Brussels for Merchant Investors Assurance Co. Ltd (Far East)	550,000	0.25
24 Johan Enterprise Sdn Bhd	480,000	0.21

Analysis of Shareholdings *(continued)*

As at 18 September 2003

List of Thirty Largest Shareholders *(continued)*

As Per Record of Depositors

(Without aggregating the securities from different securities accounts belonging to the same Depositors)

Name	No. of shares	%
25 AMMB Nominees (Tempatan) Sdn Bhd	445,000	0.20
– MIDF Aberdeen Asset Management Sdn Bhd for Pertubuhan Keselamatan Sosial		
26 Yong Swee Khim	360,000	0.16
27 Universal Trustee (Malaysia) Berhad	323,000	0.14
– Mayban Balanced Trust Fund		
28 Amanah Raya Nominees (Tempatan) Sdn Bhd	316,000	0.14
– AUTB Investment Fund		
29 HSBC Nominees (Asing) Sdn Bhd	300,000	0.13
– MSCoil for RIZE Consultants Ltd		
30 HDM Nominees (Asing) Sdn Bhd	300,000	0.13
– UOB Kay Hian Pte Ltd for Koo Kin Leong		
Total	162,001,472	72.16

Additional Compliance Information

Pursuant to Paragraph 9.25(1) of the Kuala Lumpur Stock Exchange Listing Requirements

Disclosure on the Remuneration of Directors for the Financial Year ended 31 May 2003

The disclosure on the Remuneration of the Directors for the financial year ended 31 May 2003 is set out in Note 6 to the financial statements.

Utilisation of Proceeds

The Company has not raised any funds from any of its corporate exercise during the financial year.

Share Buybacks

The Company has not purchased any of its own shares during the financial year.

Options, Warrants or Convertible Securities

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

American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) programme

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

Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies.

Non-Audit Fees

An amount of RM490,000 has been paid to the external auditors for the financial year ended 31 May 2003 in respect of other services rendered.

Profit Estimate, Forecast or Projection

There was no variance between the results for the financial year ended 31 May 2003 and the unaudited results previously announced. The Company did not release any profit estimates, forecasts and projections for the financial year.

Profit Guarantees

During the financial year, there were no profit guarantees given by the Company and its subsidiary companies.

Related Party Transactions

The disclosure on the Significant Related Party Transactions for the financial year ended 31 May 2003 is set out in Note 27 to the financial statements.

Material Contracts

There was no material contract (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiary companies which involves directors and major shareholders, either still subsisting at the end of the financial year ended 31 May 2003 or entered into since the end of the previous financial year that have been entered by the Company or its subsidiary companies involving directors and major shareholders in the past two years preceding the date of this annual report.

Revaluation of Landed Properties

The Company does not have a revaluation policy on its landed properties.

Notice of the 33rd Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 33rd Annual General Meeting of the Company will be held on Wednesday, 19 November 2003 at 9.30 a.m. at Kristal Ballroom, 1st Floor, Hilton Petaling Jaya, No. 2 Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan to transact the following business:

Agenda

A Ordinary Business

- | | |
|---|------------------------------|
| 1 To receive and adopt the Audited Financial Statements for the financial year ended 31 May 2003 and the reports of the Directors and Auditors thereon. | Resolution 1 |
| 2 To approve the payment of the Final Dividend of 2% less 28% Malaysian Income Tax for the financial year ended 31 May 2003. | Resolution 2 |
| 3 To re-elect the following Directors who retire pursuant to Article 109 of the Company's Articles of Association: | |
| i) Y. Bhg. Dato' Siew Ka Wei | Resolution 3 |
| ii) Mr Toh Yiu Joe | Resolution 4 |
| iii) Mr Chua Ah Lak | Resolution 5 |
| 4 To re-elect the following Directors who retire pursuant to Article 115 of the Company's Articles of Association: | |
| i) Y. Bhg. Datuk Haji Mohamed Al Amin bin Haji Abdul Majid, JP. | Resolution 6 |
| ii) Mr Teo Ek Tor | Resolution 7 |
| 5 To approve the payment of Directors' fees amounting to RM165,979 for the financial year ended 31 May 2003. | Resolution 8 |
| 6 To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 May 2004 and to authorise the Directors to fix the Auditors' remuneration. | Resolution 9 |

B Special Business

- | | |
|--|-------------------------------|
| 7 As Special Business, to consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution: | |
| <p>"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to allot and issues shares in the Company at any time and upon such terms and conditions for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."</p> | Resolution 10 |

C Other Ordinary Business

- | | |
|--|-------------------------------|
| 8 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. | Resolution 11 |
|--|-------------------------------|

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 33rd Annual General Meeting of the Company to be held on 19 November 2003, a Final Dividend of 2% less Malaysian Income Tax of 28% for the financial year ended 31 May 2003 will be paid on 22 December 2003 to depositors whose names appear in the Record of Depositors on 3 December 2003.

Notice of the 33rd Annual General Meeting *(continued)*

A Depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4 p.m. on 3 December 2003 in respect of transfers; and
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

Choo Se Eng, MICPA 2077
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
28 October 2003

Notes:

1 Proxy

- a) A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. A proxy need not be a member of the Company.
- b) The Proxy Form in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- c) Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- d) The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company at 602, 6th Floor, Block A, Phileo Damansara 1, No. 9 Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

2 Explanatory Notes to item 7 (Resolution 10) of the Agenda:

The Ordinary Resolution proposed under Resolution 10, if passed, will give the Directors the authority to allot and issue 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 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, will expire at the next Annual General Meeting.

Statement Accompanying Notice of the Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange

1 Venue, date & time of the 33rd Annual General Meeting

The 33rd Annual General Meeting will be held at the following venue, date and time:

Venue: Kristal Ballroom, 1st Floor, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan

Day & Date: Wednesday, 19 November 2003

Time: 9.30 a.m.

2 Directors who are seeking re-election or re-appointment at the 33rd Annual General Meeting of the Company

The Directors who are standing for re-election at this Annual General Meeting:

- a) Pursuant to Article 109 of the Company's Articles of Association:
 - i) Y. Bhg. Dato' Siew Ka Wei
 - ii) Mr Toh Yiu Joe
 - iii) Mr Chua Ah Lak
- b) Pursuant to Article 115 of the Company's Articles of Association:
 - i) Y. Bhg. Datuk Haji Mohamed Al Amin bin Haji Abdul Majid, JP
 - ii) Mr Teo Ek Tor

3 Attendance of Directors at Board Meetings and other details

The attendance record at Board Meetings and other details as required pursuant to Appendix 8A of the KLSE Listing Requirements of the abovenamed Directors can be found in their respective profiles in this Annual Report.

List of Principal Offices

Nylex (Malaysia) Berhad

Persiaran Selangor, Seksyen 15
Shah Alam Industrial Estate
40200 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel (603) 5519 1706
Fax (603) 5510 0088
www.nylex.com
Dato' Siew Ka Wei
(Group Managing Director)
Low Hong Keng
(General Manager, Polymer Division)

Tamco Corporate Holdings Berhad

Lot 2A, Jalan 13/2
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel (603) 7956 2799
Fax (603) 7955 6009
www.tamco.com.my
Chua Ah Lak (Managing Director)

Malaysian Roofing Industries Sdn Bhd

Lot 12, Nilai Industrial Estate
71800 Nilai
Negeri Sembilan Darul Khusus
Malaysia
Tel (606) 799 1877
Fax (606) 799 1827
www.mrigrp.com
Guoh Siang Lim
(Acting General Manager)

Tamco Systems (Malaysia) Sdn Bhd (formerly known as Tamco Electrical & Electronics (M) Sdn Bhd)

No. 35, Persiaran Industri
Bandar Sri Damansara
52200 Kuala Lumpur
Malaysia
Tel (603) 6276 8732
Fax (603) 6272 1137
Chong Yen Hong (General Manager)

Tamco Systems (Singapore) Pte Ltd (formerly known as Tamco (Singapore) Pte Ltd)

77 Tech Park Crescent
Tuas Tech Park
Singapore 638069
Tel (65) 6862 3777
Fax (65) 6862 8628
www.tamco.com.sg
Ng Kok Meng (Chief Executive Officer)

Tamco Systems (Hong Kong) Ltd (formerly known as Tamco Electrical & Electronics (HK) Ltd)

22/F, Cigna Tower
482 Jaffe Road, Causeway Bay
Hong Kong
Tel (852) 2833 6966
Fax (852) 2838 0724
www.tamco.com.hk
Ng Kok Meng (General Manager)

Tamco Shanghai Switchgear Company Ltd

379, Jianchuan Road
Tangwan Town
Minhang District
Shanghai China 201109
Tel (8621) 64500 568
Fax (8621) 64500 968
www.tamco-sh.com
Kane Zhu (General Manager)

PT Kontrol Ragam Indonesia

Jln. Raya Pasar Serang
No. 15, Kandang Roda
Cikarang Bekasi
17330 Indonesia
Tel (6221) 897 0540
Fax (6221) 897 0533
Peter Goh (President Director)

PT Indomalay Ekatana Roofing Industries

Jln. Jend. Gatot Subroto Km 5.2
Kel. Jatiuwung RT 002/05 Kec,
Jatiuwung
Kodya Tangerang
15134 Indonesia
Tel (6221) 591 9451
Fax (6221) 591 9450
Lawrence P. Luzar (President Director)

Universal Motor Kontrol Pty Ltd

31 Kitchen Road
Dandenong 3175
Victoria, Melbourne
Australia
Tel (613) 9706 7188
Fax (613) 9706 9112
www.umk.com.au
William Choong (Acting General Manager)

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Proxy Form

NYLEX

Nylex (Malaysia) Berhad (9378-T)
(Incorporated in Malaysia under the Companies Act, 1965)

I/We, _____
(Full Name in Block Letters)

of _____
(Full Address)

a member/members of Nylex (Malaysia) Berhad, hereby appoint _____
(Full Name in Block Letters)

of _____
(Full Address)

or failing him/her the Chairman of the Meeting as my/our proxy/proxies to vote on my/our behalf at the 33rd Annual General Meeting of the Company to be held at Kristal Ballroom, 1st Floor, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 19 November 2003 at 9.30 a.m. and at any adjournment thereof and to vote as indicated below:

Resolution	Description of Resolutions	For	Against
1	Receive and adopt the Audited Financial Statement, Report of the Directors and Report of the Auditors thereon.		
2	Approval of payment of the Final Dividend of 2% less tax.		
3	Re-election of the following Directors pursuant to Article 109:		
4	i) Y. Bhg. Dato' Siew Ka Wei		
5	ii) Mr Toh Yiu Joe		
	iii) Mr Chua Ah Lak		
6	Re-election of the following Directors pursuant to Article 115:		
7	i) Y. Bhg. Datuk Haji Mohamed Al Amin bin Haji Abdul Majid, JP.		
	ii) Mr Teo Ek Tor		
8	Approval of Directors' fees.		
9	Re-appointment of Messrs Ernst & Young as Auditors.		
10	Issue of shares pursuant to Section 132D of the Companies Act, 1965.		

Please indicate with an " X " in the appropriate box against the resolution 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/her discretion.

Dated this _____ day of _____ 2003

Signature of Shareholder(s) or Common Seal

No. of shares held	
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Tel. No: _____
(During office hours)

Notes:

- A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. A proxy need not be a member of the Company.
- The Proxy Form in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company at 602, 6th Floor, Block A, Phileo Damansara 1, No. 9 Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

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Affix
postage
stamp

NYLEX (MALAYSIA) BERHAD (9378-T)
The Company Secretary
602, 6th Floor, Block A
Phileo Damansara 1, No. 9 Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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