Financial Statements

The Directors of Nylex (Malaysia) Berhad ("Nylex") 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 2008.

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) Manufacture and marketing of rotomoulded plastic products including bulk chemical containers, road barriers, playground equipment and disposal bins;

(b) Trading, manufacture and sale of petrochemical and industrial chemicals products;

(c) Manufacture and trading of polyurethane ("PU") and polyvinyl chloride ("PVC") synthetic leather, films and sheets; and

(d) Manufacture and marketing of roofing products.

There have been no 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 RM'000	Company RM'000
Profit from operations	67,758	45,551
Finance costs	(9,612)	(5,336)
Share of results of associates	123	-
Profit before taxation	58,269	40,215
Taxation	(10,789)	(4,025)
Profit for the year	47,480	36,190
Attributable to:		
Equity holders of the Company	47,763	36,190
Minority interests	(283)	-
	47,480	36,190

There were no material transfers to or from reserves or provisions during the financial year.

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.

TREASURY SHARES

On 31 October 2007, the shareholders of the Company approved the proposal for the Company to repurchase up to 10% of its own ordinary shares. During the financial year, the Company purchased 17,439,200 of its ordinary shares of RM1.00 each from the open market at an average price of RM1.43 per share, pursuant to Section 67A of the Companies Act, 1965 ("Act"). The total consideration paid for the repurchase including transaction costs was RM24,917,132. The repurchased shares have been retained as treasury shares in accordance with Section 67A (3A) (b) of the Act.

As at 31 May 2008, a total of 17,439,200 treasury shares at a total cost of RM24,917,132 were held by the Company. Details of the shares repurchased in the financial year are disclosed in Note 28 to the financial statements.

DIVIDENDS

During the financial year, the Company paid a second interim dividend of 2.5 sen per share, less 27% income tax, amounting to RM3,546,681 on ordinary shares of 194,337,860 in respect of the financial year ended 31 May 2007, on 10 September 2007.

Subject to the approval by the Company's shareholders at the forthcoming annual general meeting, the Directors have recommended the following dividends:

(i) final cash dividend of 4.5 sen per share, less 26% income tax; and

(ii) final tax-exempt dividend in the form of distribution of one (1) treasury share for every twenty (20) existing ordinary shares of RM1.00 each held, of which fraction of a treasury share is to be disregarded.

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:

Datuk Haji Mohamed Al Amin bin Haji Abdul Majid, JP *(Non-Executive Chairman)*
Dato' Johari Razak *(Non-Executive Deputy Chairman)*
Dato' Siew Ka Wei *(Group Managing Director)*
Dato' Mohd Ismail bin Che Rus
Teo Ek Tor *(resigned on 8 August 2008)*
Lim Hock Chye
Edmond Cheah Swee Leng
Cheng Kwee Kiang

In accordance with Article 109 of the Company's Articles of Association, Dato' Johari Razak and Dato' Mohd Ismail bin Che Rus retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The interests in shares 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 Ordinary Shares of RM1.00 Each			
	Balance at 1.6.2007	**Acquired**	**Disposed**	**Balance at 31.5.2008**
The Company				
Direct interest				
Dato' Johari Razak	75,000	-	-	75,000
Cheng Kwee Kiang	9,800,000	-	(9,800,000)	-
Deemed interest				
Dato' Siew Ka Wei	103,531,586	16,605,800	(11,105,868)	109,031,518
Related company, Rhodemark Development Sdn Bhd				
Deemed interest				
Dato' Siew Ka Wei	53,753,722	53,539,136	-	107,292,858
Holding company, Ancom Berhad				
Direct interest				
Dato' Johari Razak	465,427	-	-	465,427
Dato' Siew Ka Wei	13,615,765	726,600	-	14,342,365
Deemed interest				
Dato' Siew Ka Wei	13,480,206	2,976,300	-	16,456,506

	No. of Three (3) Year Warrants 2005/2008 of RM0.02 Each			
	Balance at 1.6.2007	**Acquired**	**Disposed**	**Balance at 31.5.2008**
Holding company, Ancom Berhad				
Direct interest				
Dato' Johari Razak	177,705	-	(177,705)	-
Dato' Siew Ka Wei	3,540,300	7,709,400	-	11,249,700
Deemed interest				
Dato' Siew Ka Wei	8,915,813	1,142,800	(5,944,900)	4,113,713

	No. of Ordinary Shares of RM0.50 Each			
	Balance at 1.6.2007	**Acquired**	**Disposed**	**Balance at 31.5.2008**
Related company, Tamco Corporate Holdings Berhad				
Direct interest				
Datuk Haji Mohamed Al Amin bin Haji Abdul Majid, JP	2,469,500	-	(2,469,500)	-
Dato' Johari Razak	150,000	-	-	150,000

DIRECTORS' INTERESTS *(cont'd)*

By virtue of his interest in the shares of the holding company, Ancom Berhad, 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 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 a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors, or the fixed salary received in his capacity as a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or by a related corporation with a 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.

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 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  (ii) to ensure that any current assets which were unlikely to realise their values 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 allowance 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.

OTHER STATUTORY INFORMATION *(cont'd)*

(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.

HOLDING COMPANY

The holding company of the Company is Ancom Berhad, a company incorporated in Malaysia and listed on the Main Board of the Bursa Malaysia Securities Berhad.

SIGNIFICANT EVENTS DURING THE YEAR AND SUBSEQUENT TO THE BALANCE SHEET DATE

Significant events during the year and subsequent to the balance sheet date are disclosed in Note 37 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 dated 23 September 2008.

Datuk Haji Mohamed Al Amin bin Haji Abdul Majid, JP
Director

Dato' Siew Ka Wei
Director

Statement by Directors

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

We, Datuk Haji Mohamed Al Amin bin Haji Abdul Majid, JP and Dato' Siew Ka Wei 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 34 to 90 are drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2008 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 dated 23 September 2008.

Datuk Haji Mohamed Al Amin
bin Haji Abdul Majid, JP

Dato' Siew Ka Wei

Statutory Declaration

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

I, Dato' Siew Ka Wei, being the Director primarily responsible for the financial management of Nylex (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 90 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 Dato' Siew Ka Wei
at Petaling Jaya on 23 September 2008

Dato' Siew Ka Wei

Before me,

A. Rathnasamy, AMN (No. B215)
Pesuruhjaya Sumpah
Malaysia

Independent auditors' report to the members of Nylex (Malaysia) Berhad (Incorporated in Malaysia)

Report of the Financial Statements

We have audited the financial statements of Nylex (Malaysia) Berhad, which comprise the balance sheets as at 31 May 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 90.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 ("Act") in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and of the Group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Act in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2008 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Act in Malaysia, we also report the following:

(a) In our opinion, 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.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 38 to the financial statements.

Report on other legal and regulatory requirements *(cont'd)*

(c) 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.

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

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Seng Huat
No. 2518/12/09 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
23 September 2008

Income Statements

For the financial year ended 31 May 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Revenue	3	**1,742,062**	1,502,688	**105,996**	105,558
Cost of sales	3	**(1,576,508)**	(1,392,669)	**(90,971)**	(88,770)
Gross profit		**165,554**	110,019	**15,025**	16,788
Other income	4	**7,958**	9,937	**54,091**	39,713
Selling and distribution expenses		**(57,126)**	(47,628)	**(7,654)**	(7,021)
Administrative expenses		**(43,512)**	(13,939)	**(15,428)**	(6,983)
Other expenses		**(5,116)**	(2,427)	**(483)**	(994)
Profit from operations		**67,758**	55,962	**45,551**	41,503
Finance costs	5	**(9,612)**	(9,897)	**(5,336)**	(4,772)
Share of results of associates		**123**	(79)	**-**	-
Profit before taxation	6	**58,269**	45,986	**40,215**	36,731
Taxation	9	**(10,789)**	(7,029)	**(4,025)**	(6,318)
Profit for the year		**47,480**	38,957	**36,190**	30,413
Attributable to:					
Equity holders of the Company		**47,763**	39,258	**36,190**	30,413
Minority interests		**(283)**	(301)	**-**	-
		47,480	38,957	**36,190**	30,413
Earnings per share (sen)	10	**25.2**	21.2		
Net dividends per share (sen)	11	**1.8**	5.1		

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

Balance Sheets

As at 31 May 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**62,064**	58,240	**37,478**	34,218
Prepaid lease payments	13	**18,806**	19,121	**7,224**	7,340
Investments in subsidiaries	14	**-**	-	**201,117**	201,117
Investments in associates	15	**815**	693	**-**	-
Other investments	16	**7,389**	7,389	**3,889**	3,889
Intangible assets	17	**403**	685	**353**	622
Goodwill arising on consolidation	18	**88,464**	91,330	**-**	-
Deferred tax assets	29	**996**	1,329	**-**	-
		178,937	178,787	**250,061**	247,186
Current assets					
Inventories	19	**132,964**	113,865	**24,736**	23,614
Receivables	20	**278,540**	252,619	**27,609**	22,156
Marketable securities	21	**1,137**	1,330	**-**	-
Tax recoverable		**8,694**	4,800	**7,957**	2,388
Amount owing by group companies	22	**180**	232	**49,539**	21,348
Short-term deposits with licensed banks	32	**24,998**	19,420	**-**	-
Cash and bank balances	32	**43,786**	36,119	**4,111**	4,805
		490,299	428,385	**113,952**	74,311
TOTAL ASSETS		**669,236**	607,172	**364,013**	321,497
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	25	**194,338**	194,338	**194,338**	194,338
Reserves	26	**(14,218)**	(9,613)	**805**	805
Retained earnings	27	**63,096**	18,880	**34,299**	1,656
Less: Treasury shares, at cost	28	**(24,917)**	-	**(24,917)**	-
		218,299	203,605	**204,525**	196,799
Minority interests		**8,510**	4,691	**-**	-
Total equity		**226,809**	208,296	**204,525**	196,799
Non-current liabilities					
Deferred tax liabilities	29	**2,836**	4,683	**691**	2,159
Borrowings	24	**44,311**	57,652	**44,311**	57,652
Provision for retirement benefits	31	**4,534**	4,561	**4,186**	4,255
		51,681	66,896	**49,188**	64,066
Current liabilities					
Payables	23	**194,750**	180,076	**22,386**	20,115
Amount owing to group companies	22	**11,065**	3,785	**41,965**	10,458
Borrowings	24	**181,200**	146,299	**45,949**	30,059
Provision for taxation		**3,731**	1,820	**-**	-
		390,746	331,980	**110,300**	60,632
Total liabilities		**442,427**	398,876	**159,488**	124,698
TOTAL EQUITY AND LIABILITIES		**669,236**	607,172	**364,013**	321,497

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 May 2008

	Note	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
		← Attributable to Equity Holders of the Company →							
		← Non-distributable →							
Balance as at 1 June 2006		176,671	809	(2,630)	(11,034)	-	163,816	5,318	169,134
Share issue expenses		-	(181)	-	-	-	(181)	-	(181)
Currency translation differences		-	-	(7,788)	-	-	(7,788)	(39)	(7,827)
Net expense recognised directly in equity		-	(181)	(7,788)	-	-	(7,969)	(39)	(8,008)
Net profit for the year		-	-	-	39,258	-	39,258	(301)	38,957
Total recognised income and expense for the year		-	(181)	(7,788)	39,258	-	31,289	(340)	30,949
Dividends	11	-	-	-	(9,344)	-	(9,344)	-	(9,344)
Issue of ordinary shares - private placement		17,667	177	-	-	-	17,844	-	17,844
Dilution of interest in a subsidiary		-	-	-	-	-	-	(493)	(493)
Disposal of a subsidiary		-	-	-	-	-	-	206	206
		17,667	(4)	(7,788)	29,914	-	39,789	(627)	39,162
Balance as at 31 May 2007		194,338	805	(10,418)	18,880	-	203,605	4,691	208,296
Currency translation differences, representing net expense recognised directly in equity		-	-	(4,605)	-	-	(4,605)	(112)	(4,717)
Net profit for the year		-	-	-	47,763	-	47,763	(283)	47,480
Total recognised income and expense for the year		-	-	(4,605)	47,763	-	43,158	(395)	42,763
Dividends	11	-	-	-	(3,547)	-	(3,547)	-	(3,547)
Repurchase of shares		-	-	-	-	(24,917)	(24,917)	-	(24,917)
Acquisition of subsidiaries		-	-	-	-	-	-	4,214	4 ,214
		-	-	(4,605)	44,216	(24,917)	14,694	3,819	18,513
Balance as at 31 May 2008		**194,338**	**805**	**(15,023)**	**63,096**	**(24,917)**	**218,299**	**8,510**	**226,809**

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

Company Statement of Changes in Equity

For the financial year ended 31 May 2008

	Note	←Non-distributable→ Share capital RM'000	Share premium RM'000	(Accumulated losses)/ Retained earnings RM'000	Treasury shares RM'000	Total RM'000
Balance as at 1 June 2006		176,671	809	(19,413)	-	158,067
Share issue expenses, representing net expense recognised directly in equity		-	(181)	-	-	(181)
Net profit for the year		-	-	30,413	-	30,413
Total recognised income and expense for the year		-	(181)	30,413	-	30,232
Dividends	11	-	-	(9,344)	-	(9,344)
Issue of ordinary shares - private placement		17,667	177	-	-	17,844
Balance as at 31 May 2007		194,338	805	1,656	-	196,799
Net profit for the year, representing total recognised income and expense for the year		-	-	36,190	-	36,190
Dividends	11	-	-	(3,547)	-	(3,547)
Repurchase of shares		-	-	-	(24,917)	(24,917)
Balance as at 31 May 2008		**194,338**	**805**	**34,299**	**(24,917)**	**204,525**

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

Consolidated Cash Flow Statement

For the financial year ended 31 May 2008

	2008	2007
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	**58,269**	45,986
Adjustments for:		
Depreciation of property, plant and equipment	**7,182**	8,398
Interest expense	**9,612**	9,897
Amortisation of:		
Prepaid lease payments	**315**	314
Development expenditure	**13**	13
Rights	**269**	269
Impairment/(write-back of impairment) of investment	**193**	(204)
Bad debts (recovered)/written off	**(509)**	25
Write-down of inventories	**1,338**	228
Allowance for/(write-back of) doubtful debts	**1,098**	(2,571)
Unrealised loss on foreign exchange	**2,212**	892
Provision for retirement benefits	**348**	423
Dividend income	**(6,248)**	(7,690)
Interest income	**(1,670)**	(1,881)
(Gain)/loss on disposal of property, plant and equipment (net)	**(40)**	21
Gain on disposal of a subsidiary (Note 14(b))	**-**	(277)
Gain on disposal of investment	**-**	(68)
Share of results of associates	**(123)**	79
Operating profit before working capital changes	**72,259**	53,854
Working Capital Changes		
Receivables	**(32,074)**	(27,896)
Inventories	**(24,146)**	(9,234)
Group companies	**10,905**	(760)
Payables	**16,644**	19,217
Cash generated from operations	**43,588**	35,181
Income taxes paid	**(12,662)**	(10,657)
Retirement benefits paid	**(354)**	(462)
Net Cash Generated From Operating Activities	**30,572**	24,062

Consolidated Cash Flow Statement

For the financial year ended 31 May 2008 (cont'd)

	2008	2007
	RM'000	RM'000
Net Cash Generated From Operating Activities	**30,572**	24,062
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	**48**	198
Purchase of property, plant and equipment	**(11,971)**	(5,991)
Acquisition of additional interest in a subsidiary	**-**	(642)
Acquisition of investment	**-**	(3,809)
Disposal of marketable securities	**-**	540
Net cash flows on acquisition of subsidiaries (Note 14(a))	**4,214**	(70,660)
Net cash flows from disposal of a subsidiary (Note 14(b))	**-**	(40)
Share issue expenses	**-**	(181)
Interest received	**1,670**	1,881
Dividend received from:		
- unquoted shares	**4,480**	5,840
- quoted shares	**111**	136
- marketable securities	**26**	110
Net Cash Used In Investing Activities	**(1,422)**	(72,618)
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	**(3,547)**	(9,344)
Proceeds from issuance of shares	**-**	17,844
Repayment of hire-purchase creditors	**(142)**	(152)
Drawdown of term loan and advances	**186,097**	279,372
Repayment of term loan and advances	**(163,083)**	(204,791)
Purchase of Company's own shares	**(24,804)**	-
Interest paid	**(9,612)**	(9,897)
Net Cash (Used In)/Generated From Financing Activities	**(15,091)**	73,032
Net Increase in Cash and Cash Equivalents	**14,059**	24,476
Effects of Exchange Rate Changes	**(2,666)**	(4,387)
Cash and Cash Equivalents at beginning of year	**55,514**	33,588
Effects of Exchange Rate Changes	**1,472**	1,837
	56,986	35,425
Cash and Cash Equivalents at end of year (Note 32)	**68,379**	55,514

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

Company Cash Flow Statement

For the financial year ended 31 May 2008

	2008 RM'000	2007 RM'000
Cash Flows From Operating Activities		
Profit before taxation	**40,215**	36,731
Adjustments for:		
Depreciation of property, plant and equipment	**4,309**	5,517
Interest expense	**5,336**	4,772
Amortisation of:		
Prepaid lease payments	**116**	117
Rights	**269**	269
Write-down of inventories	**1,172**	-
Allowance for doubtful debts	**-**	120
Unrealised loss on foreign exchange	**122**	614
Provision for retirement benefits	**285**	394
Dividend income	**(53,928)**	(39,308)
Interest income	**(56)**	(250)
Loss on disposal of property, plant and equipment	**6**	17
Operating (loss)/profit before working capital changes	**(2,154)**	8,993
Working Capital Changes		
Receivables	**(5,453)**	886
Inventories	**(2,294)**	1,625
Group companies	**41,556**	14,906
Payables	**2,157**	(2,444)
Cash generated from operations	**33,812**	23,966
Income taxes paid	**(87)**	(2,503)
Retirement benefits paid	**(354)**	(462)
Net Cash Generated From Operating Activities	**33,371**	21,001

	2008 RM'000	2007 RM'000
Net Cash Generated From Operating Activities	**33,371**	21,001
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	**-**	131
Purchase of property, plant and equipment	**(7,575)**	(4,344)
Share issue expenses	**-**	(181)
Additional investment in a subsidiary	**-**	(642)
Acquisition of investment	**-**	(3,809)
Acquisition of subsidiaries (Note 14(a))	**-**	(94,849)
Interest received	**56**	250
Dividend income	**4,591**	7,327
Net Cash Used In Investing Activities	**(2,928)**	(96,117)
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	**(3,547)**	(9,344)
Proceeds from issuance of shares	**-**	17,844
Repayment of hire-purchase creditors	**(133)**	(84)
Drawdown of term loan and advances	**17,600**	132,096
Repayment of term loan and advances	**(14,892)**	(71,859)
Purchase of Company's own shares	**(24,804)**	-
Interest paid	**(5,336)**	(4,772)
Net Cash (Used In)/Generated From Financing Activities	**(31,112)**	63,881
Net Decrease in Cash and Cash Equivalents	**(669)**	(11,235)
Cash and Cash Equivalents at beginning of year	**4,780**	16,015
Cash and Cash Equivalents at end of year (Note 32)	**4,111**	4,780

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at Unit C508, Block C, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, while the principal place of business is located at Lot 16, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan.

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 38. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 September 2008.

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 Financial Reporting Standards ("FRSs") issued in Malaysia.

(b) Changes in accounting policies and effects arising from adoption of new and revised FRSs

(i) Adoption of new and revised FRSs

On 1 June 2007, the Group and the Company adopted the following FRSs which are mandatory for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the new and revised FRSs does not have significant financial impact on the Group and the Company except as disclosed below:

FRS 117: Leases

Prior to 1 June 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The upfront payments made for the leasehold land represents prepaid lease payments and are amortized on a straight-line basis over the lease term.

The Group has applied the change in accounting policy relating to the leasehold land in accordance with the transitional provisions of FRS 117. The unamortized amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments. The reclassification of the leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparative amounts as at 31 May 2007 have been restated as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Changes in accounting policies and effects arising from adoption of new and revised FRSs *(cont'd)*

(i) Adoption of new and revised FRSs *(cont'd)*

	Previously stated RM'000	Adjustments FRS 117 RM'000	Restated RM'000
At 31 May 2007			
Group			
Property, plant and equipment	77,361	(19,121)	58,240
Prepaid lease payments	-	19,121	19,121
Company			
Property, plant and equipment	41,558	(7,340)	34,218
Prepaid lease payments	-	7,340	7,340

(ii) Applicable FRSs and amendments to FRSs that are not yet effective and not adopted

The Group and the Company has not applied the following FRSs that have been issued but are only effective for financial periods beginning on or after 1 July 2007:

FRSs

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 119_{2004}	Employee Benefits

Amendments to

FRS 121	The Effect of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

It is anticipated that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company except for additional disclosure requirements.

(iii) FRSs and interpretations that are not applicable and not adopted

FRSs		**Effective for financial periods beginning on or after**
FRS 6	Exploration for and Evaluation of Mineral	1 January 2007
FRS 111	Construction Contracts	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 126	Accounting and Reporting by Retirement Benefit Plans	1 July 2007
FRS 129	Financial Reporting in Hyperinflationary Economies	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Changes in accounting policies and effects arising from adoption of new and revised FRSs *(cont'd)*

(iii) FRSs and interpretations that are not applicable and not adopted *(cont'd)*

		Effective for financial periods beginning on or after
Amendments to		
FRS 119_{2004}	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Interpretations		
IC Interpretation 1	Changes in Existing Decommissioning, Restorationand Similar Liabilities	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007

The above FRSs, amendments to FRS and interpretations that have been issued are not applicable to the Group and the Company.

(iv) Deferred standard

FRS 139: Financial Instruments - Recognition and Measurement will be applicable for the financial period beginning on or after 1 January 2010. It is anticipated that the adoption of FRS 139 will not have a material impact on the financial statements of the Group and of the Company.

(c) Significant accounting judgements and estimates

Estimates and assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 May 2008 was RM88,464,000 (2007: RM91,330,000). Further details are disclosed in Note 18.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Significant accounting judgements and estimates *(cont'd)*

(ii) Income tax

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of the taxation and deferred tax are disclosed in Note 9 and Note 29 respectively.

(iii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful life. Management estimates of the useful lives of the assets are as disclosed in Note 2(f). Changes in expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised. A 5% difference in the current year depreciation charge will result in approximately 1% variance in profit for the year.

(d) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and the resulting unrealised gains are eliminated in full, and the consolidated financial statements reflect external transactions only. Unrealised losses resulting from intragroup transactions are also eliminated unless the cost cannot be recovered. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Subsidiaries and basis of consolidation *(cont'd)*

(ii) Basis of consolidation *(cont'd)*

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

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

(e) 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 earnings 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.

(f) Property, plant and 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(o). 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 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 provisions of the accounting standard on property, plant and equipment.

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

Depreciation of all other assets is computed on the straight-line method based on the estimated useful life of the various assets, at the following annual rates:

	%
Buildings and improvements	**2.0 - 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**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, plant and equipment and depreciation *(cont'd)*

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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 earnings or accumulated losses.

(g) 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(o).

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in the income statement.

(h) 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.

(i) 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

(j) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o). Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Intangible assets *(cont'd)*

(ii) 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.

(iii) Rights

Rights are recognised as intangible assets if it is probable that the future economic benefits that are attributable to such asset will flow to the enterprise and the costs of such assets can be measured reliably.

Rights are stated at cost less accumulated amortisation and impairment losses. Amortisation is recognised as an expense in the income statement on a straight-line basis over the estimated useful life of five years. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

(k) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(iii) Retirement benefits obligation

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.

(l) 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 and any adjustment to tax payable in respect of previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Taxation *(cont'd)*

Deferred tax is provided for on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credit to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount in excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(m) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are initially converted into RM at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into RM 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 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.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Foreign currencies *(cont'd)*

(ii) Foreign currency transactions *(cont'd)*

Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements, which is in RM, are translated into RM as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

(b) income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(c) all resulting exchange differences are taken to the foreign currency translation reserve within equity.

The principal average rates and closing rates were as follows:

	Average Rate		**Closing Rate**	
	2008	2007	**2008**	2007
RM1.00 =				
Foreign currency				
Australian Dollar	**0.3388**	0.3597	**0.3237**	0.3581
Chinese Renminbi	**2.2033**	2.1995	**2.1438**	2.2520
Hong Kong Dollar	**2.3450**	2.1844	**2.4096**	2.2991
Indonesia Rupiah (1,000 units)	**2.7683**	2.5548	**2.8760**	2.5980
Singapore Dollar	**0.4355**	0.4349	**0.4221**	0.4502
United States Dollar	**0.3009**	0.2805	**0.3087**	0.2945

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 June 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 June 2006 are deemed to be assets and liabilities of the parent company and recorded in RM at the rates prevailing at the date of acquisition.

(n) Revenue recognition

(i) Sale of goods and services

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

(ii) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(n) Revenue recognition *(cont'd)*

(iii) Dividend income

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

(o) Impairment of assets

The carrying amounts of assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which this asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(p) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Leases *(cont'd)*

(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 are 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 Group'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 charge 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(f).

(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.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(q) Financial instruments

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 financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity instruments are charged directly to equity as a distribution of profits. 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) 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.

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o). On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Financial instruments *(cont'd)*

(iii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(iv) Receivables

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

(v) Payables

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

(vi) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Equity instruments

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

(viii) 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. OTHER INCOME

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Interest income	**1,670**	1,881	**56**	250
Dividend income on equity investments				
- unquoted shares	**6,099**	7,413	**6,099**	7,413
- shares quoted outside Malaysia	**123**	167	**123**	167
- marketable securities	**26**	110	**-**	-
- subsidiaries	**-**	-	**47,706**	31,728
Gain on disposal of investment	**-**	68	**-**	-
Gain on disposal of a subsidiary	**-**	277	**-**	-
Gain on disposal of property, plant and equipment	**40**	-	**-**	-
Sundry income	**-**	21	**107**	155
	7,958	9,937	**54,091**	39,713

5. FINANCE COSTS

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Bank borrowings	**9,575**	9,865	**4,290**	3,850
Advances from subsidiaries	**-**	-	**1,046**	922
Others	**37**	32	**-**	-
	9,612	9,897	**5,336**	4,772

6. PROFIT BEFORE TAXATION

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
This was arrived at after charging/(crediting):				
Amortisation of prepaid lease payments (Note 13)	**315**	314	**116**	117
Amortisation of development expenditure (Note 17)	**13**	13	**-**	-
Amortisation of rights (Note 17)	**269**	269	**269**	269
Auditors' remuneration				
- Current	**317**	262	**75**	75
- Under/(over) provision in prior years	**11**	(6)	**-**	-
Bad debts (recovered)/written off	**(509)**	25	**-**	-
Depreciation of property, plant and equipment (Note 12)	**7,182**	8,398	**4,309**	5,517
Hire of equipment	**7**	6	**-**	-
Allowance for/(write-back of) doubtful debts	**1,098**	(2,571)	**-**	120
Write-down of inventories	**1,338**	228	**1,172**	-
Realised loss/(gain) on foreign exchange	**2,209**	1,247	**(1)**	(15)
Unrealised loss on foreign exchange	**2,212**	892	**122**	614
Rent of premises	**1,547**	1,192	**88**	93
Impairment/(write-back of impairment) of investment	**193**	(204)	**-**	-
Loss on disposal of property, plant and equipment	**-**	21	**6**	17
Staff costs (Note 7)	**46,276**	25,178	**22,586**	14,407

7. STAFF COSTS

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Wages and salaries	**42,089**	22,060	**19,927**	12,491
EPF and social security costs	**3,463**	2,379	**2,214**	1,368
Provision for retirement benefits (Note 31)	**348**	423	**285**	394
Other staff related expenses	**376**	316	**160**	154
	46,276	25,178	**22,586**	14,407

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM6,549,000 (2007: RM1,912,000) and RM6,149,000 (2007: RM1,792,000) respectively as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

(a) Total remuneration

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Executive Directors				
Salaries	**720**	720	**600**	600
Other emoluments	**5,829**	1,192	**5,549**	1,192
	6,549	1,912	**6,149**	1,792
Non-Executive Directors				
Fees	**435**	406	**435**	406
Other emoluments	**28**	25	**28**	25
	463	431	**463**	431
Total	**7,012**	2,343	**6,612**	2,223

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

	No. of Directors	
	2008	2007
Executive Directors		
RM1,500,001 to RM2,000,000	**-**	1
RM2,000,001 to RM6,600,000	**1**	-
	1	1
Non-Executive Directors		
Less than RM60,000	**3**	3
RM60,001 to RM100,000	**4**	4
	7	7

9. TAXATION

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Current income tax:				
- Malaysian income tax	**(10,711)**	(8,334)	**(5,331)**	(8,555)
- Foreign tax	**(1,437)**	(1,463)	**-**	-
	(12,148)	(9,797)	**(5,331)**	(8,555)
(Under)/over provision in prior years:				
- Malaysian income tax	**(174)**	846	**(162)**	376
- Foreign tax	**(105)**	(82)	**-**	-
	(12,427)	(9,033)	**(5,493)**	(8,179)
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	**1,491**	1,026	**1,420**	1,180
Relating to changes in tax rates	**68**	262	**28**	210
Over provision in prior years	**79**	716	**20**	471
	1,638	2,004	**1,468**	1,861
	(10,789)	(7,029)	**(4,025)**	(6,318)

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 May 2008 has reflected this change. Taxation for other jurisdictions is calculated at the prevailing rate of the respective jurisdictions.

A reconciliation of the income tax expense applicable to profit before taxation at the statutory income tax rate against the income tax expenses at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Profit before taxation	**58,269**	45,986	**40,215**	36,731
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	**(15,150)**	(12,416)	**(10,456)**	(9,917)
Effect of different tax rates in other countries	**1,180**	836	**338**	788
Effect of changes in tax rates	**68**	262	**28**	210
Effect of tax savings in small and medium scale companies	**123**	160	**-**	-
Effect of other tax incentives	**6,128**	3,108	**4,888**	1,892
Income not subject to tax	**35**	754	**2,741**	506
Expenses not deductible for tax purposes	**(2,602)**	(1,103)	**(1,422)**	(644)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**86**	27	**-**	-
Deferred tax assets not recognised	**(457)**	(137)	**-**	-
Over provision of deferred tax in prior years	**79**	716	**20**	471
(Under)/over provision of tax expense in prior years	**(279)**	764	**(162)**	376
Tax expense for the year	**(10,789)**	(7,029)	**(4,025)**	(6,318)

10. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company of RM47,763,000 (2007: RM39,258,000) by the weighted average number of ordinary shares in issue during the financial year of 189,823,261 shares (2007: weighted average of 185,528,561 shares).

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share has not been presented.

11. DIVIDENDS

	Amount		Net dividends per ordinary share	
	2008 RM'000	2007 RM'000	**2008 sen**	2007 sen
Final dividend - Nil (2007: 4.0 sen per share less tax in respect of financial year ended 31 May 2006, paid on 27 November 2006)	**-**	5,088	**-**	2.9
Second interim dividend of 2.5 sen per share less tax in respect of financial year ended 31 May 2007, paid on 10 September 2007 (2007: first interim dividend of 3.0 sen per share less tax)	**3,547**	4,256	**1.8**	2.2
	3,547	9,344	**1.8**	5.1

Subject to the approval by the Company's shareholders at the forthcoming annual general meeting, the Directors have recommended the following dividends:

(i) final cash dividend of 4.5 sen per share, less 26% income tax; and

(ii) final tax-exempt dividend in the form of distribution of one (1) treasury share for every twenty (20) existing ordinary shares of RM1.00 each held, of which fraction of a treasury share is to be disregarded.

The financial statements for the current financial year do not reflect these recommended dividends. These dividends, if approved by the shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 May 2009.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold 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
At 31 May 2008									
Cost or valuation									
At 1 June 2007									
Cost	250	354	16,751	121,642	1,395	4,150	4,488	3,886	**152,916**
Valuation	-	-	5,020	-	-	-	-	-	**5,020**
	250	354	21,771	121,642	1,395	4,150	4,488	3,886	**157,936**
Additions	-	-	72	2,273	85	822	311	8,408	**11,971**
Disposals	-	-	-	(137)	-	(66)	(35)	-	**(238)**
Reclassification	-	-	338	2,897	-	597	-	(3,832)	**-**
Exchange differences	-	(1)	-	(1,204)	(30)	(18)	(32)	-	**(1,285)**
At 31 May 2008	**250**	**353**	**22,181**	**125,471**	**1,450**	**5,485**	**4,732**	**8,462**	**168,384**
Representing:									
At cost	250	353	17,161	125,471	1,450	5,485	4,732	8,462	**163,364**
At valuation	-	-	5,020	-	-	-	-	-	**5,020**
At 31 May 2008	**250**	**353**	**22,181**	**125,471**	**1,450**	**5,485**	**4,732**	**8,462**	**168,384**
Accumulated depreciation									
At 1 June 2007	-	25	6,676	86,946	813	2,593	2,643	-	**99,696**
Depreciation charge for the year, recognised in the income statement (Note 6)	-	6	699	5,086	108	724	559	-	**7,182**
Disposals	-	-	-	(135)	-	(60)	(35)	-	**(230)**
Exchange differences	-	-	-	(297)	(6)	(11)	(14)	-	**(328)**
At 31 May 2008	**-**	**31**	**7,375**	**91,600**	**915**	**3,246**	**3,153**	**-**	**106,320**
Net carrying amount									
At cost	250	322	12,598	33,871	535	2,239	1,579	8,462	**59,856**
At valuation	-	-	2,208	-	-	-	-	-	**2,208**
At 31 May 2008	**250**	**322**	**14,806**	**33,871**	**535**	**2,239**	**1,579**	**8,462**	**62,064**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold 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
At 31 May 2007									
Cost or valuation									
At 1 June 2006									
Cost	250	354	16,659	120,143	1,102	3,683	3,739	1,354	147,284
Valuation	-	-	5,020	-	-	-	-	-	5,020
	250	354	21,679	120,143	1,102	3,683	3,739	1,354	152,304
Additions	-	-	79	992	242	234	1,093	3,781	6,421
Disposals	-	-	-	(166)	(40)	(121)	(338)	-	(665)
Reclassification	-	-	13	939	-	297	-	(1,249)	-
Acquisition of subsidiaries (Note 14(a))	-	-	-	-	136	120	-	-	256
Disposal of subsidiaries	-	-	-	-	(29)	(48)	-	-	(77)
Exchange differences	-	-	-	(266)	(16)	(15)	(6)	-	(303)
At 31 May 2007	250	354	21,771	121,642	1,395	4,150	4,488	3,886	157,936
Representing:									
At cost	250	354	16,751	121,642	1,395	4,150	4,488	3,886	152,916
At valuation	-	-	5,020	-	-	-	-	-	5,020
At 31 May 2007	250	354	21,771	121,642	1,395	4,150	4,488	3,886	157,936
Accumulated depreciation									
At 1 June 2006	-	20	5,981	80,543	727	2,200	2,351	-	91,822
Depreciation charge for the year, recognised in the income statement (Note 6)	-	5	695	6,519	93	519	567	-	8,398
Disposals	-	-	-	(61)	(1)	(112)	(272)	-	(446)
Disposal of subsidiaries	-	-	-	-	(4)	(10)	-	-	(14)
Exchange differences	-	-	-	(55)	(2)	(4)	(3)	-	(64)
At 31 May 2007	-	25	6,676	86,946	813	2,593	2,643	-	99,696
Net carrying amount									
At cost	250	329	12,761	34,696	582	1,557	1,845	3,886	55,906
At valuation	-	-	2,334	-	-	-	-	-	2,334
At 31 May 2007	250	329	15,095	34,696	582	1,557	1,845	3,886	58,240

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	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
At 31 May 2008							
Cost or valuation							
At 1 June 2007							
Cost	10,035	98,615	711	2,874	2,308	3,863	**118,406**
Valuation	5,020	-	-	-	-	-	**5,020**
	15,055	98,615	711	2,874	2,308	3,863	**123,426**
Additions	64	1,735	12	604	14	5,146	**7,575**
Disposals	-	(10)	-	(53)	-	-	**(63)**
Reclassification	299	2,886	-	597	-	(3,782)	**-**
At 31 May 2008	**15,418**	**103,226**	**723**	**4,022**	**2,322**	**5,227**	**130,938**
Representing:							
At cost	10,398	103,226	723	4,022	2,322	5,227	**125,918**
At valuation	5,020	-	-	-	-	-	**5,020**
At 31 May 2008	**15,418**	**103,226**	**723**	**4,022**	**2,322**	**5,227**	**130,938**
Accumulated depreciation							
At 1 June 2007	5,618	79,512	643	1,988	1,447	-	**89,208**
Depreciation charge for the year, recognised in the income statement (Note 6)	383	3,180	11	491	244	-	**4,309**
Disposals	-	(8)	-	(49)	-	-	**(57)**
At 31 May 2008	**6,001**	**82,684**	**654**	**2,430**	**1,691**	**-**	**93,460**
Net carrying amount							
At cost	7,209	20,542	69	1,592	631	5,227	**35,270**
At valuation	2,208	-	-	-	-	-	**2,208**
At 31 May 2008	**9,417**	**20,542**	**69**	**1,592**	**631**	**5,227**	**37,478**

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	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
At 31 May 2007							
Cost or valuation							
At 1 June 2006							
Cost	9,942	97,511	704	2,602	2,081	1,353	114,193
Valuation	5,020	-	-	-	-	-	5,020
	14,962	97,511	704	2,602	2,081	1,353	119,213
Additions	80	307	7	86	535	3,759	4,774
Disposals	-	(142)	-	(111)	(308)	-	(561)
Reclassification	13	939	-	297	-	(1,249)	-
At 31 May 2007	15,055	98,615	711	2,874	2,308	3,863	123,426
Representing:							
At cost	10,035	98,615	711	2,874	2,308	3,863	118,406
At valuation	5,020	-	-	-	-	-	5,020
At 31 May 2007	15,055	98,615	711	2,874	2,308	3,863	123,426
Accumulated depreciation							
At 1 June 2006	5,243	74,978	631	1,812	1,440	-	84,104
Depreciation charge for the year, recognised in the income statement (Note 6)	375	4,594	12	287	249	-	5,517
Disposals	-	(60)	-	(111)	(242)	-	(413)
At 31 May 2007	5,618	79,512	643	1,988	1,447	-	89,208
Net carrying amount							
At cost	7,103	19,103	68	886	861	3,863	31,884
At valuation	2,334	-	-	-	-	-	2,334
At 31 May 2007	9,437	19,103	68	886	861	3,863	34,218

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Leasehold 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 Malaysian Accounting Standards Board.

The net book value of assets stated at 1985 valuation had they been stated at cost would have been approximately RM399,307 (2007: RM446,627) in respect of both the Group and Company.

(b) During the previous year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM6,421,000 and RM4,774,000 respectively of which RM430,000 for both the Group and the Company were acquired by means of finance lease arrangements.

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

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Motor vehicles	**561**	622	**462**	481

13. PREPAID LEASE PAYMENTS

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
At 1 June				
Cost	**11,781**	11,978	**-**	-
Valuation	**7,340**	7,457	**7,340**	7,457
	19,121	19,435	**7,340**	7,457
Amortisation during the year (Note 6)	**(315)**	(314)	**(116)**	(117)
At 31 May 2008	**18,806**	19,121	**7,224**	7,340
Net carrying amount				
At cost	**11,582**	11,781	**-**	-
At valuation	**7,224**	7,340	**7,224**	7,340
	18,806	19,121	**7,224**	7,340
Analysed as:				
Long-term leasehold land	**18,081**	18,376	**7,224**	7,340
Short-term leasehold land	**725**	745	**-**	-
	18,806	19,121	**7,224**	7,340

(a) Leasehold land was 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 Malaysian Accounting Standards Board.

The net book value of assets stated at 1985 valuation had they been stated at cost would have been approximately RM252,859 (2007: RM258,011) in respect of both the Group and Company.

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008	2007
	RM'000	RM'000
Unquoted shares - at cost	**207,984**	207,984
Less: Accumulated impairment losses	**(6,867)**	(6,867)
	201,117	201,117

Details of the subsidiaries are disclosed in Note 38.

(a) Acquisition of subsidiaries

(i) Joint ventures

During the financial year, a wholly-owned subsidiary of the Company, Perusahaan Kimia Gemilang Sdn Bhd ("PKG") had entered into two Joint Venture Contracts ("JVCs") as follows:

(a) Perusahaan Kimia Gemilang (Vietnam) Company Ltd

On 28 June 2007, a joint venture with Long Thanh Chemicals Company Ltd to set up a new company named Perusahaan Kimia Gemilang (Vietnam) Company Ltd. ("PKG Vietnam"), in the Socialist Republic of Vietnam, for the purpose of building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals.

The charter capital of PKG Vietnam is USD200,000, of which PKG contributed USD102,000 representing 51% participating interest.

On 6 September 2007, all conditions precedent to the joint venture were fulfilled and PKG Vietnam became a 51% owned subsidiary of the Company.

The joint venture had the following effect on the Group's financial results for the current financial year:

	2008
	RM'000
Revenue	**1,978**
Loss from operations	**796**
Net loss for the year	**908**

(b) PT PKG Lautan Indonesia

On 10 September 2007, a joint venture with PT Lautan Luas Tbk to set up a new company named PT PKG Lautan Indonesia ("PKG Indonesia"), in the Republic of Indonesia, for the purpose of importation and distribution of industrial chemicals.

The authorised capital of PKG Indonesia consists of USD10,000,000 divided into 10,000,000 ordinary registered shares with a nominal value of USD1.00 per share, of which 2,500,000 shares with the total nominal value of USD2,500,000 is issued and fully paid up.

The investment in PKG Indonesia by PKG was USD1,275,000 for the subscription of 1,275,000 ordinary shares, representing 51% of the equity in PKG Indonesia.

As at 31 May 2008, PKG Indonesia has yet to begin operations. Hence, it has no effect on the Group's financial results for the financial year ended 31 May 2008.

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries *(cont'd)*

(i) Joint ventures *(cont'd)*

The fair values of the assets acquired from the acquisition of the above joint ventures are as follows:

	2008 RM'000
Cash and bank balances	**8,600**
Less: Minority interest	**(4,214)**
Group's share of net assets	**4,386**
The cash outflow on acquisition is as follows:	
Purchase consideration satisfied by cash	**4,386**
Cash and cash equivalents of subsidiaries acquired	**(8,600)**
Net cash inflow of the Group	**(4,214)**

(ii) CKG Chemicals Pte Ltd

During the last financial year, the Company acquired 4,000,000 ordinary shares of S$1.00 each representing the entire issued and paid-up share capital of CKG Chemicals Pte Ltd ("CKG") for a total purchase consideration of S$40,000,000.

The acquisition had the following effect on the Group's financial results for the last financial year:

	2007 RM'000
Revenue	722,581
Profit from operations	14,301
Net profit for the year	10,184

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiaries were as follows:

	2007 RM'000
Property, plant and equipment (Note 12)	256
Inventories	54,909
Trade receivables	90,368
Other receivables	2,447
Amount owing by group companies	10,384
Short-term deposits and cash and bank balances	24,189
	182,553
Trade payables	(90,899)
Other payables	(18,327)
Long and short-term borrowings	(46,025)
Provision for taxation	(990)
Net deferred tax liabilities (Note 29)	(42)
	(156,283)

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries *(cont'd)*

(ii) CKG Chemicals Pte Ltd *(cont'd)*

	2007 RM'000
Fair value of total net assets	26,270
Less: Minority interest	95
Group's share of net assets	26,365
Goodwill on acquisition (Note 18)	68,484
Total cost of acquisition	94,849
The cash outflow on acquisition is as follows:	
Purchase consideration satisfied by cash	93,636
Costs attributable to the acquisition, paid in cash	1,213
Total cash outflow of the Company	94,849
Cash and cash equivalents of subsidiaries acquired	(24,189)
Net cash outflow of the Group	70,660

(b) Disposal of a subsidiary

During the last financial year, CKG completed the disposal of its 11,095,000 ordinary shares of HK$1.00 each representing 73.5% of the issued and paid-up share capital in CKG Chemicals (HK) Limited ("CKG HK"). With the disposal, CKG HK ceased to be a subsidiary of the Company.

The disposal had the following effects on the financial position of the Group as at the end of the last financial year:

	2007 RM'000
Property, plant and equipment (Note 12)	63
Inventories	1,007
Receivables	2,255
Tax recoverable	72
Short-term deposits and cash and bank balances	1,014
	4,411
Payables	(4,292)
Long and short-term borrowings	(898)
	(5,190)
Net assets distributed	(779)
Attributable goodwill (Note 18)	1,301
Minority interest	206
Transfer from translation reserves	(31)
	697
Sales proceeds	(974)
Gain on disposal	(277)

14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Disposal of a subsidiary *(cont'd)*

	2007 RM'000
The cash outflow on disposal is as follows:	
Sales proceeds settled by cash	974
Cash and cash equivalents of the subsidiary disposed	(1,014)
Net cash outflow of the Group	(40)

(c) Acquisition of additional interest in a subsidiary

During the last financial year, the Company completed the acquisition of the remaining 35% interest in PT Nylex Indonesia ("PTNI") for a cash consideration of US$183,000 (equivalent to RM642,000). Effectively, PTNI became a wholly-owned subsidiary of the Company.

15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2008 RM'000	2007 RM'000	**2008 RM'000**	2007 RM'000
Investment in unquoted associates				
- At cost	**1,116**	1,116	**-**	-
- Share of post-acquisition results	**(301)**	(423)	**-**	-
	815	693	**-**	-

The summarised financial statements of the associates are as follows:

	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	**18,788**	7,276
Non-current assets	**803**	777
Total assets	**19,591**	8,053
Current liabilities	**16,874**	5,744
Non-current liabilities	**-**	-
Total liabilities	**16,874**	5,744
Results		
Revenue	**271,928**	272,295
Profit/(loss) for the year	**409**	(263)

Details of the associates are disclosed in Note 39.

16. OTHER INVESTMENTS

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Unquoted shares at cost	**3,580**	3,580	**80**	80
Quoted shares at cost	**3,809**	3,809	**3,809**	3,809
	7,389	7,389	**3,889**	3,889
Market value of quoted shares				
- As at 30 May 2008	**3,790**	2,842	**3,790**	2,842
- As at 15 September 2008	**3,840**	3,908	**3,840**	3,908

No impairment in value for quoted shares has been recognised as subsequent to the financial year end, the market value of the quoted shares is higher than the cost.

17. INTANGIBLE ASSETS

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Development expenditure				
At 1 June	**63**	76	**-**	-
Amortisation during the year (Note 6)	**(13)**	(13)	**-**	-
At 31 May	**50**	63	**-**	-
Rights				
At 1 June	**622**	891	**622**	891
Amortisation during the year (Note 6)	**(269)**	(269)	**(269)**	(269)
At 31 May	**353**	622	**353**	622
Total	**403**	685	**353**	622

18. GOODWILL ARISING ON CONSOLIDATION

	Group	
	2008	2007
	RM'000	RM'000
At 1 June	**91,330**	29,154
Acquisition of subsidiaries (Note 14(a))	**-**	68,484
Additional investment in a subsidiary (Note 14(c))	**-**	126
Derecognised on disposal of a subsidiary (Note 14(b))	**-**	(1,301)
Exchange differences	**(2,866)**	(5,133)
At 31 May	**88,464**	91,330

18. GOODWILL ARISING ON CONSOLIDATION (CONT'D)

Impairment test of goodwill

(i) Allocation of goodwill

Goodwill has been allocated to the Group's CGUs which has been identified according to business segments as follows:

	Polymer RM'000	Industrial Chemical RM'000	Total RM'000
31 May 2008	**114**	**88,350**	**88,464**
31 May 2007	126	91,204	91,330

(ii) Key assumptions used in value-in-use calculations

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount. As the directors are of the opinion that all the CGUs are held on a long-term basis, the value-in-use would best reflect its recoverable amount. The value-in-use is determined by discounting future cash flows over a five-year period. The future cash flows are based on management's business plan, which is the best estimate of future performance. The ability to achieve the business plan targets is a key assumption in determining the recoverable amount for each CGU.

There remains a risk that the ability to achieve management's business plan will be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions. In computing the value-in-use for each CGU, the management has applied a discount rate of 7.57% and average growth rates of 5%.

The following describes each key assumption on which the management has based its cash flow projections for the purposes of the impairment test for goodwill:

(a) The discount rate used reflected the management's best estimate of return on capital employed.

(b) Growth rate used has been based on historical trend of each segment taking into account industry outlook for that segment.

(c) The profit margin applied to the projections are based on the historical profit margin trend for the individual CGU.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

19. INVENTORIES

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Cost				
Finished goods	**19,934**	18,661	**-**	-
Work-in-progress	**1,556**	1,738	**-**	-
Raw materials and consumable stores	**10,972**	7,467	**434**	551
Inventory-in-transit	**-**	19	**-**	-
	32,462	27,885	**434**	551
Net realisable value				
Finished goods	**85,763**	71,679	**10,508**	9,471
Work-in-progress	**3,407**	3,332	**3,203**	3,032
Raw materials and consumable stores	**11,332**	10,969	**10,591**	10,560
	100,502	85,980	**24,302**	23,063
	132,964	113,865	**24,736**	23,614

20. RECEIVABLES

Trade receivables	**275,610**	250,356	**26,970**	21,828
Allowance for doubtful debts	**(1,719)**	(1,326)	**(410)**	(410)
	273,891	249,030	**26,560**	21,418
Other receivables	**3,298**	1,999	**903**	491
Deposits	**301**	289	**11**	5
Prepayments	**1,050**	1,301	**135**	242
	4,649	3,589	**1,049**	738
	278,540	252,619	**27,609**	22,156

The Group's normal trade credit term ranges from 30 - 90 days. Other credit terms are assessed and approved on a 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.

21. MARKETABLE SECURITIES

	Group	
	2008	2007
	RM'000	RM'000
Shares quoted in Malaysia, at cost	**1,549**	1,549
Less: Accumulated impairment losses	**(412)**	(219)
	1,137	1,330
Market value of quoted shares	**1,137**	1,330

22. AMOUNT OWING BY/TO GROUP COMPANIES

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Amount owing by group companies:				
Trade				
Related companies	**180**	232	**4**	6
Subsidiaries	**-**	-	**182**	237
	180	232	**186**	243
Non-trade				
Subsidiaries	**-**	-	**49,353**	21,105
	180	232	**49,539**	21,348
Amount owing to group companies:				
Trade				
Related companies	**905**	602	**-**	-
Non-trade				
Related companies	**8,451**	3,181	**21**	18
Subsidiaries	**-**	-	**40,239**	10,438
Holding company	**1,709**	2	**1,705**	2
	10,160	3,183	**41,965**	10,458
	11,065	3,785	**41,965**	10,458

The Company is a subsidiary of Ancom Berhad ("Ancom"), a company incorporated in Malaysia and listed on the Main Board of Bursa Securities.

Related companies refer to companies within Ancom.

22. AMOUNT OWING BY/TO GROUP COMPANIES (CONT'D)

The account balances with the holding company, subsidiaries and other related companies consists of the following:

(i) trade balances which are subject to normal trade credit terms; and

(ii) non-trade balances which arose mainly from intercompany advances which bore interest at rates ranging from 3.5% to 4.9% (2007: 3.5% to 4.9%) 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.

23. PAYABLES

	Group		Company	
	2 008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**176,523**	162,413	**16,378**	15,869
Other payables	**9,685**	13,788	**2,370**	2,207
Accruals	**8,542**	3,875	**3,638**	2,039
	194,750	180,076	**22,386**	20,115

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

24. BORROWINGS

	Group		Company	
	2 008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Short-term borrowings				
Secured				
Trust receipts	**51,322**	36,752	**-**	-
Term loan	**14,400**	13,200	**14,400**	13,200
Unsecured				
Bank overdrafts (Note 32)	**405**	25	**-**	25
Short-term loan and advances	**114,924**	96,169	**31,400**	16,691
Hire-purchase creditors (Note 30)	**149**	153	**149**	143
	181,200	146,299	**45,949**	30,059
Long-term borrowings				
Secured				
Term loan	**44,247**	57,449	**44,247**	57,449
Unsecured				
Hire-purchase creditors (Note 30)	**64**	203	**64**	203
	44,311	57,652	**44,311**	57,652
Total borrowings	**225,511**	203,951	**90,260**	87,711
Maturity of borrowings				
Within one year	**181,200**	146,299	**45,949**	30,059
More than 1 year and less than 2 years	**14,464**	14,543	**14,464**	14,543
More than 2 years and less than 5 years	**29,847**	43,109	**29,847**	43,109
	225,511	203,951	**90,260**	87,711

24. BORROWINGS (CONT'D)

The borrowings bore interest at rates ranging from 3.3% to 5.0% (2007: 3.3% to 8.3%) per annum.

The secured trust receipts are for a foreign subsidiary and secured by a deed of charge and assignment of receivables, inventories and credit balances with the banks and joint and several continuing personal guarantees from the previous shareholders of the foreign subsidiary.

The secured term loan is secured by assignment of dividends received or receivable from a subsidiary of the Company.

25. SHARE CAPITAL

	Group / Company			
	Number of ordinary shares of RM1.00 each		Amount	
	2008	2007	**2008**	2007
	'000	'000	**RM'000**	RM'000
Authorised:				
At 1 June/31 May	**300,000**	300,000	**300,000**	300,000
Issued and fully paid:				
At 1 June	**194,338**	176,671	**194,338**	176,671
Issue of ordinary shares - private placement	**-**	17,667	**-**	17,667
At 31 May	**194,338**	194,338	**194,338**	194,338

Of the total 194,337,860 (2007: 194,337,860) issued and paid-up ordinary shares of RM1.00 each as at 31 May 2008, 17,439,200 (2007: Nil) shares are held as treasury shares by the Company. Consequently, as at 31 May 2008, the number of ordinary shares in issue after deduction of the treasury shares is 176,898,660 (2007: 194,337,960) ordinary shares of RM1.00 each.

26. RESERVES

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable:				
Share premium	**805**	805	**805**	805
Translation reserves	**(15,023)**	(10,418)	**-**	-
	(14,218)	(9,613)	**805**	805

The movements of the above reserves are disclosed in the statements of changes in equity.

27. RETAINED EARNINGS

As at 31 May 2008, the Company has tax-exempt income accounts of approximately RM23,240,000 (2007: RM20,206,000) of which the Company can distribute tax-exempt dividends of up to the same amount, subject to the agreement of the Inland Revenue Board.

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single-tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the balances under Section 108 of the Income Tax Act, 1967 and opt to pay dividends under the single-tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 tax credit balances. Accordingly, during the transitional period, the Company may utilise the credit in 108 balance and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained earnings as at 31 May 2008.

28. TREASURY SHARES

	Group / Company			
	Number of ordinary shares of RM1.00 each		**Amount**	
	2008	2007	**2008**	2007
	'000	'000	**RM'000**	RM'000
At 1 June	**-**	-	**-**	-
Repurchase of shares	**17,439**	-	**24,917**	-
At 31 May	**17,439**	-	**24,917**	-

The details of the shares repurchased during the financial year ended 31 May 2008 are as follows:

	No. of shares	**Cost**	**Purchase price per share**		
			Highest	**Lowest**	**Average**
	'000	**RM'000**	**RM**	**RM**	**RM**
At 1 June	-	-			
Purchases during the financial year					
November 2007	2,046	3,114	1.5600	1.4300	1.5164
December 2007	2,313	3,624	1.6400	1.4900	1.5608
March 2008	11,042	15,393	1.4100	1.2500	1.3894
April 2008	1,390	1,903	1.3900	1.3000	1.3643
May 2008	648	883	1.3800	1.3200	1.3568
At 31 May	**17,439**	**24,917**			

There were no shares resold or cancelled during the financial year.

29. DEFERRED TAX

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
At 1 June	**3,354**	5,290	**2,159**	4,020
Recognised in the income statement (Note 9)	**(1,638)**	(2,004)	**(1,468)**	(1,861)
Acquisition of subsidiaries (Note 14(a))	**-**	42	**-**	-
Exchange differences	**124**	26	**-**	-
At 31 May	**1,840**	3,354	**691**	2,159
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(996)**	(1,329)	**-**	-
Deferred tax liabilities	**2,836**	4,683	**691**	2,159
	1,840	3,354	**691**	2,159

The components and movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Total RM'000
At 1 June 2007	7,828	7,828
Recognised in the income statement	(606)	(606)
Exchange differences	14	14
At 31 May 2008	**7,236**	**7,236**
At 1 June 2006	8,177	8,177
Recognised in the income statement	(391)	(391)
Acquisition of subsidiaries (Note 14(a))	42	42
At 31 May 2007	7,828	7,828

Deferred tax assets of the Group

	Retirement benefit obligations RM'000	Provision for liabilities RM'000	Tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 June 2007	(1,194)	(1,026)	(2,254)	(4,474)
Recognised in the income statement	43	(639)	(436)	(1,032)
Exchange differences	7	6	97	110
At 31 May 2008	**(1,144)**	**(1,659)**	**(2,593)**	**(5,396)**

29. DEFERRED TAX (CONT'D)

Deferred tax assets of the Group *(cont'd)*

	Retirement benefit obligations RM'000	Provision for liabilities RM'000	Tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 June 2006	(1,293)	(624)	(970)	(2,887)
Recognised in the income statement	98	(403)	(1,308)	(1,613)
Exchange differences	1	1	24	26
At 31 May 2007	(1,194)	(1,026)	(2,254)	(4,474)

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Total RM'000
At 1 June 2007	5,223	5,223
Recognised in the income statement	(456)	(456)
At 31 May 2008	**4,767**	**4,767**
At 1 June 2006	5,758	5,758
Recognised in the income statement	(535)	(535)
At 31 May 2007	5,223	5,223

Deferred tax assets of the Company

	Retirement benefit obligations RM'000	Provision for liabilities RM'000	Unabsorbed capital allowances RM'000	Total RM'000
At 1 June 2007	(1,106)	(798)	(1,160)	(3,064)
Recognised in the income statement	60	(377)	(695)	(1,012)
At 31 May 2008	**(1,046)**	**(1,175)**	**(1,855)**	**(4,076)**

Deferred tax assets of the Company

	Retirement benefit obligations RM'000	Provision for liabilities RM'000	Unabsorbed capital allowances RM'000	Total RM'000
At 1 June 2006	(1,211)	(527)	-	(1,738)
Recognised in the income statement	105	(271)	(1,160)	(1,326)
At 31 May 2007	(1,106)	(798)	(1,160)	(3,064)

30. HIRE-PURCHASE AND FINANCE LEASE PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Minimum lease payments				
Not later than one year	**158**	170	**158**	158
Later than one year and not later than two years	**65**	158	**65**	158
Later than two years and not later than five years	**-**	65	**-**	65
	223	393	**223**	381
Future finance charges	**(10)**	(37)	**(10)**	(35)
Present value of finance lease liabilities	**213**	356	**213**	346
Present value of finance lease liabilities				
Not later than one year	**149**	153	**149**	143
Later than one year and not later than two years	**64**	143	**64**	143
Later than two years and not later than five years	**-**	60	**-**	60
	213	356	**213**	346
Analysed as:				
Due within 12 months (Note 24)	**149**	153	**149**	143
Due after 12 months (Note 24)	**64**	203	**64**	203
	213	356	**213**	346

The hire-purchase and lease liabilities bore flat interest rates at the balance sheet date of 3.30% (2007: 3.34% to 7.00%) per annum.

31. PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
At 1 June	**4,561**	4,605	**4,255**	4,323
Benefits paid	**(354)**	(462)	**(354)**	(462)
Expense recognised in the income statements (Note 7)	**348**	423	**285**	394
Exchange fluctuation	**(21)**	(5)	**-**	-
At 31 May	**4,534**	4,561	**4,186**	4,255

32. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Cash and bank balances	**43,786**	36,119	**4,111**	4,805
Short-term deposits with licensed banks	**24,998**	19,420	**-**	-
	68,784	55,539	**4,111**	4,805
Bank overdrafts (Note 24)	**(405)**	(25)	**-**	(25)
Cash and cash equivalents	**68,379**	55,514	**4,111**	4,780

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2008	2007	**2008**	2007
	Days	Days	**Days**	Days
Short-term deposits with licensed banks	**104**	135	**-**	-

The average interest rate of deposits as at the end of the financial year is 2.55% (2007: 2.79%).

33. COMMITMENTS

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Capital commitments				
Approved and contracted				
- property, plant and equipment	**1,941**	3,509	**1,795**	3,439
- acquisition of investment	**15,152**	14,706	**15,152**	14,706
Approved and not contracted	**-**	188	**-**	-
	17,093	18,403	**16,947**	18,145

34. CONTINGENT LIABILITIES

There are no contingent liabilities for the Group and the Company for the financial year ended 31 May 2008 (2007: Nil).

35. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Sales to associates and related companies:	(i)				
- Ancom Crop Care Sdn Bhd		**149**	140	**-**	-
- Ancom Kimia Sdn Bhd		**2,196**	1,374	**-**	-
- Timber Preservatives Sdn Bhd		**259**	198	**-**	-
- Transmare Chemie (Singapore) Pte Ltd		**17,538**	28,398	**-**	-
Purchases from subsidiaries/ associates/related companies:	(i)				
- Ancom Kimia Sdn Bhd		**215,091**	208,565	**-**	-
- Transmare Chemie (Singapore) Pte Ltd		**-**	935	**-**	-
- Perusahaan Kimia Gemilang Sdn Bhd		**-**	-	**668**	686
- WorldSOL.com Sdn Bhd		**-**	148	**-**	143
Freight/transport charges paid to related company:	(i)				
- Pengangkutan Cogent Sdn Bhd		**1,604**	2,292	**-**	-
Storage rental paid to related companies:	(i)				
- Ancom-ChemQuest Terminals Sdn Bhd		**2,392**	1,868	**-**	-
- SM Integrated Transware Pte Ltd		**425**	270	**-**	-
Interest paid to subsidiaries:	(ii)				
- Malaysian Roofing Industries Sdn Bhd		**-**	-	**167**	138
- Perusahaan Kimia Gemilang Sdn Bhd		**-**	-	**879**	784
Consultation charges paid to holding/ related companies:	(iii)				
- Ancom Berhad		**207**	360	**-**	-
- Organigro Sdn Bhd		**-**	560	**-**	-
Gross dividend from subsidiaries:					
- CKG Chemicals Pte Ltd		**-**	-	**10,769**	8,601
- Fermpro Sdn Bhd		**-**	-	**6,047**	3,200
- Kumpulan Kesuma Sdn Bhd		**-**	-	**-**	226
- Nycon Manufacturing Sdn Bhd		**-**	-	**6,113**	975
- Nylex Specialty Chemicals Sdn Bhd		**-**	-	**13,614**	3,078
- Perusahaan Kimia Gemilang Sdn Bhd		**-**	-	**11,163**	15,491
- Wedon Sdn Bhd		**-**	-	**-**	157

35. RELATED PARTY DISCLOSURES (CONT'D)

(a) Significant related party transactions *(cont'd)*

(i) The Directors are of the opinion that the sales, purchases, freight/transport and storage charges to/from subsidiaries, associates and related companies are 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.

(ii) Interest paid arose from advances from subsidiaries. Further details are disclosed in Note 22.

(iii) Consultancy fees charged were based on the nature and type of services performed. The Directors consider that the charges are substantially in line with the market prices.

The outstanding balances as at 31 May 2008 are disclosed in Note 22.

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company and its subsidiaries.

The remuneration of directors and other members of key management was as follows:

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Fees	**477**	447	**435**	406
Salaries	**10,593**	6,350	**934**	928
Other emoluments	**10,770**	2,308	**9,018**	1,305
	21,840	9,105	**10,387**	2,639

Included in the total remuneration of key management personnel are:

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Directors' remuneration (Note 8)	**7,012**	2,343	**6,612**	2,223

36. FINANCIAL INSTRUMENTS

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 interest rate, foreign exchange, liquidity and credit risks.

36. FINANCIAL INSTRUMENTS (CONT'D)

(i) Financial risk management objectives and policies

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.

(ii) 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 have been mostly placed in fixed deposits.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The interest profile of the financial assets and liabilities of the Group and of the Company as at balance sheet date are as follows:

	Group		Company	
	2008	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000
Financial assets				
Fixed rate	**18,398**	19,420	**-**	-
Floating rate	**24,839**	14,276	**-**	-
Interest free	**313,609**	284,106	**286,275**	253,315
	356,846	317,802	**286,275**	253,315
Financial liabilities				
Fixed rate	**51,657**	37,108	**39,414**	8,987
Floating rate	**173,976**	166,843	**90,047**	87,365
Interest free	**193,789**	188,422	**29,345**	26,187
	419,422	392,373	**158,806**	122,539

The weighted average interest rates on the financial assets and liabilities are as follows:

	Group		Company	
	2008	2007	**2008**	2007
	%	%	**%**	%
Financial assets				
Fixed rate	**3.20**	3.81	**-**	-
Floating rate	**1.99**	1.25	**-**	-
Financial liabilities				
Fixed rate	**3.34**	4.56	**3.91**	3.79
Floating rate	**4.32**	5.57	**4.52**	5.29

36. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Foreign exchange risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Singapore Dollar, Japanese Yen and Indonesian Rupiah. 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.

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

	Functional currency of group companies			
	Ringgit Malaysia RM'000	Indonesian Rupiah RM'000	United States Dollar RM'000	Total RM'000
At 31 May 2008				
Receivables				
United States Dollar	17,274	96	-	17,370
Singapore Dollar	1,108	-	2,499	3,607
Japanese Yen	520	-	-	520
Brunei Dollar	25	-	-	25
Hong Kong Dollar	-	-	176	176
Vietnam Dong	-	-	1,432	1,432
	18,927	**96**	**4,107**	**23,130**
Cash and bank balances				
United States Dollar	7,838	64	-	7,902
Singapore Dollar	71	-	264	335
Hong Kong Dollar	-	-	370	370
Vietnam Dong	-	-	246	246
	7,909	**64**	**880**	**8,853**
Borrowings				
Singapore Dollar	**-**	**-**	**405**	**405**
Payables				
Ringgit Malaysia	-	-	386	386
United States Dollar	4,844	2,141	-	6,985
Singapore Dollar	71	-	3,118	3,189
Vietnam Dong	-	-	680	680
Euro	5	-	-	5
	4,920	**2,141**	**4,184**	**11,245**

36. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Foreign exchange risk *(cont'd)*

	Functional currency of group companies			
	Ringgit Malaysia RM'000	Indonesian Rupiah RM'000	United States Dollar RM'000	Total RM'000
At 31 May 2007				
Receivables				
United States Dollar	20,691	-	-	20,691
Singapore Dollar	882	-	1,691	2,573
Japanese Yen	312	-	-	312
Hong Kong Dollar	-	-	241	241
	21,885	-	1,932	23,817
Cash and bank balances				
United States Dollar	10,359	87	-	10,446
Singapore Dollar	83	-	701	784
Hong Kong Dollar	-	-	106	106
	10,442	87	807	11,336
Payables				
United States Dollar	10,656	1,955	-	12,611
Singapore Dollar	68	-	5,581	5,649
	10,724	1,955	5,581	18,260

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

	Group		Company	
	Maturity Less than 1 year RM'000	Notional amount RM'000	Maturity Less than 1 year RM'000	Notional amount RM'000
At 31 May 2008				
Forward contract used to hedge trade receivables United States Dollar	**6,403**	**6,403**	**6,403**	**6,403**
At 31 May 2007				
Forward contract used to hedge trade receivables United States Dollar	5,111	5,111	4,983	4,983
Forward contract used to hedge future sales United States Dollar	335	335	331	331

36. FINANCIAL INSTRUMENTS (CONT'D)

(iv) Liquidity risk

The Group 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 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 at a reasonable level to its overall debt position.

(v) 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 by 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.

(vi) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except for the following:

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
At 31 May 2008					
Investment in subsidiaries	14	**-**	**-**	**201,117**	**#**
Investment in associates	15	**815**	**#**	**-**	**#**
Non-current unquoted shares	16	**3,580**	**#**	**80**	**#**
Non-current quoted shares	16	**3,809**	**3,790**	**3,809**	**3,790**
Marketable securities	21	**1,137**	**1,137**	**-**	**-**
Hire-purchase and finance lease payables	30	**213**	**213**	**213**	**213**
Forward foreign exchange contracts	36(iii)	**-**	**6,479**	**-**	**6,479**
At 31 May 2007					
Investment in subsidiaries	14	-	-	201,117	#
Investment in associates	15	693	#	-	#
Non-current unquoted shares	16	3,580	#	80	#
Non-current quoted shares	16	3,809	2,842	3,809	2,842
Marketable securities	21	1,330	1,330	-	-
Hire-purchase and finance lease payables	30	356	364	346	353
Forward foreign exchange contracts	36(iii)	-	4,951	-	4,893

It is not practical to estimate the fair value of the Group's non-current unquoted investments due to the absence of quoted market prices and inability to estimate fair value without incurring excessive costs. However, the Group believes that the carrying amount represents recoverable values.

36. FINANCIAL INSTRUMENTS (CONT'D)

(vi) Fair values *(cont'd)*

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

(i) Non-current quoted shares

The fair value of non-current quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(ii) Hire purchase and finance lease creditors

The fair value of hire purchase payables is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

(iii) Forward foreign exchange contracts

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the balance sheet date applied to a contract of similar quantum and maturity profile.

37. SIGNIFICANT EVENTS DURING THE YEAR AND SUBSEQUENT TO THE BALANCE SHEET DATE

(a) Proposed Rights Issue with Warrants

On 30 April 2007, the Board of Directors ("Board") announced that the Company is proposing to undertake a Proposed Renounceable Rights Issue of 24,292,232 New Ordinary Shares Of RM1.00 Each In the Company ("Rights Shares") Together With 48,584,464 Free Detachable New Warrants ("Warrants") On The Basis Of One (1) Rights Share And Two (2) Warrants For Every Eight (8) Existing Ordinary Shares Of RM1.00 Each In the Company ("Proposed Rights Issue with Warrants").

The Proposed Rights Issue with Warrants was approved by the Securities Commission, Bank Negara Malaysia and the Company's shareholders.

On 22 November 2007, the Board announced that the Company has decided to abort the Proposed Rights Issue With Warrants.

(b) Expressions of interest

On 21 November 2007, Nylex has appointed ECM Libra Investment Bank Berhad (formerly known as ECM Libra Avenue Securities Berhad) ("ECM Libra") as its financial advisors to evaluate the merits of the expressions of interest it has received for its chemical business and to assess the feasibility and structure of listing its chemical business on the Singapore Exchange Securities Trading Limited.

On 10 March 2008, Nylex together with Ancom Berhad (the immediate holding company of Nylex) ("Ancom") and Mr. Lim Hock Heng (collectively, "the Parties"), entered into a legally non-binding term sheet ("Term Sheet") with Brenntag Holding GmbH ("Brenntag").

37. SIGNIFICANT EVENTS DURING THE YEAR AND SUBSEQUENT TO THE BALANCE SHEET DATE (CONT'D)

(b) Expressions of interest *(cont'd)*

In the Term Sheet, Brenntag proposes to acquire 30% equity interest in Perusahaan Kimia Gemilang Sdn Bhd ("PKG") and CKG Chemicals Pte Ltd ("CKG") from Nylex for cash offers of RM64.1 million and USD9.6 million (or an equivalent of about RM30.7 million) respectively and 30% equity interest in Synergy Trans-Link Sdn Bhd ("STL") from Ancom and Mr. Lim Hock Heng for a cash offer of RM23.0 million or alternatively business and related assets of the foregoing three companies (the "Proposal"). In addition, Brenntag also proposes that it be given an option to acquire the remaining 70% equity interest of PKG, CKG and STL after the completion of the initial 30% and such option may be exercised no later than 31 December 2009 (the "Option"). The price for the remaining 70% stakes shall be determined at a later stage, but such price is subject to a minimum of RM240.4 million for PKG, USD34.4 million (or an equivalent of about RM110.1 million) for CKG and RM83.0 million for STL.

Pursuant to the Term Sheet, the Parties and Brenntag have agreed to an exclusive period of 90 days up to 8 June 2008 ("Exclusivity Period") to negotiate and sign a definitive agreement and undertake due diligence. During this period, the Parties have agreed to customary no-shop and no-talk arrangements. In the event the Exclusivity Period expires but the above process is moving forward to the reasonable satisfaction of all parties, the parties will grant a 30-day extension of the Exclusivity Period.

Except for the Exclusivity Period, the Term Sheet is not binding on the parties.

On 6 June 2008, the Parties entered into an agreement with Brenntag to extend the exclusivity period stated in the Term Sheet to 31 July 2008.

Following the expiry of the exclusivity period on 31 July 2008, whereby no definitive agreement has been finalised and agreed, Nylex has announced that the Parties have decided not to extend the exclusivity period.

From 1 August 2008, while the Parties may continue to discuss with Brenntag, it will be on a non-exclusive basis and all the Parties will be free to enter into discussions with other parties.

38. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of company	Country of incorporation	Effective % ownership in 2008 %	2007 %	Principal activities
Direct subsidiaries				
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	Dormant.
Nylex Polymer Marketing Sdn Bhd	Malaysia	**100**	100	Trading of polyurethane ("PU") and polyvinyl chloride ("PVC") synthetic leather, films and sheets.

38. SUBSIDIARIES (CONT'D)

Name of company	Country of incorporation	Effective % ownership in 2008 %	2007 %	Principal activities
Direct subsidiaries *(cont'd)*				
* PT Nylex Indonesia	Indonesia	**100**	100	Manufacture, marketing and distribution of PU and PVC leathercloth.
Perusahaan Kimia Gemilang Sdn Bhd	Malaysia	**100**	100	Trading in petrochemicals and industrial chemicals.
Fermpro Sdn Bhd	Malaysia	**100**	100	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products.
Kumpulan Kesuma Sdn Bhd	Malaysia	**100**	100	Manufacture and marketing of sealants and adhesive products.
Wedon Sdn Bhd	Malaysia	**100**	100	Marketing of sealants and adhesive products.
Nylex Specialty Chemicals Sdn Bhd	Malaysia	**100**	100	Manufacture and sale of phosphoric acid.
Speciality Phosphates (Malaysia) Sdn Bhd	Malaysia	**51**	51	Manufacture and sale of chemicals.
CKG Chemicals Pte Ltd	Singapore	**100**	100	Trading and distribution of industrial chemicals and gasoline blending components.
Indirect subsidiaries				
* PT Indomalay Ekatana Roofing Industries	Indonesia	**49**	49	Manufacture and marketing of metal roofing tiles.
* Dynamic Chemical Trading Pte Ltd	Singapore	**90**	90	Trading in industrial chemicals.
* Perusahaan Kimia Gemilang (Vietnam) Company Ltd.	Vietnam	**51**	-	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals.
** PT PKG Lautan Indonesia	Indonesia	**51**	-	Importation and distribution of industrial chemicals

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

** This subsidiary has yet to begin operations.

39. ASSOCIATES

Details of associates are as follows:

Name of company	Country of incorporation	Effective % ownership in 2008 %	2007 %	Principal activities
Ancom Kimia Sdn Bhd	Malaysia	**30**	30	Distribution of petrochemicals and industrial chemicals.

40. 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 polyurethane and vinyl-coated fabrics, calendered film and sheeting, and other plastic products, including geotextiles and prefabricated sub-soil drainage systems, and rotomoulded plastic products.
Industrial chemical	-	Trading, manufacture and sale of petrochemical and industrial chemical products.
Building products	-	Manufacture and marketing of roofing products.

2008	**Polymer RM'000**	**Industrial Chemical RM'000**	**Building Products RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Revenue					
External sales	133,742	1,599,566	8,754	-	1,742,062
Inter-segment sales	19	668	-	(687)	-
Total revenue	133,761	1,600,234	8,754	(687)	1,742,062
Results					
Segment results	5,949	67,700	354	-	74,003
Unallocated corporate income					(6,245)
Profit from operations					67,758
Finance cost					(9,612)
Share of results of associates					123
Profit before taxation					58,269
Taxation					(10,789)
Profit after taxation					47,480
Minority interests					283
Net profit for the year					47,763

40. SEGMENT INFORMATION (CONT'D)

(a) Business segments *(cont'd)*

2008	Polymer RM'000	Industrial Chemical RM'000	Building Products RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Segment assets	125,033	466,210	11,469	(88,577)	514,135
Investment in associates	-	815	-	-	815
Goodwill on consolidation					88,464
Unallocated corporate assets					65,822
Consolidated total assets					669,236
Liabilities					
Segment liabilities	50,365	344,885	1,510	(88,577)	308,183
Unallocated corporate liabilities					134,244
Consolidated total liabilities					442,427
Other information					
Capital expenditure	7,916	3,972	73	-	11,961
Unallocated corporate capital expenditure					10
Depreciation and amortisation	5,865	1,801	89	-	7,755
Unallocated corporate depreciation and amortisation					24
Impairment losses	-	193	-	-	193
Non-cash expenses other than depreciation, amortisation and impairment losses	2,670	1,711	28	-	4,409
Unallocated corporate non-cash expenses other than depreciation, amortisation and impairment losses					(129)
2007					
Revenue					
External sales	123,016	1,370,307	9,365	-	1,502,688
Inter-segment sales	3	686	-	(689)	-
Total revenue	123,019	1,370,993	9,365	(689)	1,502,688

40. SEGMENT INFORMATION (CONT'D)

(a) Business segments *(cont'd)*

	Polymer RM'000	Industrial Chemical RM'000	Building Products RM'000	Eliminations RM'000	Consolidated RM'000
2007					
Results					
Segment results	7,195	44,951	550	-	52,696
Unallocated corporate income					3,266
Profit from operations					55,962
Finance cost					(9,897)
Share of results of associates					(79)
Profit before taxation					45,986
Taxation					(7,029)
Profit after taxation					38,957
Minority interests					301
Net profit for the year					39,258
Assets					
Segment assets	115,156	386,207	11,298	(28,694)	483,967
Investment in associates	-	693	-	-	693
Goodwill on consolidation					91,330
Unallocated corporate assets					31,182
Consolidated total assets					607,172
Liabilities					
Segment liabilities	37,877	284,847	1,484	(28,694)	295,514
Unallocated corporate liabilities					103,362
Consolidated total liabilities					398,876
Other information					
Capital expenditure	5,205	1,033	172	-	6,410
Unallocated corporate capital expenditure					11
Depreciation and amortisation	7,115	1,780	75	-	8,970
Unallocated corporate depreciation and amortisation					24
Write-back of impairment	-	(204)	-	-	(204)
Non-cash expenses other than depreciation, amortisation and impairment losses	293	(2,032)	221	-	(1,518)
Unallocated corporate non-cash expenses other than depreciation, amortisation and impairment losses					191

40. SEGMENT INFORMATION (CONT'D)

(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)	
	2008	2007	**2008**	2007	**2008**	2007
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Malaysia	**522,158**	550,721	**253,078**	273,713	**8,330**	5,763
Singapore	**736,827**	562,887	**234,731**	191,994	**78**	149
Philippines	**111,148**	72,214	**-**	-	**-**	-
China	**82,019**	57,534	**-**	-	**-**	-
Vietnam	**55,842**	45,799	**6,594**	-	**3,309**	-
Australia	**41,027**	30,141	**-**	-	**-**	-
Indonesia	**40,065**	43,865	**19,732**	18,260	**254**	509
Taiwan	**32,121**	2,083	**-**	-	**-**	-
Sri Lanka	**31,317**	22,128	**-**	-	**-**	-
Korea	**24,693**	174	**-**	-	**-**	-
Thailand	**17,399**	56,196	**-**	-	**-**	-
Hong Kong	**9,238**	13,882	**-**	-	**-**	-
Bangladesh	**6,818**	11,850	**-**	-	**-**	-
Africa	**6,513**	6,015	**-**	-	**-**	-
Middle East	**6,374**	5,476	**-**	-	**-**	-
Pakistan	**4,195**	4,293	**-**	-	**-**	-
Japan	**3,803**	7,914	**-**	-	**-**	-
Other Asian countries	**4,596**	4,109	**-**	-	**-**	-
Other countries	**5,909**	5,407	**-**	-	**-**	-
Consolidated	**1,742,062**	1,502,688	**514,135**	483,967	**11,971**	6,421

Additional Information

in compliance with Part A, Appendix 9C of the Listing Requirements of Bursa Malaysia Securities Berhad

DISCLOSURE ON THE REMUNERATION OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MAY 2008

The remuneration of directors for the financial year ended 31 May 2008 is set out in Note 8 to the financial statements, on page 55 of this Annual Report.

UTILISATION OF PROCEEDS

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

SHARE BUY-BACK

The details of the Company's shares repurchased, resold, cancelled or retained as treasury shares are disclosed in the Directors' Report on page 27 and Note 28 to the financial statements on page 73 of this Annual Report.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY 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 RM19,500 was paid to the external auditors for the financial year ended 31 May 2008 in respect of other services rendered.

PROFIT ESTIMATE, FORECAST OR PROJECTION

There is no material variance between the audited results for the financial year ended 31 May 2008 and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projection for the financial year.

PROFIT GUARANTEES

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

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts, of the Company and its subsidiaries, not being contracts entered into in the ordinary course of business, which involves directors' and/or major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

REVALUATION OF LANDED PROPERTIES

The Company does not have a revaluation policy on its landed properties. Revaluation will be carried out deemed appropriate by the directors.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

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

Related Party	Nature of transaction	Value of RRPT(RM'000)	Interested directors, major shareholders and connected person
Ancom-Chemquest Terminals Sdn Bhd	Storage rental, handling and pipeline charges	2,392	Ancom Berhad Dato' Siew Ka Wei Dato' Johari Razak
Pengangkutan Cogent Sdn Bhd	Transport charges	1,604	
Transmare-Chemie (Singapore) Pte Ltd	Sales of industrial chemicals	17,538	
	Purchases of industrial chemicals	Nil	

List Of Properties

as at 31 May 2008

Location / Address	Title	Age of Building (years)	Land Area (sq.m)	Existing use	Date of Acquisition / Revaluation	Tenure	Net Book Value as at 31.05.08 (RM'000)
a) **Proprietor: Nylex (Malaysia) Berhad**							
Lot 16, Persiaran Selangor, Section 15 40200 Shah Alam Selangor Darul Ehsan	QT (R) 32	37	29,340	Office building and factory.	26 Nov 1985	Leasehold, expiring on 19 July 2070.*	16,641
	HS (D) 209	28	12,140	Warehouse, factory and vacant land.	26 Nov 1985	Leasehold, expiring on 10 February 2075.*	
b) **Proprietor: Perusahaan Kimia Gemilang Sdn Bhd**							
PT 4228 Mukim of Kapar Daerah Klang Selangor Darul Ehsan	HS (M) 6259	17	28,491	Office building and factory.	01 July 2004	Leasehold, expiring on 09 June 2086.	6,653
Lot 1506, 1507, 1533 and 1534 Mukim 12 Seberang Perai Selatan Pulau Pinang	HS (D) 27613 HS (D) 27614 HS (D) 27640 HS (D) 27641	14	1,208	2 units $1^1/_2$ storey semi-detached factories.	01 July 2004	Freehold.	570
c) **Proprietor: Fermpro Sdn Bhd**							
Lot 1113 Mukim of Chuping Perlis Indera Kayangan	HS (M) 748	20	16,190	Office building and factory.	01 July 2004	Leasehold, expiring on 22 November 2046.	1,975
Plot 3 & 4, PT 924A Mukim of Chuping Perlis Indera Kayangan	HS (M) 1804		24,280	Spent molasses treatment pond.	01 July 2004	Leasehold, expiring on 07 February 2059.	1,109
PT 2978 Mukim of Chuping Perlis Indera Kayangan	HS (M) 1803	6	8,100	Office building and factory.	01 July 2004	Leasehold, expiring on 07 February 2059.	466
d) **Proprietor: Nylex Specialty Chemicals Sdn Bhd**							
Lot 593 Persiaran Raja Lumu Pandamaran Industrial Estate Port Klang Selangor Darul Ehsan	HS (M) 5507	33	8,093	Office building and factory.	01 March 2005	Leasehold, expiring on 01 September 2074.	2,394
Lot 624 Persiaran Raja Lumu Pandamaran Industrial Estate Port Klang Selangor Darul Ehsan	HS (M) 6588	31	8,298	Office building and warehouse.	01 March 2005	Leasehold, expiring on 19 February 2076.	3,693

* On 31 May 2007, the Company obtained approval from the relevant authorities to extend the lease period to 99 years.

The above buildings are in good condition.

Analysis of Shareholdings

as at 30 September 2008

No. Of Holders Of Each Class Of Equity Securities

Class of securities	:	Ordinary shares of RM1.00 each
Total no. issued	:	194,337,860
No. of holders	:	5,632
Voting rights	:	One vote per ordinary share on a poll
		One vote per shareholder on a show of hands

Distribution Schedule

Holdings	No. of holders	Total Holdings	%
Less than 100	87	3,489	0.00
100 to 1,000	2,704	1,924,271	1.09
1,001 to 10,000	2,329	8,612,659	4.88
10,001 to 100,000	444	13,724,375	7.77
100,001 to less than 5% of issued shares	64	35,576,180	20.15
5% and above of issued shares	4	116,747,086	66.11
	5,632	176,588,060	100.00
Treasury Shares	-	17,749,800	-
	5,632	194,337,860	100.00

Substantial Holders

	Direct		Indirect	
	No. of shares	%	No. of shares	%
1. Dato' Siew Ka Wei	-	-	109,031,518 (1)	61.74
2. Ancom Berhad	68,283,232	38.67	37,357,986 (2)	21.16
3. Rhodemark Development Sdn Bhd	37,357,986	21.16	-	-
4. Eminent East Limited	11,105,868	6.29	-	-
5. Prime Enterprise II, L.P.	-	-	11,105,868 (3)	6.29
6. Asian Corporate Finance Fund, L.P.	-	-	11,105,868 (3)	6.29

Note :

1 Deemed interested through his direct and indirect interest in Ancom Berhad and Siew Nim Chee & Sons Sendirian Berhad.

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 its direct interest in Eminent East Limited pursuant to Section 6A of the Companies Act, 1965.

Directors' Holdings

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Johari Razak	75,000	0.04	-	-
Dato' Siew Ka Wei	-	-	109,031,518 (1)	61.74

Note:

1 Deemed interested through his direct and indirect interest in Ancom Berhad and Siew Nim Chee & Sons Sendirian Berhad.

Thirty Largest Shareholders
(Without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of shares	%
1.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ancom Berhad	46,960,000	26.59
2.	Rhodemark Development Sdn Bhd	37,357,986	21.16
3.	Ancom Berhad	21,323,232	12.07
4.	Mayban Nominees (Asing) Sdn Bhd DBS Bank for Eminent East Limited (280051)	11,105,868	6.29
5.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siew Nim Chee & Sons Sendirian Berhad	3,390,300	1.92
6.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank NA, Singapore (Julius Baer)	3,187,950	1.80
7.	Malaysian Trustees Berhad PBS Office Supplies Holding Sdn Bhd	2,200,000	1.25
8.	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Ng Kok Hin	2,072,600	1.17
9.	Employees Provident Fund Board	1,802,500	1.02
10.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Grace Yeoh Cheng Geok	1,710,000	0.97
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Grace Yeoh Cheng Geok (MM1166)	1,652,100	0.94
12.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	1,415,050	0.80
13.	ECML Nominees (Asing) Sdn Bhd Plato Capital Investment Fund	1,184,450	0.67
14.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Equity Trust (3175)	1,028,400	0.58
15.	Terengganu Incorporated Sdn Bhd	1,008,500	0.57
16.	Cheung Kwong Kwan	1,000,000	0.57
17.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Ng Kok Hin	960,600	0.54
18.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	551,000	0.31
19.	Nor Ashikin Binti Khamis	540,000	0.31
20.	Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional Permodalan Nasional Berhad	538,000	0.30
21.	ECML Nominees (Tempatan) Sdn Bhd Plato Capital Sdn Bhd for Heah Sieu Lay (Pledged)	500,000	0.28
22.	United Overseas Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Kong Hiok (MKL)	478,000	0.27
23.	Gan Kong Hiok	461,700	0.26
24.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chay Yew Meng (CEB)	435,000	0.25
25.	Yeoh Kean Hua	410,000	0.23
26.	CIMSEC Nominees (Tempatan) Sdn Bhd ING Asia Private Bank Ltd for Ng Kok Hin	400,000	0.23
27.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Bee Yong	370,000	0.21
28.	Tan Chee Sing	370,000	0.21
29.	Chu Loch Yee	331,100	0.19
30.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	328,550	0.19
Total		**145,072,886**	**82.15**

NOTICE IS HEREBY GIVEN that the 38th Annual General Meeting of the Company will be held at Ballroom 3, 1st Floor, Sime Darby Convention Centre, 1A Jalan Kiara 1, 60000 Kuala Lumpur on Thursday, 20 November 2008 at 2.30 p.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements, Reports of the Directors and the Auditors thereon for the financial year ended 31 May 2008; **[Please refer Explanatory Note 1]**

2. To approve Directors' fees for the financial year ended 31 May 2008; **[Resolution 1]**

3. To re-elect the following Directors who retire pursuant to Article 109 of the Company's Articles of Association:
   3.1 Dato' Johari Razak **[Resolution 2]**
   3.2 Dato' Mohd Ismail bin Che Rus **[Resolution 3]**

4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration; **[Resolution 4]**

AS SPECIAL BUSINESS
To consider and, if thought fit, pass the following resolution as Special Resolution:

5. Proposed Amendments To The Articles Of Association Of The Company **[Resolution 5]**

   "THAT the proposed amendments to the Articles of Association of the Company as contained in Appendix I of the Company's Circular/Statement to Shareholders dated 29 October 2008 ("Proposed Amendments") be and are hereby approved AND THAT the Directors be and are hereby authorised to do all acts and things and take all steps as may be considered necessary to give full effect to the Proposed Amendments."

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

6. Proposed Issuance Of New Ordinary Shares Of RM1.00 Each Pursuant To Section 132D of the Companies Act, 1965 **[Resolution 6]**

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

7. Proposed Renewal Of The Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature **[Resolution 7]**

"THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature and with those related parties as specified in Section 2.4 of Part B of the Circular/Statement to Shareholders dated 29 October 2008 subject to the following:

(i) that the transactions are in the ordinary course of business, made on arm's length and on normal commercial terms and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders;

(ii) that disclosure is made in the annual report, of the breakdown of the aggregate value of transactions conducted pursuant to the Shareholders' mandate during the financial year based on the type of recurrent transactions made and the related parties involved;

(iii) that the authority conferred by such mandate shall continue to be in force from the date of this resolution, unless revoked or varied by resolution passed by shareholders of the Company at a general meeting, until the conclusion of the next annual general meeting of the Company or after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; and

(iv) that the Directors and/or any one of them be and are hereby authorised to complete and to do all such acts and things, including executing such documents as may be required, to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

8. Proposed Renewal of Shareholders' Mandate on Share Buy-Back **[Resolution 8]**

"THAT subject to the Companies Act, 1965 ("Act"), the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Articles of Association and other applicable laws rules regulations and guidelines of the relevant authorities, the Company be and is hereby authorised to utilise an amount not exceeding the total share premium account and retained profits of the Company to purchase such number of ordinary shares of RM1.00 each in the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the ordinary shares so purchased pursuant to this resolution shall in aggregate with the treasury shares as defined under Section 67A of the Act ("Treasury Shares") then still held by the Company not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company AND THAT such authority shall commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company unless earlier revoked or varied by a resolution of the shareholders of the Company at a general meeting AND THAT the Directors be and are hereby authorised to either cancel the shares so purchased or retain same as Treasury Shares and may distribute the Treasury Shares as share dividend or to sell same in a manner they deem fit and expedient in the best interest of the Company and in accordance with the Act, the applicable laws rules regulations and guidelines of Bursa Securities and any other regulatory authorities for the time being in force."

9. Other Ordinary Business

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

By order of the Board,

CHOO SE ENG
STEPHEN GEH SIM WHYE
Secretaries

Petaling Jaya
29 October 2008

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company.
2. In the case of a corporate shareholder, the instrument appointing a proxy shall be under its Common Seal or its attorney.
3. A member shall be entitled to appoint not more than two (2) proxies pursuant to Section 149(1)(c) of the Companies Act, 1965. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Unit C508, Block C, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.

EXPLANATORY NOTES

1. **Item 1 of the Agenda**
   This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval by the Shareholders for the audited financial statements.

2. **Item 5 of the Agenda**
   Resolution 5 proposed under item 5 of the Agenda, if passed, will give the Directors authority to amend the Company's Articles of Association to be in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad and the prevailing statutory and regulatory requirements.

3. **Item 6 of the Agenda**
   Resolution 6 proposed under item 6 of the Agenda, if passed, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the Shareholders at a general meeting, expire at the next annual general meeting.

4. **Item 7 of the Agenda**
   Resolution 7 proposed under item 7 of the Agenda, if passed, will authorise the Company and its subsidiaries to enter into recurring transactions of a revenue or trading nature with its related parties as defined in the Listing Requirements of Bursa Malaysia Securities Berhad. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the Shareholders at a general meeting, expire at the next annual general meeting.

5. **Item 8 of the Agenda**
   Resolution 8 proposed under item 8 of the Agenda, if passed, will enable the Company to purchase and/or hold up to 10% of its own shares. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the Shareholders at a general meeting, expire at the next annual general meeting.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Further details of the Directors standing for election as required under Appendix 8A of the Listing Requirements of Bursa Malaysia Securities Berhad can be found in pages 6 to 7 of the Company's Annual Report 2008.

NYLEX (MALAYSIA) BERHAD
(9378-T) Incorporated in Malaysia

Proxy Form

CDS A/C No.
No. of shares held

I/We ____
(Full Name in Block Letters)

of ____
(Full Address)

being (a) member(s) of NYLEX (MALAYSIA) BERHAD, hereby appoint ____

____
(Full Name In Block Letters)

of ____ or
(Full Address)

____
(Full Name In Block Letters)

of ____ or
(Full Address)

failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and to vote for *me/us on *my/our behalf at the 38th Annual General Meeting of the Company to be held at Ballroom 3, 1st Floor, Sime Darby Convention Centre, 1A Jalan Kiara 1, 60000 Kuala Lumpur on Thursday, 20 November 2008, at 2.30 p.m. or any adjournment thereof and to vote as indicated below:

Item	Agenda	Resolution	For	Against
1.	To receive the audited financial statements and reports thereon.			
2.	To approve the payment of Directors' fees.	1		
3.	To re-elect the following Directors who retire pursuant to Article 109 of the Company's Articles of Association:			
	3.1 Dato' Johari Razak	2		
	3.2 Dato' Mohd Ismail bin Che Rus	3		
4.	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.	4		
5.	To approve the proposed amendments to the Articles of Association of the Company.	5		
6.	To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965.	6		
7.	To approve the renewal of recurring related party transaction mandate.	7		
8.	To approve the renewal of share buy-back mandate.	8		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.)

Dated this .... day of 2008

Telephone no.
during office hours : ....

....
[Signature / Common Seal of shareholder(s)]
[*Delete if not applicable]

Notes:
1. *A member entitled to attend and vote is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company.*
2. *In the case of a corporate shareholder, the instrument appointing a proxy shall be under its Common Seal or its attorney.*
3. *A member shall be entitled to appoint not more than two (2) proxies pursuant to Section 149(1)(c) of the Companies Act, 1965. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Unit C508, Block C, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.*

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AFFIX STAMP

NYLEX (MALAYSIA) BERHAD
(Company No. : 9378-T)

Registered Office :
Unit C508, Block C, Kelana Square
Jalan SS7/26, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Then fold here

www.nylex.com