ANCOM BERHAD

(Company No. 8440-M)
Incorporated in Malaysia

TOGETHER

WE CAN MAKE A DIFFERENCE

ANNUAL REPORT 2016

Agricultural and Industrial Chemicals

Manufacturing and sale of agricultural and industrial chemical products.

Logistic

Ship-owning, ship-operating, transportation, container haulage, bulk cargo handling, chemicals warehousing and related services.

Polymer

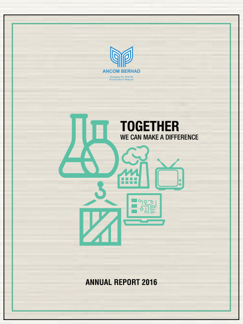
Manufacturing and marketing of polymer products.

Media

Provision of out-of-home advertising media services.

Information Technology

Provision of information technology services and sale of computer hardware and software.



COVER RATIONALE

Our commitments are simple. Yet, they result in a supply of the highest quality products and services to our customers. They provide a safe and healthy workplace for our employees and they contribute to the quality of life in the communities in which we operate in. These commitments are made possible through our dedicated people, consistent products, continued protection of the environment and ongoing investments in new product development, quality control systems and safe, modern and energy-efficient production facilities.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Johari Razak
(Non-Independent Non-Executive Chairman)

Dato' (Dr) Siew Ka Wei
(Group Managing Director)

Tan Sri Dato' Dr Lin See Yan
(Independent Non-Executive Director)

Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid
(Non-Independent Non-Executive Director)

Tan Sri Dato' Seri Abdull Hamid Bin Embong
(Independent Non-Executive Director)

Chan Thye Seng
(Non-Independent Non-Executive Director)

Edmond Cheah Swee Leng
(Independent Non-Executive Director)

Lim Hock Chye
(Independent Non-Executive Director)

AUDIT COMMITTEE

Edmond Cheah Swee Leng *(Chairman)*
Dato' Johari Razak
Lim Hock Chye

REMUNERATION & NOMINATION COMMITTEE

Tan Sri Dato' Dr Lin See Yan *(Chairman)*
Edmond Cheah Swee Leng
Lim Hock Chye

COMPANY SECRETARY

Wong Wai Foong (MAICSA 7001358)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : (603) 2783 9191
Fax : (603) 2783 9111

BUSINESS ADDRESS

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Office:
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel : (603) 2783 9299
Fax : (603) 2783 9222

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

AUDITORS

BDO
Chartered Accountants

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
- Industrial Products Sector

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
CIMB Bank Berhad
AmBank Malaysia Berhad

SOLICITORS

Shearn Delamore & Co

DOMICILE

Malaysia

FIVE-YEAR HIGHLIGHTS

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Sales	1,509,312	1,552,476	1,864,145	2,032,564	1,705,204
Profit before tax	17,222	29,727	43,777	4,248	10,207
Profit/(Loss) after tax	2,342	5,261	24,635	(12,533)	404
Effective percentage rate of tax - %	86	82	44	>100	96
Net (Loss)/Earnings for Ancom shareholders	(6,990)	2,166	9,566	(19,906)	(9,014)
Assets Employed					
Property, plant and equipment	235,551	228,382	191,487	228,418	231,537
Investments	4,086	12,100	4,323	4,389	6,693
Other non-current assets	127,429	109,559	106,493	124,473	131,829
Current assets	545,716	574,516	585,829	613,882	642,113
Total assets	912,782	924,557	888,132	971,162	1,012,172
Financed by					
Share capital	218,956	218,956	218,956	218,956	218,956
Reserves	65,906	66,814	61,931	54,153	81,994
Less: Treasury shares, at cost	(2,377)	(2,127)	(2,108)	(2,056)	(2,281)
Ancom shareholders' interest	282,485	283,643	278,779	271,053	298,669
Non-controlling interests	159,013	138,318	142,352	131,078	122,691
Total equity	441,498	421,961	421,131	402,131	421,360
Non-current liabilities	30,235	36,320	22,679	30,903	37,451
Current liabilities	441,049	466,276	444,322	538,128	553,361
Total funds employed	912,782	924,557	888,132	971,162	1,012,172
Shareholders' Interests					
(Loss)/Earnings per share - sen	(3.24)	1.00	4.42	(9.22)	(4.17)
Gross dividend per share - sen	-	-	1.00	-	-
Net assets per share attributable to Ancom shareholders - RM	1.29	1.30	1.27	1.24	1.36
Others					
Depreciation & amortisation	19,654	19,008	22,416	26,168	26,857
Interest expense	13,038	11,032	12,605	14,405	13,868

LIST OF PRINCIPAL OFFICES

ANCOM BERHAD - CORPORATE OFFICE

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

ANCOM-CHEMQUEST TERMINALS SDN BHD

Jeti Petrokimia, Pelabuhan Barat
42920 Pulau Indah, Port Klang
Selangor Darul Ehsan
Malaysia
Tel : (603) 3101 1372
Fax : (603) 3101 1279

ANCOM CROP CARE SDN BHD / TIMBER PRESERVATIVES SDN BHD

No. 31 Jalan Tukul P15/P, Section 15
40200 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : (603) 5519 4022
Fax : (603) 5510 3888

ANCOM LOGISTICS BERHAD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

CKG CHEMICALS PTE LTD

133, New Bridge Road
#25-02, Chinatown Point
Singapore 059413
Tel : (65) 6319 4680
Fax : (65) 6319 4699

DYNAMIC CHEMICAL PTE LTD

3 International Business Park
#03-04 Nordic European Centre
Singapore 609927
Tel : (65) 6224 4142
Fax : (65) 6224 6460

FERMPRO SDN BHD

302, Blok A
Pusat Dagangan Phileo Damansara I
No. 9 Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

GENOVASI MALAYSIA SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 0628
Fax : (603) 7495 0793

IENTERPRISE ONLINE SDN BHD

Unit 1003 & 1005, Blok B
Pusat Dagangan Phileo Damansara II
No. 15 Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7665 1988
Fax : (603) 7665 1638

KUMPULAN KESUMA SDN BHD / WEDON SDN BHD

No. 6 Lorong SS13/6A
Subang Jaya Industrial Estate
47500 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 5633 6229
Fax : (603) 5634 9915

MAGIQADS SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 3338
Fax : (603) 7495 3339

MERU UTAMA SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 3333

List of Principal Offices

NYLEX (MALAYSIA) BERHAD / NYLEX POLYMER MARKETING SDN BHD

Lot 16, Persiaran Selangor, Section 15
40200 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : (603) 5519 1706
Fax : (603) 5510 0008

NYLEX SPECIALTY CHEMICALS SDN BHD / SPECIALITY PHOSPHATES (MALAYSIA) SDN BHD

Lot 593 & 624, Persiaran Raja Lumu
Kawasan Perusahaan Pandamaran
42000 Port Klang
Selangor Darul Ehsan
Malaysia
Tel : (603) 3168 8282
Fax : (603) 3168 5711

PENGANGKUTAN COGENT SDN BHD

PTD 149227, Jalan Berjaya 7
Taman Perindustrian Berjaya
81200 Kempas Lama
Johor Darul Takzim
Malaysia
Tel : (607) 558 3131
Fax : (607) 558 1313

PERUSAHAAN KIMIA GEMILANG SDN BHD

302, Blok A
Pusat Dagangan Phileo Damansara I
No. 9 Jalan 16/11 Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

FOCUS MEDIA NETWORK SDN BHD / POINT CAST (M) SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 1117

PT NYLEX INDONESIA

Desa Sumengko Km31 Kecamatan
Wringinanom, Kabupaten Gresik
East Java, 61176 Indonesia
Tel : (6221) 898 2626
Fax : (6221) 898 2623

REDBERRY SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1188
Fax : (603) 7495 1106

REDBERRY CONTACT CENTER SDN BHD

Level 14, Menara Aik Hua
6 Changkat Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel : (603) 2718 4222
Fax : (603) 2031 2028

REDBERRY OUTDOORS SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1155
Fax : (603) 7495 1134

TWINSTAR SYNERGY SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 5000
Fax : (603) 7495 5088

WHEEL SPORT MANAGEMENT SDN BHD

No. 2A, Jalan 13/2, Sek 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7495 1190
Fax : (603) 7495 1191

CORPORATE STRUCTURE

As at 31 May 2016

ANCOM BERHAD

- 100% Rhodemark Development Sdn Bhd
- 100% Ancom Crop Care Sdn Bhd
  - 100% Ancom Bioscience Sdn Bhd
  - 100% Timber Preservatives Sdn Bhd
  - 90% Entopest Environmental Services Sdn Bhd
- 100% Ascension Lab Sdn Bhd
- 100% Redberry Sdn Bhd
  - 100% Redberry Mall Sdn Bhd
  - 49% Redberry Media Sdn Bhd
  - 100% Point Cast (M) Sdn Bhd
  - 77% Wheel Sport Management Sdn Bhd
  - 100% Puncak Berlian Sdn Bhd
    - 100% Redberry Contact Center Sdn Bhd
    - 100% Redberry Outdoors Sdn Bhd
    - 83.9% Focus Media Network Sdn Bhd
    - 74.9% Meru Utama Sdn Bhd
  - 40% MagiqAds Sdn Bhd
  - 100% Twinstar Synergy Sdn Bhd
  - 50% Durian FM Sdn Bhd
- 64.3% IEnterprise Online Sdn Bhd
- 60% Genovasi Malaysia Sdn Bhd

- 11.87% — ANCOM LOGISTICS BERHAD
  - 100% Ancom Overseas Ventures Sdn Bhd — 0.03% — ANCOM LOGISTICS BERHAD
  - 100% Synergy Tanker Sdn Bhd — 13.63% — ANCOM LOGISTICS BERHAD
- 19.80% — ANCOM LOGISTICS BERHAD
  - 100% Synergy Trans-Link Sdn Bhd
    - 51% Ancom-ChemQuest Terminals Sdn Bhd
    - 100% Pengangkutan Cogent Sdn Bhd
- 27.61% — NYLEX (MALAYSIA) BERHAD
- 18.1% — NYLEX (MALAYSIA) BERHAD
  - 100% Nylex Polymer Marketing Sdn Bhd
  - 100% PT Nylex Indonesia
  - 100% Perusahaan Kimia Gemilang Sdn Bhd
    - 90% Dynamic Chemical Pte Ltd
    - 100% Perusahaan Kimia Gemilang (Vietnam) Company Ltd
    - 51% PT PKG Lautan Indonesia
    - 60% Ancom Kimia Sdn Bhd
  - 100% Fermpro Sdn Bhd
  - 100% Kumpulan Kesuma Sdn Bhd
  - 100% Wedon Sdn Bhd
  - 100% CKG Chemicals Pte Ltd
  - 100% Nylex Specialty Chemicals Sdn Bhd
  - 51% Speciality Phosphates (Malaysia) Sdn Bhd
  - 60% NYL Logistics Sdn Bhd
  - 100% ALB Marine Sdn Bhd

* Only major companies are shown in the Corporate Structure.

BOARD OF DIRECTORS

DATO' JOHARI RAZAK

Non-Independent Non-Executive Chairman

Malaysian

AGE 61

Dato' Johari was appointed to the Board on 27 November 1992. He was appointed as the Group Managing Director on 2 July 1994 and became the Executive Chairman on 30 July 2003. He was re-designated to his present position on 1 August 2007. He is currently a member of the Audit Committee.

Dato' Johari holds a Bachelor of Laws degree from the University of Kent, United Kingdom and was called to the Bar of England and Wales at Lincoln's Inn in 1976. The following year, he was admitted as an Advocate and Solicitor of the High Court of Malaya. He practised law with Shearn Delamore & Co from 1979 and was a partner of the firm in the Corporate and Commercial Department from 1981 to 1994. He re-joined the firm as a Partner on 1 August 2007 and heads the Competition Law Practice Group of the firm.

Dato' Johari is currently the Chairman of Daiman Development Berhad. He also sits on the Boards of Hong Leong Industries Berhad, Sumatec Resources Berhad and Daiman Golf Berhad.

DATO' (DR) SIEW KA WEI

Group Managing Director

Malaysian

AGE 60

Dato' Siew joined the Board on 23 October 1985 and was appointed as the Deputy Group Managing Director on 17 October 1995. He was appointed as the Group Managing Director on 30 July 2003.

Qualified with a Bachelor of Science (Hons) degree in Chemical Engineering and a Master of Science degree in Operational Research from the Imperial College of Science, Technology and Medicine, London, United Kingdom, Dato' Siew has extensive working experience in the field of petrochemicals locally and internationally for more than 30 years.

Dato' Siew was the Chairman of the Malaysian Chapter of the Young Presidents Organisation ("YPO"), an international grouping of more than 25,000 chief executive officers and leaders of major companies and organisations over the world. He was a director of the International Board of Directors of YPO from 2000 to 2003 during which he was the Chairman of YPO's Global Leadership Congress in Beijing, China. In April 2013, Dato' Siew was conferred an honorary degree in Doctor of Business Administration *honoris causa* by HELP University.

Currently, Dato' Siew is also the Group Managing Director of Nylex (Malaysia) Berhad and the Executive Vice Chairman of Ancom Logistics Berhad, both subsidiaries of the Company. He is also the President of the Imperial College Alumni Association of Malaysia and a Governor of the Board of Governors for Malborough College, Malaysia.

Dato' Siew is a substantial shareholder of the Company.

TAN SRI DATO' DR LIN SEE YAN

Independent Non-Executive Director

Malaysian
AGE 77

Tan Sri Lin was appointed to the Board on 30 October 2000. He is currently the Chairman of the Remuneration and Nomination Committee.

Tan Sri Lin is an independent strategic and financial consultant. He is a British Chartered Scientist and a UK Chartered Statistician. Tan Sri Lin received three degrees from Harvard University, including a PhD in Economics. He is an Eisenhower Fellow and a Fellow of the IMF Institute (Washington DC); Royal Statistical Society (London); Asian Institute of Chartered Bankers; Malaysian Insurance Institute (Hon.); Malaysian Institute of Management and Malaysian Economic Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies, and Pro-Chancellor & Research Professor at Sunway University, Pro-Chancellor of Universiti Teknologi Malaysia, and Professor of Economics (Adjunct) at Universiti Utara Malaysia.

Tan Sri Lin has a long and distinguished history of service with the Government and the private sector. He was Chairman/President and Chief Executive Officer of the Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. Tan Sri Lin continues to serve the public interest, some current appointments include: member of the Prime Minister's Economic Council Working Group, the Competition Appeal Tribunal, and key Steering Committees at the Ministry of Higher Education; Member, Asian Shadow Financial Regulatory Committee; and Governor, Asian Institute of Management, Manila; Board member of Sunway University and Monash University Malaysia; Chairman Emeritus of the Harvard Graduate School Alumni Council at Harvard University in Cambridge (USA); and President of the Harvard Club of Malaysia.

Tan Sri Lin advises and sits on the Boards of a number of publicly listed and private enterprises in Malaysia, Singapore and Indonesia. He is currently a Director of Genting Berhad, Wah Seong Corporation Berhad, Sunway Berhad and Chairman of IGB REIT Management Sdn Bhd (Manager for the IGB Real Estate & Investment Trust). He is also a trustee of the Tun Ismail Ali Foundation (PNB), Malaysian Economic Association Foundation, Prime Minister's Exchange Fellowship Malaysia, Jeffrey Cheah Foundation and Harvard Club of Malaysia Foundation, as well as Mentor Counselor of the LIN Foundation.

TAN SRI IR (DR) MOHAMED AL AMIN ABDUL MAJID

Non-Independent Non-Executive Director

Malaysian

AGE 61

Tan Sri Al Amin was appointed to the Board on 16 June 1997.

Tan Sri Al Amin qualified with a Diploma in Technology from Oxford College of Further Education and holds a degree in Bachelor of Science in Civil Engineering from the University of Aston, Birmingham, United Kingdom from which he was also conferred an Honorary Doctorate degree - Doctor of Science *honoris causa*. He is a professional engineer and is a Corporate Member of Institute of Engineers Malaysia ("IEM").

Tan Sri Al Amin has served Perak State Development Corporation ("PSDC") as a Project Engineer in 1979 and was later appointed as Executive Director of PSDC's subsidiary, Maju Bangun Sdn Bhd, before he started his own business in variety areas such as construction, investment, distributorship, general trading and project management.

Tan Sri Al Amin currently is the Executive Chairman of Nylex (Malaysia) Berhad and Redberry Sdn Bhd, both of which are subsidiaries of the Company, and Country View Berhad. He is also the Chairman of MCIS Insurance Berhad.

Tan Sri Al Amin has been the Chairman of SME Corporation Malaysia (formerly known as Small and Medium Industries Development Corporation), an important Government agency in the development and enhancement of small and medium enterprises in Malaysia under the Ministry of International Trade and Industry, since October 2006. He has been appointed by the Prime Minister as a Council Member of National Information Technology Council of Malaysia, an organisation that strategically manages ICT in the interest of the nation, since October 2010.

TAN SRI DATO' SERI ABDULL HAMID BIN EMBONG

Independent Non-Executive Director

Malaysian

AGE 68

Tan Sri Hamid was appointed to the Board on 1 March 2016.

Tan Sri Hamid finished secondary schooling at the Malay College Kuala Kangsar, Perak. He obtained a Barrister at Law degree at the Lincolns Inn, London and was admitted as an Utter Barrister in 1976.

Tan Sri Hamid served in the Judicial and Legal Service of the government of Malaysia and was appointed to various posts including that of a Magistrate, Deputy Public Prosecutor, Legal Advisor and Senior Federal Counsel with the Customs and Excise Department, the Economic Planning Unit (PM Department), Ministry of Land and Regional Development, Treasury, Ministry of Home Affairs and Legal Advisor to the States of Negeri Sembilan and Pahang.

He was appointed a Judicial Commissioner in 1994 and a High Court Judge in 1996. In 2006, he was elevated to the Court of Appeal and in 2009 to the Federal Court, Malaysia. He retired from the Bench in February 2016.

Currently, Tan Sri Hamid is the Chairman of 7-Eleven Malaysia Holdings Berhad.

CHAN THYE SENG

Non-Independent Non-Executive Director

Malaysian

AGE 59

Thye Seng joined the Board on 19 October 1999.

Thye Seng has 13 years of experience as a practicing lawyer, after having been called to the Bar at Middle Temple in 1980 and the Malaysian Bar in 1992. He graduated from the University College Cardiff, United Kingdom where he obtained his Bachelor of Law (Hons.) degree.

He was previously on the Boards of the Kuala Lumpur Commodities Exchange and Malaysian Futures Clearing Corporation Sdn Bhd. He is currently the Managing Director / Chief Executive Officer of Pacific & Orient Berhad ("P&O"), a substantial shareholder of the Company and its subsidiary, Pacific & Orient Insurance Co. Berhad.

Thye Seng is a substantial shareholder of the Company through his shareholding in P&O.

NOT IN PICTURE

EDMOND CHEAH SWEE LENG

Independent Non-Executive Director

Malaysian

AGE 62

Edmond was appointed to the Board on 30 August 2005 and is currently the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

A Chartered Accountant by profession, Edmond's professional experience has been in the fields of audit, merchant banking, corporate & financial advising, portfolio & investment management, unit trust management and financial planning. He is a member of the Malaysian Institute of Accountants and Association of Chartered Accountants, England & Wales as well as a Certified Financial Planner.

Edmond's career started with a professional accounting firm in London where he was an Audit Manager. He was later the Manager in charge of portfolio investment in a merchant bank in Malaysia and subsequently in charge of the corporate planning and investment division in a public listed company in Malaysia.

He was the Chief Executive Officer / Executive Director and a member of the Investment Committee of Public Mutual Berhad. He was a former Task Force member on Islamic Finance for Labuan International Offshore Financial Centre ("LOFSA"), a former council member and Chairman of the Secretariat of the Federation of Investment Managers Malaysia ("FIMM") and a former member on the Securities Market Consultation Panel of Bursa Malaysia Securities Berhad. Edmond is a founder member and a past President of the Financial Planning Association of Malaysia and a Treasurer of the Society for the Prevention of Cruelty to Animals.

Edmond sits on the Board of Nylex (Malaysia) Berhad and Ancom Logistics Berhad, both of which are subsidiaries of the Company. He is also the Chairman of Adventa Berhad as well as an Investment Committee Member and a Director of Manulife Asset Management Services Berhad.

LIM HOCK CHYE

Independent Non-Executive Director

Malaysian

AGE 61

Hock Chye was appointed to the Board on 1 December 2011 and he serves as a Member of the Audit Committee and the Remuneration and Nomination Committee.

Hock Chye graduated with a LLB (Hons.) degree from the University of London, United Kingdom and holds a Certificate in Legal Practice.

He was formerly a consultant with an organisation promoting good corporate governance and practices in Malaysia. Prior to that, he was a Deputy Editor with the Star Newspaper, where he wrote for the Business Section.

A former panel speaker for Bursatra Sdn Bhd on Continuing Education Programmes for public-listed company directors, Hock Chye has been the Group Director of Strategic Planning & Corporate Affairs, HELP International Corporation Berhad since April 2008.

Hock Chye is a director of Nylex (Malaysia) Berhad and Ancom Logistics Berhad, both of which are subsidiaries of the Company.

Notes :

1. There are no family relationship amongst the Directors and substantial shareholders of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, the Directors do not have any business interest which conflict with their positions in the Company.
3. Other than traffic offences (if any), none of the Director has been convicted of any offence within the past five (5) years and there is no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. Please refer to *Statement on Corporate Governance* of this Annual Report for the Directors' meeting attendance records.
5. Please refer to *Directors' Report* of this Annual Report for the Directors' securities holdings in the Company and its related corporations.

KEY SENIOR MANAGEMENT

DATO' (DR) SIEW KA WEI

Group Managing Director
Age 60, Male, Malaysian

Details of Dato' (Dr) Siew Ka Wei are disclosed in the Director's profile on page 9 of this Annual Report.

TAN SRI IR (DR) MOHAMED AL AMIN ABDUL MAJID

Executive Chairman - Nylex (Malaysia) Berhad ("Nylex") and Redberry Sdn. Bhd.
Age 61, Male, Malaysian

Details of Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid are disclosed in the Director's profile on page 11 of this Annual Report.

LIM CHANG MENG

Chief Financial Officer - Ancom Berhad and Ancom Logistics Berhad
Age 44, Male, Malaysian

Chang Meng began his career as an Auditor with a Big four firm in 1992 until 2000. He was the Audit Manager before leaving the firm. He subsequently joined a construction company and later in a stockbroking company as Finance Manager.

He joined Tamco Corporate Holdings Berhad (former name of Ancom Logistics Berhad ("ALB"), a subsidiary of the Company) in 2005 as the Corporate Accounting Manager. Chang Meng also served as the Head of Corporate Finance at the Company since 2010. In 2011, he was promoted as ALB's Chief Financial Officer, overseeing the financial matters in ALB Group. In 2014, he was promoted as Chief Financial Officer of the Company.

Chang Meng is a member of the Malaysian Institute of Accountants (MIA).

He has no directorship in public listed companies and listed issuers.

MICHELLE CHEN TAI NGOH

Chief Financial Officer - Nylex
Age 49, Female, Malaysian

Michelle joined Nylex in 1995 as Associate Accounts Manager and in the ensuing years, she has held various positions within its Corporate Office. She was appointed Chief Financial Officer of Nylex in 2010.

Prior to joining Nylex, Michelle was attached to one of the international professional service firms.

Michelle is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and also a member of the Malaysian Institute of Accountants (MIA).

She has no directorship in public listed companies and listed issuers.

Key Senior Management

CHOO SE ENG

Company Secretary
Age 55, Male, Malaysian
(Resigned on 12 August 2016)

Se Eng started his career as an Auditor in one of the big four firms in Malaysia in 1981 and qualified as a Chartered Accountant in 1988. During this period, he gained valuable working knowledge in accounting, taxation and secretarial practices.

He has worked in a merchant bank in the Corporate Finance division for 2 years and was with a public listed company as its Corporate Finance Manager for 4 years before joining the Company in 1995 as its Senior Manager, Corporate Planning. He assumed the role of Company Secretary of the Company in 1996 until his resignation in August 2016.

Se Eng is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA).

He has no directorship in public listed companies and listed issuers.

PHILLIP KARUPPIAH

Group Human Resource Director
Age 58, Male, Malaysian

Phillip was appointed as Group Human Resource Director in April 2013.

Philip started his career as a Journalist with the New Straits Times and also has experience in Communications consulting with Burson Marsteller and banking operations at Malayan Banking Berhad.

He was the CEO of Malay Mail Sdn Bhd, publisher of the Malay Mail newspaper, from April 2011 until March 2013. Before taking the helm at Malay Mail, Phillip was with Lexis Nexis, an American multinational company, as CEO of its South East Asia operations. His other stints include Managing Director of Sun Media Sdn Bhd, the publisher of the Sun newspaper and General Manager, Group Human Resources at Phileo Allied Group, a financial services organisation.

Phillip has a Bachelor of Science (Agribusiness) degree from University Putra Malaysia and a Law degree from the University of Wolverhampton, UK.

He has no directorship in public listed companies and listed issuers.

LEE CHEUN WEI

Managing Director - Ancom Crop Care Sdn Bhd
Age 42, Male, Malaysian

Cheun Wei was appointed as the Managing Director of Ancom Crop Care Sdn Bhd, a subsidiary of the Company, heading the group's Agricultural Chemicals Division in July 2014.

He started his career with EPE Power Corporation Berhad, a Transmission and Distribution Engineering company, as Group Accountant in 1997 and was the Chief Financial Officer (CFO) of the EPE Group in 2003. He was the Director of Corporate Finance for Tamco Corporate Holdings Berhad (former name of ALB) from 2005 to 2009. He subsequently joined the Company in 2009 as its Group Chief Financial Officer until 2014.

Cheun Wei holds an MSc in Finance (Distinction) degree from Cass Business School, London. He also holds a BA (Hons) degree in Accounting and Finance from Lancaster University, UK. On both degree, he was awarded full scholarships from joint British Chevening/HSBC and the Renong/UEM Group. He is also a member of the Association of Chartered Certified Accountants (ACCA) and the Malaysian Institute of Accountants (MIA).

He has no directorship in public listed companies and listed issuers.

DATUK WONG SAI WAN

Chief Operating Officer - Media Division
Age 54, Male, Malaysian

Datuk Wong joined Redberry Sdn Bhd, a subsidiary of the Company, in July 2013 as a Director Special Projects and was promoted to Chief Operating Officer in 2015. He now heads the Group's Media Division where he oversees the operations and management of the Group's media business.

Datuk Wong started his journalism career in The Star in 1984 and rose through the ranks from reporter, Bureau Chief (Seremban), Senior News Editor and Executive Editor before leaving The Star in 2013. He was with The Star media group for over 29 years.

During his career in The Star, Datuk Wong covered and wrote on a wide variety of issues and subjects, including the BMf scandal, Nipah Virus outbreak and the return of Hong Kong to China. He also worked for The Star in Hong Kong for two years when the SARs outbreak wrecked havoc. He received widespread acclaim for his coverage on the outbreak and its aftermath, including its economic and social impact on Hong Kong.

Datuk Wong studied law at the Manchester City University.

He has no directorship in public listed companies and listed issuers.

DATO' LEE YEW MENG

Chief Executive Officer / Executive Director - Genovasi Malaysia Sdn Bhd
Age 61, Male, Malaysian

Dato' Lee was appointed as CEO/Executive Director of Genovasi Malaysia Sdn Bhd, a subsidiary of the Company, in January 2016.

He spent his entire 38-year career in Sales & Marketing and Communications, having held positions as General Manager - Marketing in The Star, Chief Marketing Officer in the Sun, COO in Limkokwing Integrated, and Strategic Communications Adviser with Agensi Inovasi Malaysia, a statutory body set up by the Government of Malaysia via AIM Act 2010, with the primary purpose of being the driving force behind Malaysia's push towards establishing an "innovation economy" and the country's aspirations of achieving a high-income nation status.

Dato' Lee is an independent director of Cityneon Holdings Ltd, a member of the Singapore Stock Exchange.

He writes a weekly column (In Perspective) for Malay Mail and Nanyang Business Daily.

Dato' Lee has an Advanced Diploma in Commercial Management from the Institute of Commercial Management (ICM), UK.

He has no other directorship in public listed companies and listed issuers.

SIEW KA KHEONG

Executive Director - IEnterprise Online Sdn Bhd
Age 56, Male, Malaysian

Ka Kheong is the Executive Director of IEnterpise Online Sdn Bhd, a subsidiary of the Company and heading the IT Division. Prior to this, he was the Managing Director of a company involving in IT industry, which he set up since 1982.

Ka Kheong has more than 30 years of experience in the IT industry. His experience spans across industries such as Financial Services, Manufacturing, Distribution and Retail. He is Chairman of a local company certifying many IT professionals in Malaysia for project management (for Project Management Institute, USA).

He obtained his Bachelor of Science in Chemical Engineering degree from University College London, UK.

He has no directorship in public listed companies and listed issuers.

ERIC CHAN HEAN CHIN

Divisional Head - Polymer Division
Age 56, Male, Malaysian

Eric started his career as a Project Engineer in a consulting engineering firm in 1984. He joined Nylex as Marketing/Business Manager in Engineered Polymer segment in 1998. He has held various positions in the Group before promoted to his current position as the Divisional Head - Polymer Division in 2004.

Eric holds a Bachelor of Civil Engineering (Hons) degree from University of Canterbury, Christchurch, New Zealand and a MBA (Executive) from University of Queensland - Mt. Eliza Business School, Melbourne, Australia.

Eric has no directorship in public listed companies and listed issuers.

ROBIN LING SENG CHIONG

Executive Director - Perusahaan Kimia Gemilang Sdn Bhd ("PKG")
Age 46, Male, Malaysian

Robin is currently the Executive Director in PKG, a subsidiary of Nylex, a position he held since joining the group in 2007. Prior to joining PKG, he worked as Asia Pacific Regional Manager for a USA specialty chemicals company for 13 years.

Robin graduated with a Bachelor of Applied Science degree, majoring in Analytical Chemistry from University of Science Malaysia.

He has no directorship in public listed companies and listed issuers.

WILLIAM TAN WEE LIAN

Deputy Managing Director - Fermpro Sdn Bhd, Managing Director - Nylex Specialty Chemical Sdn Bhd
Age 49, Male, Malaysian

William started his career as a Sale Executive in PKG in 1994. In 1997, he was transferred to Fermpro Sdn Bhd, a subsidiary of Nylex, and has held various positions before promoted to his current position as Deputy Managing Director in 2006. In 2005, he was also given additional responsibility to manage Nylex Specialty Chemicals Sdn Bhd, another subsidiary of Nylex, and in 2007, was promoted to his current position as Managing Director of this company.

William graduated from the Institute of Chartered Secretaries and Administrators (ICSA).

He has no directorship in public listed companies and listed issuers.

KONG HWAI MING

Executive Director - CKG Chemicals Pte Ltd ("CKG")
Age 56, Male, Singaporean

Hwai Ming started his career as a technician in Tankfarm and Shipping operations in ESSO Refinary Pte Ltd in 1981. In 1989, he joined Petrochemical Corporation of Singapore Pte Ltd as Operation and Shipping Executive and in 1992, he joined CKG, as Operation Manager and was subsequently promoted to the position of Executive Director. In 2006, Nylex acquired 100% shareholding in CKG and Hwai Ming was retained at the same position until today.

He holds a Diploma in Mechanical Engineering and a Post Diploma in Industrial Management from Singapore Polytechnic.

Hwai Ming has no directorship in public listed companies and listed issuers.

WONG SIUT YIN

Director - Kumpulan Kesuma Sdn Bhd and Wedon Sdn Bhd
Age 48, Female, Malaysian

Siut Yin started her career as Pharmaceutical Sales Executive in Ciba-Geigy (M) Sdn Bhd in July 1991. She joined Kumpulan Kesuma Sdn Bhd, a subsidiary of Nylex, as Techno-Commercial Chemist in December 1991 and was promoted to her current position as the Director in year 1999. She handles the technical, manufacturing and sales aspects of sealants and adhesives, especially to the automotive and construction industries for more than 20 years.

Siut Yin holds a Bachelor of Science in Chemistry (Hons) degree from National University of Malaysia, Malaysia.

Siut Yin has no directorship in public listed companies and listed issuers.

BON KOK MENG

Managing Director - Pengangkutan Cogent Sdn Bhd and Ancom-ChemQuest Terminals Sdn Bhd, Executive Director - NYL Logistics Sdn Bhd
Age 53, Male, Malaysian

Kok Meng was appointed as the Managing Director of Pengangkutan Cogent Sdn Bhd and Ancom-ChemQuest Terminal Sdn Bhd (all subsidiaries of ALB) and Executive Director of NYL Logistics Sdn Bhd (a subsidiary of Nylex) in June 2016.

Prior to this, he was the Managing Director for Yick Loong Transport group of companies for more than 20 years.

Kok Meng holds a Master Degree in Business Administration from the University of Warwick, UK.

Notes:

1. Except for Siew Ka Kheong (who is the brother of Dato' (Dr) Siew Ka Wai), there is no family relationship between the Key Senior Management with any director and/or major shareholder of the Company.
2. Other than certain Related Party Transactions as disclosed in this Annual Report, none of the Key Senior Management has any financial interest in any business arrangement involving the Group.
3. Other than traffic offences (if any), none of the Key Senior Management has been convicted of any offence within the past five (5) years and there is no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S
STATEMENT

DATO'
JOHARI RAZAK
Non-Independent Non-Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 May 2016.

PERFORMANCE

The slowing economy has weighed on the overall performance of the Group. The Group posted a lower revenue of RM1.51 billion for the current financial year ended 31 May 2016 ("FY2016") compared to a revenue of RM1.55 billion in the previous financial year ended 31 May 2015 ("FY2015"). Profit before taxation ("PBT") decreased to RM17.2 million in FY2016 compared to RM29.7 million in FY2015.

REVIEW OF OPERATIONS

The agricultural and industrial chemicals division faced a weak and volatile crude oil and commodity prices in FY2016. As a result, revenue from this division decreased to RM1.24 billion in FY2016 compared to RM1.27 billion in FY2015. Nevertheless, the division managed to report higher segmental profit of RM36.5 million in FY2016 compared to RM27.6 million in FY2015 mainly due to improved margins of its products.

For the current financial year, the Polymer Division posted lower revenue of RM119.5 million compared with RM128.4 million in FY2015. The decline in revenue was mainly attributed to lower contributions from the Indonesian operations and slower demand for our sub-soil drainage products. Despite lower revenue, the division posted a higher segmental profit of RM15.8 million in FY2016 compared to RM14.1 million in FY2015 on improved operational efficiencies and cost savings initiatives.

Our logistics division reported lower revenue of RM21.1 million in FY2016 compared to RM22.8 million in FY2015. This was mainly due lower contributions from the trucking business as competitions remain stiff in an already weak economy. In addition, higher repair and maintenance costs has also affect our profit margins and as a result, the logistics division posted lower segmental profit of RM2.0 million in FY2016 compared to RM3.8 million in FY2015.

The unfavourable market sentiment and a low consumers' confidence have severely affected the advertising industry. In a slow economy, advertising and promotional activities were scaled down by all corporations. The media division posted a segmental loss of RM16.0 million in FY2016 compared to a segmental profit of RM7.5 million in FY2015. While revenue from our Media Division grew marginally to RM116.5 million in FY2016 compared to RM114.8 million, the growth came from the acquisition of Redberry Solutions Sdn Bhd during the year. Excluding this, our revenue in FY2016 was RM109.9 million.

The investment holding division and others incurred an aggregated segmental loss of RM23.4 million in FY2016 compared to RM25.0 million in FY2015. The lower segmental loss is primarily due to lower corporate expenses in the investment holding companies.

PROSPECTS

The key business segments, Agricultural and Industrial Chemical Division and Polymer Division are expecting challenging business environments with continued pressure on profit margins amid oil price and currency volatility. The continued weakness in the domestic economy has affected the advertising industry generally. The Media Division will face pressure on its sales under the prevailing economic conditions.

As there remain uncertainties in the global economic situations, which may have an impact to the Group's businesses, the Board will continue to exercise caution in managing the Group's businesses for the next financial year. The Board will continue to explore ways to improve revenue growth while strengthening its operational and productivity efficiencies.

The Board is of the view that, barring unforeseen circumstances, the financial performance and prospects of the Group will be satisfactory in the next financial year.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to all our shareholders for their support all this while. I would also like to thank all our valued customers, suppliers, bankers, business associates and the regulatory authorities for their continued assistance and co-operation. And lastly, the Board wishes to express its heartfelt gratitude to the management and staff of the Group for their continuous dedication and commitment.

Dato' Johari Razak
Non-Independent Non-Executive Chairman

9 September 2016
Petaling Jaya,
Selangor Darul Ehsan

PERUTUSAN
PENGERUSI

DATO' JOHARI RAZAK
Pengerusi Bukan-Eksekutif

Para Pemegang Saham,

Bagi pihak Lembaga Pengarah, dengan sukacitanya saya ingin membentangkan kepada anda Laporan Tahunan dan Penyata Kewangan Teraudit Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Mei 2016.

PRESTASI

Kelembapan ekonomi telah memberi kesan kepada prestasi keseluruhan Kumpulan. Kumpulan telah mencatat perolehan yang lebih rendah sebanyak RM1.51 bilion bagi tahun kewangan semasa berakhir 31 Mei 2016 ("TK2016") berbanding dengan perolehan sebanyak RM1.55 bilion pada tahun kewangan sebelumnya yang berakhir 31 Mei 2015 ("TK2015"). Keuntungan sebelum cukai ("PBT") merosot kepada RM17.2 juta pada TK2016 berbanding dengan RM29.7 juta pada TK2015.

TINJAUAN OPERASI

Bahagian Kimia Pertanian dan Industri menghadapi harga minyak mentah dan komoditi yang lemah dan tidak menentu pada TK2016. Hasilnya, perolehan daripada bahagian ini merosot kepada RM1.24 bilion pada TK2016 berbanding dengan RM1.27 bilion pada TK2015. Namun, bahagian tersebut berjaya melaporkan keuntungan segmen yang lebih tinggi sebanyak RM36.5 juta pada TK2016 berbanding dengan RM27.6 juta pada TK2015 disebabkan oleh peningkatan margin produk.

Bagi tahun kewangan semasa, Bahagian Polimer mencatat perolehan yang lebih rendah sebanyak RM119.5 juta berbanding dengan RM128.4 juta pada TK2015. Sebahagian besar penurunan perolehan ini disebabkan oleh sumbangan yang kurang daripada operasi-operasi di Indonesia dan permintaan yang lebih rendah bagi produk saliran sub-tanah kami. Walaupun perolehannya lebih rendah, bahagian ini mencatatkan keuntungan segmen yang lebih tinggi sebanyak RM15.8 juta pada TK2016 berbanding dengan RM14.1 juta pada TK2015 kerana peningkatan kecekapan operasi dan inisiatif penjimatan kos.

Bahagian logistik kami melaporkan perolehan yang lebih rendah sebanyak RM21.1 juta pada TK2016 berbanding dengan RM22.8 juta pada TK2015. Penurunan ini disebabkan oleh sumbangan yang kurang daripada perniagaan pengangkutan kerana persaingan kekal sengit dalam ekonomi yang sedia lemah. Tambahan pula, kos pembaikan dan penyelenggaraan yang lebih tinggi juga telah menjejaskan margin keuntungan kami dan hasilnya, bahagian logistik mencatatkan keuntungan segmen yang lebih rendah sebanyak RM2.0 juta pada TK2016 berbanding dengan RM3.8 juta pada TK2015.

Sentimen pasaran yang tidak menguntungkan dan keyakinan pengguna yang rendah telah banyak menjejaskan industri pengiklanan. Aktiviti pengiklanan dan promosi telah dikurangkan oleh semua perbadanan kerana ekonomi yang lembap. Bahagian media mencatatkan kerugian segmen sebanyak RM16.0 juta pada TK2016 berbanding keuntungan segmen sebanyak RM7.5 juta pada TK2015. Sementara perolehan daripada Bahagian Media mencatatkan hanya sedikit peningkatan pada RM116.5 juta dalam TK2016 berbanding dengan RM114.8 juta pada TK2015. Peningkatan tersebut adalah hasil daripada pemerolehan Redberry Solutions Sdn Bhd pada tahun semasa. Tidak termasuk pemerolehan ini, perolehan pada TK2016 adalah RM109.9 juta.

Bahagian pegangan pelaburan dan lain-lain bahagian mengalami kerugian segmen agregat sebanyak RM23.4 juta pada TK2016 berbanding RM25.0 juta pada TK2015. Sebahagian besar kerugian segmen yang rendah disebabkan oleh perbelanjaan korporat yang lebih rendah dalam syarikat-syarikat pegangan pelaburan.

PROSPEK

Bagi segmen perniagaan utama, Bahagian Kimia Pertanian dan Industri serta Bahagian Polimer menjangkakan pasaran yang mencabar dengan tekanan yang berterusan ke atas margin keuntungannya dalam keaadan harga pasaran minyak and mata wang yang tidak menentu. Ekonomi domestik yang berterusan lemah telah menjejaskan industri pengiklanan secara umumnya. Oleh itu, bahagian Media akan menghadapi tekanan atas perolehannya di bawah keadaan ekonomi semasa.

Oleh kerana terdapat ketidaktentuan dalam keadaan ekonomi global, yang mungkin menjejaskan perniagaan-perniagaan Kumpulan, Lembaga Pengarah akan terus berhati-hati dalam menguruskan perniagaan-perniagaan Kumpulan bagi tahun kewangan yang berikutnya. Lembaga Pengarah akan terus meneroka langkah-langkah untuk meningkatkan pertumbuhan perolehan dan mengukuhkan kecekapan operasi dan produktiviti.

Lembaga Pengarah berpendapat bahawa, tanpa mengambil kira keadaan yang tidak dapat dijangka, prestasi kewangan dan prospek Kumpulan akan kekal memuaskan pada tahun kewangan yang berikutnya.

PENGHARGAAN

Bagi Pihak Lembaga Pengarah, saya ingin menyampaikan penghargaan kepada semua pemegang saham atas sokongan yang diberikan selama ini. Saya juga ingin mengucapkan terima kasih kepada semua pelanggan, para pembekal, pihak bank, rakan perniagaan serta pihak penguat kuasa dan kawal selia atas bantuan dan kerjasama yang berterusan. Akhir sekali, kami ingin menyampaikan setinggi-tinggi penghargaan kepada pihak pengurusan dan kakitangan Kumpulan atas dedikasi dan komitmen yang tidak berbelah bahagi.

Dato' Johari Razak
Pengerusi Bukan-Eksekutif

9 September 2016
Petaling Jaya,
Selangor Darul Ehsan

REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

The Group posted a lower revenue of RM1.51 billion for the current financial year ended 31 May 2016 ("FY2016") compared to a revenue of RM1.55 billion in the previous financial year ended 31 May 2015 ("FY2015"). Profit before taxation ("PBT") decreased to RM17.2 million in FY2016 compared to RM29.7 million in FY2015.

Agricultural and Industrial Chemicals Division

Petrochemical prices remained weak amid volatility in crude oil prices. As a result, the division posted revenue of RM1.24 billion in FY2016 compared to RM1.27 billion in FY2015, excluding inter-segment revenue, mainly contributed by lower average selling prices for its industrial chemical products and partially offset by the higher revenue from the agricultural chemical business. Despite lower revenue, the division reported higher segmental profit of RM36.5 million in FY2016 compared to RM27.6 million in FY2015 mainly due to improved margins of its products.

The industrial chemical business recorded lower revenue in FY2016 compared to FY2015, on prevailing lower prices compared to the last financial year. The instability of crude oil prices coupled with the continuous weak demand in China, Europe and US markets affected the business in FY2016. In addition, the volatility of the Malaysian Ringgit and Indonesian Rupiah caused a negative impact to the market demand in Malaysia and Indonesia. Nevertheless, we managed to secure higher sales volume in certain products and this contributed to better profit margins.

In the agricultural chemical business, we posted stronger results on the continuous growth in the domestic and ASEAN markets. The revenue growth in the agricultural chemical business has managed to partially offset the decline in the overall revenue for this segment.

We expect the coming financial year to be more challenging for our industrial chemical business in terms of competition and demand from customers as global economic and financial uncertainties are expected to persist. Demand remains weak and with shale gas production plants running in USA, we anticipate that this will create an over-supply situation in this region and eventually erode our profit margins. There is also a global shift in the agriculture chemical business as we are also facing an over-supplied market plus a more cautious consumption forecast. This will typically translate to pricing pressures for our agricultural chemical products.

On a brighter note, the announcement from the Malaysian government of the intended Biodiesel B10 implementation would be able to increase the volume of solvents in next financial year which would create opportunities for our industrial chemical business. Our agricultural chemical business is also developing new products to strengthen its product range in the longer term.

Polymer Division

FY2016 was an extremely challenging year for the Polymer Division. The implementation of the Goods and Services Tax ("GST") and a weak regional economy have negatively affected the division. Revenue declined to RM119.5 million in FY2016 compared to RM128.4 million in FY2015. Despite lower revenue, the Division recorded higher segmental profit of RM15.8 million in FY2016 compared to RM14.1 million in FY2015.

The revenue from Films and Coated Fabrics ("FCF") products fell in FY2016. The lack of major infrastructure projects has also affected the revenue from Geosynthetic drainage products. In FY2016, the division managed to push for more Rotomould sales for intermediate bulk containers ("IBC"), paper IBC and road barriers. This helped to partially offset the decline in revenue of our FCF and drainage products.

To stay profitable and competitive in this challenging operating environment, the division tightened its inventory management to help increase operational efficiencies. Terms with suppliers are being re-negotiated while management continues to source for cheaper raw materials and reformulated products to realign production costs. Favourable foreign exchange rates have partially improved earnings from exports.

The Indonesian economy has been affected by sluggish global growth. The manufacturing plant in Surabaya, Indonesia experienced a sharp decline in demand for its automotive vinyl as well as furniture vinyl. Its revenue in FY2016 declined by 11.3% compared to FY2015.

Going forward, the management will continue to focus on enhancing customer service and high product quality to support premium prices for our products in the Polymer Division. Our new Calender expansion project in Surabaya plant was completed in FY2016 and the new Calender line was commissioned at the end of 2015. A lot of effort was put in to develop a new range of leathercloth for the new Calender line and to increase marketing activities. New products such as medical vinyl and PU coated fabrics were introduced to expand the product range. Technical collaboration between Shah Alam and Surabaya was active throughout the year to enhance on innovation and quality of our products.

Logistics Division

In FY2016, the revenue posted by the Logistics Division (excluding inter-segmental sales) declined to RM21.1 million compared to RM22.8 million in FY2015. The lower revenue was mainly due to the decrease in contribution from the trucking business due to the competitive business environment. Segmental profit decreased to RM2.0 million in FY2016 from RM3.8 million in FY2015 mainly due to the lower revenue coupled with higher maintenance costs incurred.

Management will continue to focus on cost control measures and increase operational efficiencies in order to improve profitability of the trucking business. While the tank farm business is stable, we are implementing plans to upgrade the facilities to remain competitive.

Information Technology ("IT") Division

The IT Division posted revenue of RM6.5 million (excluding inter-segment sales) in FY2016 compared to RM14.8 million in FY2015. The significant decrease in revenue was mainly due to the partial disposal of interest in MSTi Corporation Sdn Bhd ("MSTi") from 45% to 20% at the end of FY2015. Segmental profit improved to RM2.0 million in FY2016 compared to RM0.5 million in FY2015 mainly due to the one-off gain on costs recovery and disposal of an associate of RM2.1 million.

In FY2016, IT Division has focused in providing IT consultancy services in the private sector which provides better profit margins.

Media Division

The Media Division posted a revenue of RM116.5 million in FY2016 compared to RM114.8 million in FY2015. Revenue in FY2016 includes the revenue of Redberry Solutions Sdn Bhd, which was acquired in FY2016. Excluding this, the revenue would be RM109.9 million. The division posted a segmental loss of RM16.0 million in FY2016 compared to a segmental profit of RM7.5 million in FY2015.

FY2016 has been a very challenging year for the media industry. Unfavourable market sentiment, a weak Malaysian Ringgit and low crude oil prices have affected consumers' confidence. All this resulted in a weak economy and had an immediate negative impact to the Media Division. Revenue across our media platforms, except for cinemas, was very subdued after corporations cut their budgets on their advertising and promotional activities.

Airports experienced the highest drop in advertising activities. Being a premier and niche advertising platform, there were major cutbacks by corporations in airport advertising in FY2016. Advertising in outdoor billboards and buses remained slow throughout FY2016. Nevertheless, our cinema advertising platform was robust in FY2016 as the medium has proven to be very popular.

The media industry is undergoing tremendous changes and the slow economy in FY2016 has added to the many challenges it is facing. We expect the current subdued market situation to remain well into the coming financial year. In facing this difficult time, management is formulating and executing strategies to preserve and grow revenue. There are signs that our efforts are beginning to show positive results and we hope that we will come out stronger in the coming financial year.

Investment Holding Division and Others

The investment holding division and others incurred an aggregated segmental loss of RM23.4 million in FY2016 compared to RM25.0 million in FY2015. The lower segmental loss is primarily due to lower corporate expenses in the investment holding companies.

Prospects and Outlook

Next year is expected to be challenging for the Group. The sluggish global economy, weak oil prices and a slumping demand for the country's commodities will continue to drag down the Malaysian economy. The Group will continue its focus on revenue preservation and cost control measures in facing the current slow market situation.

The Board is of the view that barring unforeseen circumstances, the financial performance and prospects of the Group will be satisfactory in the next financial year.

STATEMENT ON CORPORATE GOVERNANCE

Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”)

INTRODUCTION

The Board is fully committed to ensuring that the Company and its subsidiary companies (“Group”) adopt and continuously practice good corporate governance throughout the Group’s operations to ensure the highest standards of accountability and transparency, as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and financial performance of the Group.

The Board is pleased to present this statement outlining the applications by the Group of the principles and recommendations as set out in The Malaysian Code on Corporate Governance 2012 (“Code”) with reference to the Corporate Governance Guide (“Guide”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) for the financial year ended 31 May 2016.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Clear Functions of the Board and Management

The Company is led by an experienced Board, which comprises one (1) Non-Independent Non-Executive Chairman (“Chairman”), one (1) Group Managing Director (“GMD”), two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors.

The Board assumes full responsibility for the overall management of the Group by providing strategic guidance to and effective oversight of Management. It also provides clear and effective entrepreneurial leadership to Management. In addition to its stewardship responsibilities, the Board is also involved in overseeing the Group’s business affairs and assessing management effectiveness in carrying out the Board’s policies. The Board also ensures that Management has in place an achievable strategic plan and objectives, and appropriate processes for risk assessment, risk management and internal controls.

There is a clear distinction between the roles of the Chairman and the GMD with clear division of responsibilities to ensure a balance of power and authority. The Chairman holds a non-executive position and is primarily responsible for ensuring the Board’s effectiveness and conduct in discharging its responsibilities. The GMD, who heads the Management, is responsible for implementing and executing the Board’s corporate decisions and strategies, in addition to the day-to-day operations of the Group to achieve the financial goals set by the Board.

Clear Roles and Responsibilities of the Board

The Board retains full and effective control of and responsibility for the Group. It is primarily responsible for charting and reviewing the strategic direction of the Group. The principal duties and responsibilities of the Board are, inter alia, as follows:

- Formulating and charting the strategic direction and setting out the Group’s short and long-term plans and objectives. This will then be the basis for the GMD and the Management team to formulate a detailed business plan and annual budgets for the Board’s approval. The Board will, at the quarterly Board meetings, review the business plan with the GMD;
- Reviewing and approving the Group’s key operational policies and initiatives and major investment and funding decisions of the Group, and reviewing the same with the GMD at the quarterly Board meetings;
- Overseeing and reviewing the Group’s business operations and financial performance within a systematic and controlled environment to evaluate whether the business is being properly managed and sustained with the GMD at the quarterly Board meetings;
- Assessing the performance of the Board and Committees as well as of the Directors, including the GMD and Senior Management;
- Overseeing the development, implementation and review of the succession plan for the Directors and the GMD;
- Overseeing the development, implementation and review of the shareholders’ communication policy for the Company;
- Overseeing the development, implementation and review/monitoring of the risk management framework and the adequacy and integrity of the Group’s internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group; and
- Formulating and promoting ethical and best corporate governance cultures within the Group.

To ensure that the Board and Management team are clearly aware of where the limits of responsibility lie and that due consideration is given to issues at the appropriate level, certain matters are formally reserved for the Board’s collective decision. These include the business strategies, annual business plan and budgets; significant corporate proposals including mergers and acquisitions; Group business restructuring and new issue of securities; acquisitions and disposal of significant assets and expenditure above a certain amount and related party transactions of a material nature. In addition, the Board is responsible for setting the Board policies, as well as authority limits of the GMD and the Management team. The Board policies and authority limit are subject to regular reviews by the Board.

The Board plays an active role in formulating the Group’s strategic direction with the GMD and the Management team. The Board does not involve itself in the day-to-day business operations of the Group. The Board delegates the authority and responsibility of the Group’s management and day-to-day operations to the GMD and the Management team. The GMD is responsible overall for the day-to-day management of the Group’s business and operations and for implementing the business plans and strategies, in compliance with the Board policies and procedures as approved by the Board.

To assist the Board in carrying out its responsibilities more effectively, the Board has established an Audit Committee and a Remuneration and Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company and with authority to act on behalf of the Board in accordance with their respective Terms of Reference. These are elaborated upon in more detail in the ensuing paragraphs of this statement.

Formalised Ethical Standard through Code of Ethics

The Board, in discharging its oversight role, conducts its business in strict adherence to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

A summary of the Code of Ethics is available on the Company's website at www.ancom.com.my.

The Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with the aim of achieving the following objectives:

- To establish a standard of ethical behaviour for Directors based on trustworthiness and value that can be accepted and upheld by the Directors; and
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations, and guidelines for administering a company.

The Code of Ethics requires all Directors to observe high ethical business standards, to apply these values in all aspects of the Directors' conduct in discharging the Board's oversight responsibilities and to act in good faith in the best interests of the Company and its shareholders.

Strategically Promoting Sustainability

The Board practices good corporate governance in the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance and value creation for its shareholders.

The Group continued to carry out activities which demonstrate its commitment towards creating a better environmental, social and governance and sustainability agenda during the financial year ended 31 May 2016 as reported in the *Corporate Social Responsibility Statement* in this Annual Report.

Access to Information and Advice

All Directors have unrestricted access to information of the Group and on an ongoing basis, the Directors interact with the Management team to seek further information, updates or explanation on any aspect of the Group's operations or businesses during the quarterly Board of Directors Meetings or as and when they deem necessary. There is no restriction placed on the Directors to request for meetings between the Directors and Management. All Directors have unrestricted access to the service and advice of the Company Secretaries who will advise and update the Directors on new statutory enactments as well as applicable rules, regulations and compliance matters.

The Directors may obtain independent professional advice on specific matters relevant to furtherance of their duties whenever necessary at the Company's expense without having the specific approval of the GMD.

Prior to the Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain minutes of meetings, operational and financial performance reports, details of corporate proposals, the Quarterly Interim Financial Reports or the Annual Audited Financial Statements, reports of the Board Committees, Internal Audit Reports and other matters for the Directors' perusal before the Board/Committee meetings. The Company Secretaries will strive to provide these materials to the Directors seven (7) days prior to the Board/Committee meetings, working within the challenges and constraints of the information gathering process; otherwise, the materials will be provided two (2) days before the meetings while those of a confidential nature will be provided during the Board/Committee meetings.

Senior Management is invited to be in attendance at Board and Committee meetings to provide insight and to furnish clarification on issues that may be raised by the Directors. Whenever required, professional advisers appointed by the Company are invited to attend the Board/Committee meetings to provide the Board/Committees, as the case may be, with explanations and clarifications which the Directors may require to facilitate informed decision-making.

Qualified and Competent Company Secretaries

The Board is supported by two (2) Company Secretaries. One of them is a Chartered Accountant (a member of MICPA) who has been the Company Secretary of the Company for more than 20 years. He is supported by another who is a Chartered Secretary (a member of MAICSA) in a secretarial firm with more than 20 years of experience in company secretarial practices.

The Company Secretaries play an advisory role to the Board in formulating the Company's constitution and Board policies and procedures. The Company Secretaries have a key role to play in ensuring that the Board policies and procedures are both followed and regularly reviewed. They are responsible for the efficient administration of the Company's secretarial practices, particularly with regard to ensuring compliance with the Company's constitution, the Board policies and procedures, the statutory and regulatory requirements and for ensuring that decisions of the Board of Directors are implemented. They are also responsible for regularly updating and apprising the Board on new regulations issued by the regulatory authorities.

One of the key responsibilities of the Company Secretaries is to prepare and organise Directors and Committee meetings and the shareholders meetings. In consultation with the Chairman, the Company Secretaries will prepare the agenda and the relevant documents for these meetings. The Company Secretaries will also attend these meetings in order to ensure that the legal requirements are fulfilled, and provide such information as is necessary. This responsibility will involve the issue of proper notices of meetings, preparation of agenda, circulation of relevant papers and taking and producing minutes to record the business transacted at the meetings and the decisions taken.

The Company Secretaries are also responsible for ensuring that the Company files its various documents/returns and maintains its statutory records in accordance with the requirements of the Companies Act, 1965.

The Company Secretaries work closely with the Chairman and the GMD to ensure that there are timely and appropriate information flows within the Board and to the Board Committees and to Management.

Board Charter

In discharging its duties, the Board is guided by the Board Charter. A copy of the Company's Board Charter, which was approved by the Board on 16 October 2013, is available on the Company's website at www.ancom.com.my.

The Board Charter sets out the authorities, roles, functions, composition and responsibilities of the Board to assist the Directors in being aware of their duties and responsibilities to effectively discharge their fiduciary duties in managing the affairs of the Company.

The Board Charter focuses on the following areas:

- Board composition and Board Committees;
- The duties and responsibilities of the Board members; and
- The Code of Ethics for the Board members.

The Board Charter, which was last reviewed on 29 July 2016, shall be reviewed and updated from time to time to reflect changes to the Board's practices and amendments to the relevant rules, requirements and regulations.

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Company is led by an experienced Board, which comprises one (1) Non-Independent Non-Executive Chairman, one (1) Group Managing Director ("GMD"), two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors.

The composition of the Board complies with the requirements of the Listing Requirements where at least one-third (1/3) of the Board must comprise Independent Non-Executive Directors.

To assist the Board in carrying out its responsibilities more effectively, the Board has established an Audit Committee and a Remuneration and Nomination Committee which are entrusted with specific responsibilities to oversee the affairs of the Company and with authority to act on behalf of the Board in accordance with their respective Terms of Reference.

Remuneration and Nomination Committee

The Board has combined the functions of the Remuneration Committee and Nomination Committee into a Remuneration and Nomination Committee ("R&N Committee"). The R&N Committee was established on 24 September 2001.

The Terms of Reference of the R&N Committee, which were last reviewed on 29 July 2016, are available on the Company's website at www.ancom.com.my.

During the financial year, the membership of the R&N Committee, which is composed entirely of Independent Non-Executive Directors, was as follows:

Tan Sri Dato' Dr Lin See Yan	(Chairman)
Edmond Cheah Swee Leng	(Member)
Lim Hock Chye	(Member)

The R&N Committee is primarily responsible for recruiting and recommending suitable appointments to the Board and Board Committees and for recommending the re-appointment of the retiring Directors. The R&N Committee will take into consideration the Board structure, size, composition and the required mix of expertise and experience which the candidates should bring to the Board. In such evaluation, the R&N Committee will consider the candidates' qualifications, skills, knowledge, expertise and experience, time availability, professionalism, integrity and in the case of appointment of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities and functions as expected of them.

The R&N Committee is also responsible for reviewing and assessing the performance and effectiveness of the Board and the Board Committees as a whole, and of its Directors individually and collectively as well as the performance of the GMD.

The final decision as to who shall be appointed a Director remains the responsibility of the Board, after considering the recommendations of the R&N Committee.

The R&N Committee is also primarily responsible for determining and recommending to the Board the remuneration packages of the GMD of the Company. It is also responsible for reviewing and recommending to the Board the remuneration of the Non-Executive Directors. It is the ultimate responsibility of the Board to decide the remuneration of the Directors. The Directors' fees will be endorsed by the Board for approval by the shareholders at the Company's annual general meeting.

Annual Assessment

The R&N Committee reviews and evaluates the performance of the Directors as well as the Board Committees annually. The results of this assessment form the basis of the R&N Committee's recommendation to the Board for new appointments, if any, and the re-election of Directors at the Company's annual general meeting.

During the financial year ended 31 May 2016, the R&N Committee had ONE (1) meeting in July 2015 where all members were in attendance. The R&N Committee, after reviewing the current composition of the Board and the Board Committees, was satisfied that the Board and Board Committees comprised Directors who are persons of calibre and credibility with extensive expertise and a wealth of experience in legal, accounting, corporate finance, marketing, public services and business practice, as required under the Board Charter and the Terms of Reference of the Board Committees, to support the Group's continuous growth and prosperity. Accordingly, the R&N Committee recommended that the current composition of the Board and Board Committees be retained.

On 1 March 2016, the GMD recommended to the R&N Committee to appoint Tan Sri Dato' Seri Abdull Hamid Bin Embong as an Independent Non-Executive Director of the Company to strengthen the Board's number of Independent Directors.

The R&N Committee was satisfied that Tan Sri Hamid (whose profile is appended in the Directors' Profile section) was qualified for appointment and accordingly recommended to the Board for his appointment. The Board subsequently concurred with the R&N Committee's recommendation.

Board Diversity Policy

The R&N Committee has taken note of the recommendation in the Code pertaining to the establishment of a policy on boardroom diversity including gender diversity. The Board is supportive of gender diversity in the boardroom as recommended by the Code to promote the representation of women in the composition of the Board.

The Board currently does not have any formal board diversity policy or target. The appointment of new Board members will be guided by the skills, knowledge, experience and qualifications of the candidates rather than by their gender or ethnicity.

Nevertheless, the Board will endeavour to ensure that gender and ethnicity diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board in future.

Remuneration of Directors

The R&N Committee is responsible for recommending the remuneration of the Non-Executive Directors, including Directors' fees, and after taking into account a comparison with payments by similar companies, to the Board for its endorsement.

It is the ultimate responsibility of the Board as a whole to decide the remuneration of the Directors. The Directors' fees will be submitted to the shareholders for approval at the annual general meeting of the Company.

The R&N Committee also assumes the task of recommending to the Board the remuneration package for the GMD, drawing on outside advice as necessary at the Company's expense, and taking into consideration the GMD's responsibilities, contributions and performance, as well as the market rate for similar positions in comparable companies. The GMD did not participate in the Board's deliberation on his remuneration at the Board meeting. The remuneration of the GMD comprises monthly salary, bonuses, benefits-in-kind ("BIK") and other benefits that the Board approves from time to time. The GMD is not entitled to the Director's fee and attendance allowance for the Board and Board Committee meetings he attends.

The following is the remuneration of the Non-Executive Directors of the Company:

Directors' fees

For the last financial year, the Chairman of the Board and the Non-Executive Directors of the Board received RM70,000 and RM50,000 respectively as Directors' fees per annum. The members of the Audit Committee received RM30,000 each while the members of the R&N Committee received RM20,000 each per annum. These were as recommended by the R&N Committee and the total Directors' fees of RM470,000 was approved by the shareholders at the 46th annual general meeting of the Company.

In addition, the Non-Executive Directors also received attendance allowance amounting to RM416.67 for each Board and Board Committee meeting attended. Other than the Non-Executive Chairman who is provided with a car and a driver, the other Non-Executive Directors are not entitled to any BIK.

During the financial year under review, the R&N Committee engaged a firm of consultants to provide a review of the directors' fees for Non-Executive Directors of 30 Malaysian Public Listed Companies listed on the Main Market of Bursa Securities, based on their most recent annual reports as at 1 January 2016.

Based on the findings of the review and the members' personal experience, the R&N Committee is of the opinion that the amount of Directors' fees and allowances paid in the last financial year were reflective of the current market rates and recommended the same amount of remuneration to be paid to the Non-Executive Directors in the current financial year.

The Board has endorsed the R&N Committee's recommendation and will propose the same quantum of Directors' fees for the Board and Board Committees for the current financial year subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Subject to the approval of the Company's shareholders of the Directors' fees at the forthcoming 47th annual general meeting of the Company, the details of the remuneration received and receivable by the Directors from the Company and its subsidiaries during the financial year, by category and in bands of RM50,000, are as shown below :

Remuneration by category		Executive Director	Non-Executive Director	Total
Fees	RM'000	-	803	803
Salaries	RM'000	4,617	2,378	6,995
Other emoluments	RM'000	-	86	86
Benefits-in-kind	RM'000	53	63	116
Total	RM'000	4,670	3,330	8,000

Remuneration in bands of RM50,000	Executive Director	Non-Executive Director	Total
RM1 to RM50,000	-	1	1
RM50,001 to RM100,000	-	1	1
RM100,001 to RM150,000	-	2	2
RM250,001 to RM300,000	-	2	2
RM2,450,001 to RM2,500,000	-	1*	1
RM4,650,001 to RM4,700,000	1	-	1
Total	1	7	8

* Remuneration paid by subsidiaries of the Group to the Non-Executive Director in his capacity as Executive Chairman of the subsidiaries.

In addition to the above, the Company has taken up Directors' and Officers' Liability ("D&O") insurance for the benefit of all the Directors. The D&O insurance covers the Directors' defence costs and legal representation expenses incurred by the Directors concerned should any action be brought against them for their actions as Director of the Company and/or its subsidiaries. Nevertheless, the D&O insurance does not indemnify a Director if he is proven to have acted fraudulently or dishonestly or for any intentional breach of the law.

PRINCIPLE 3: REINFORCE INDEPENDENCE

Assessment of Independence

The Board, through the R&N Committee, assesses the independence of the Independent Directors. The criteria for an Independent Director include the following:

- The Independent Director is neither an employee nor is related to any major shareholders/Management of the Group and does not participate in the day-to-day operation of the Group and has fulfilled the definition of "Independent Directors" in the Listing requirements;
- He/she is free from any business or other relationship with the Group which would materially interfere with the exercise of his/her independent judgement on matters at hand; and
- He/she is a person of calibre, credibility and has the necessary skill and experience to bring independent judgement to bear on the issues of strategy, business performance, resources and standards of conduct and to challenge Management in an effective and constructive manner. He/she is able to provide independent views in the Board's discussions and has not shown to have compromised on his/her independent judgement.

The R&N Committee, having conducted the assessment on the Independent Non-Executive Directors, concluded that each of the Independent Non-Executive Directors continues to demonstrate that he has fulfilled the above criteria of an Independent Director.

Tenure of Independence

The Board notes Recommendation 3.2 of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

From the date the Independent Directors are appointed, they are required to provide an undertaking to Bursa Securities confirming and declaring that they are Independent Directors as defined under Paragraph 1.01 of the Listing Requirements.

The Board is of the view that the length of service of the Independent Directors should not affect a Directors' independence. The important criteria that must be possessed by the Independent Directors are their independence from Management and their freedom from any business and other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. The Board also believes that valuable contributions can be obtained from Directors who have developed valuable insight of the Group and its business due to their long tenure of directorship in the Company. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision-making processes of the Board notwithstanding their tenure on the Board.

In addition, the Board has adopted the criteria set out above and as per the definition of "Independent Directors" in the Listing Requirements to assess the independence of Directors. Accordingly, the Board believes that Recommendation 3.2 of the Code (assessment of Independent Director should also include tenure) and Recommendation 3.3 of the Code (the Board is allowed to seek shareholders' approval for Independent Directors after nine (9) years' tenure to remain as Independent Director) are irrelevant.

Pursuant thereto, the Board is satisfied that Tan Sri Dato' Dr Lin See Yan and Edmond Cheah Swee Leng have fulfilled the criteria of being Independent Directors and that their independence has not been impaired or compromised in any way, notwithstanding that they have served as Independent Directors of the Board for more than nine (9) years as at 31 May 2016. The Board therefore decided unanimously to retain Tan Sri Dato' Dr Lin See Yan and Edmond Cheah Swee Leng as Independent Directors of the Company.

The Board has decided to dispense with the need to appoint a Senior Independent Non-Executive Director to whom any concerns should be conveyed. The Board operates in an open environment whereby opinions and information are freely exchanged and in these circumstances, any concerns need not be focused on a single Director as all members of the Board fulfil this role individually and collectively.

Separation of the Positions of the Chairman and the GMD

The position of the Chairman and the GMD are held by two (2) different persons with different roles and responsibilities. The distinct and separate roles of the Chairman and the GMD, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

As mentioned above, the composition of the Board complies with the Listing Requirements which require at least one-third (1/3) of its members to be Independent Directors. However, the composition does not comply with Recommendation 3.5 of the Code which requires that where the Chairman of the Board is not an Independent Director, the Board must consist of a majority of Independent Directors. The Chairman of the Board, Dato' Johari Razak, is a Non-Executive Non-Independent Director while the Board now consists of four (4) Non-Independent Directors and four (4) Independent Directors.

Despite the non-compliance, the Board is satisfied that Dato' Johari Razak, a practising solicitor and partner in a reputable law firm in the country, with his legal knowledge and experience both in business and legal circles as well as his experience in being Board Director of other listed companies in Malaysia, has demonstrated his ability to provide strong leadership to the Board by marshalling the Board's priorities more objectively in the absence of him having any business relationship with the Group.

PRINCIPLE 4: FOSTER COMMITMENT

Time Commitment

All the Directors have committed sufficient time to carry out their duties during the tenure of their appointments. To ensure that the Directors have the time to focus on and fulfil their roles and responsibilities, the Directors are not expected to hold more than five (5) directorships in public listed companies, as required in the Listing Requirements.

The Directors are also required to inform the Board, including the proposed proportion of time to be committed to each of their appointments, should they wish to accept new board directorships in other public listed companies.

To help the Directors in planning their attendance at the Board and Committee meetings, the Company Secretaries would, at the end of each calendar year, draw up a proposed timetable for all the Board and Committee meetings, including the annual general meeting, to be held in the next calendar year. Reminders are also sent to the Directors prior to each Board/Committee meeting.

The Board holds its Board meetings quarterly and additional meetings are convened as and when necessary as determined by the Chairman or as requested by the Directors.

There were four (4) Board meetings, five (5) Audit Committee meetings and one (1) R&N Committee meeting held during the financial year. The attendance records below demonstrate the level of commitment of the Directors in carrying out their duties as Directors of the Company:

Name of Director	Attendance
Board Meetings:	
Dato' Johari Razak	3/4
Dato' (Dr) Siew Ka Wei	4/4
Tan Sri Dato' Dr Lin See Yan	3/4
Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid	4/4
Chan Thye Seng	3/4
Edmond Cheah Swee Leng	3/4
Lim Hock Chye	4/4
Tan Sri Dato' Seri Abdull Hamid Bin Embong *(Appointed on 1 March 2016)*	1/1
Audit Committee Meetings:	
Edmond Cheah Swee Leng	5/5
Dato' Johari Razak	4/5
Lim Hock Chye	5/5
R&N Committee Meeting:	
Tan Sri Dato' Dr Lin See Yan	1/1
Edmond Cheah Swee Leng	1/1
Lim Hock Chye	1/1

All the Directors have fulfilled the required attendance of Board meetings during the financial year as prescribed under the Listing Requirements.

The proceedings of all meetings, including all issues raised, deliberations, decisions and conclusions made at the Board of Directors and Board Committee meetings, were recorded in the minutes of the Board of Directors and Board Committee meetings respectively.

Continuing Education Programme and Training

All Directors have completed the Directors' Mandatory Accreditation Programme ("DMAP") prescribed by Bursa Securities. Tan Sri Dato' Seri Abdull Hamid Bin Embong, who was appointed on 1 March 2016, attended the DMAP in June 2016.

The Board has assumed the onus of determining and overseeing the training needs of the Directors. The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to effectively discharge their responsibilities and are encouraged to attend forums, training and seminars in accordance with their respective needs in discharging their duties as Directors. The Company Secretaries will also provide updates to the Directors from time to time on relevant guidelines and statutory and regulatory requirements.

In May 2016, the Company organised a workshop on "Corporate Governance Review 2015 and Amendments to the Listing Requirements 2016", facilitated by a professional trainer, for the Directors of the Company and its listed subsidiaries, Nylex (Malaysia) Berhad and Ancom Logistics Berhad.

Tan Sri Dato' Dr Lin See Yan, a prolific speaker and writer on topics relating to global economic, banking and business issues, also delivered many talks and attended many dialogues, seminars and workshops throughout the financial year.

Re-election of Directors

In accordance with the Company's Articles of Association, a Director is subject to retire and be eligible for re-election at the first annual general meeting of the Company after his appointment.

The Articles also provide that at least one-third (1/3) of the Board, who are longest in office since their last election, shall be subject to retirement by rotation every year and that each Director shall retire at least once in every three (3) years but he shall be eligible for re-election at the annual general meeting. The GMD does not have a service contract for which the notice period for termination is more than one year. The GMD is also subject to retirement at least once every three (3) years and he shall be eligible for re-election at the annual general meeting.

The motions to re-elect Directors are voted on individually, unless a resolution for the re-election of two (2) or more Directors by a single resolution shall have been passed by the annual general meeting without any vote against it.

The R&N Committee is responsible for making recommendations to the Board on the re-election of Directors who are retiring pursuant to the Articles of Association of the Company.

To assist shareholders in making their decisions in the re-election of Directors, sufficient information such as personal profiles, attendance at Board and Committee meetings and the shareholdings in the Company of the Directors standing for re-election is furnished in the Annual Report.

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Board strives to present true and fair, comprehensive, balanced and meaningful evaluation and assessment of the financial performance, financial position and future prospects of the Group in the Annual Audited Financial Statements and the Quarterly Interim Financial Reports of the Company and of the Group.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Company and the Group, to enable them to ensure that the financial statements are prepared in accordance with the Companies Act, 1965 ("CA"), the Malaysian Financial Reporting Standards ("MFRS"), the International Financial Reporting Standards ("IFRS"), the Listing Requirements and other statutory and regulatory requirements.

The Board has established an Audit Committee to assist the Board in discharging its responsibility more effectively. The activities of the Audit Committee are elaborated on in more detail in the Audit Committee Report in this Annual Report.

At the Audit Committee meetings, the Audit Committee reviews the Quarterly Interim Financial Reports of the Group together with Management while it reviews the Annual Audited Financial Statements together with Management and the External Auditors. Thereafter, the Audit Committee will recommend to the Board to approve the same prior to releasing the Quarterly Interim Financial Reports and Annual Audited Financial Statements to Bursa Securities within the stipulated time frame.

Assessment of Suitability and Independence of External Auditors by the Audit Committee

The Company has a formal and transparent relationship with BDO, the Group's External Auditors, primarily through the Audit Committee and the Board.

Under its Terms of Reference, the Audit Committee has explicit authority to communicate directly with the External Auditors. Meetings with the External Auditors are held as appropriate to discuss audit plans, audit findings and the financial statements. Whenever required, the Audit Committee will hold private sessions with the External Auditors in the absence of the Management to discuss the issues affecting the Group, if any.

The Audit Committee is empowered by the Board to assess the independence and performance of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

The assessment of independence focuses on whether there exists any relationship between the External Auditors and the Directors or Senior Management and major shareholders of the Group as well as any conflict of interest situation arising therefrom, including the extent of non-audit services performed by the External Auditors during the financial year that will give rise to questions about the External Auditors' independence and objectivity in carrying out the responsibilities entrusted to them. The assessment of performance focuses on the External Auditors' experience, competency, resources of the firm, the quality of the staff assigned to audit the Company and its subsidiaries' accounts and the Audit Committee's opinion on the quality of the reports to the Audit Committee.

During the financial year, the Audit Committee conducted a review of the External Auditors' performance and independence based on the above criteria and was satisfied of the External Auditors' competency and independence. The External Auditors have given a written assurance to the Audit Committee that they have complied with the relevant ethical requirements regarding professional independence.

As such, the Audit Committee has recommended to the Board to re-appoint BDO as the External Auditors. The Board concurred with the Audit Committee's recommendation and has recommended to the shareholders to approve BDO's re-appointment at the forthcoming annual general meeting.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Risk

The Board acknowledges its responsibility to maintain a sound Risk Management and Internal Control system covering not only financial controls but also operational and compliance controls to identify risks in operations and finance and to design measures to manage those risks. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board, through the Audit Committee, seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the Internal Auditors.

As per its Terms of Reference, the Audit Committee has been explicitly accorded the power to appoint, and to decide on the remuneration and the resignation/dismissal of the Internal Auditors. It has also been empowered to ensure that the internal audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has all the authorities and resources necessary to carry out its responsibilities. It will also approve the Internal Audit Plan and review and assess the performance of the internal audit function.

Internal Audit Function

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investments and the Group's assets, the Board outsourced the internal audit function to an independent professional consulting firm during the financial year.

The Internal Auditors conduct regular audits to review the adequacy and effectiveness of the Group's Risk Management and Internal Control system in identifying and managing principal risks, ensuring compliance with the law and regulations and preserving the quality of assets and the integrity of the management information system.

Please refer to the *Audit Committee Report* in this Annual Report for more details.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policy

The Board acknowledges the importance of timely and thorough dissemination of information to its investors and shareholders. The Board regards regular communications with the public via various announcements and the issuance of Annual Reports, circulars and press releases as key to building a good relationship with its shareholders.

In line with the Listing Requirements and best practices recommended by the Code, the Company must disclose to the public all Material Information necessary for informed investment decisions and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information. The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's website at www.ancom.com.my, and to ensure that such information is handled properly to avoid leakage and improper use of such information.

The Company shall disclose all Material Information required to be disclosed under applicable securities laws, in accordance with a consistent procedure and in accordance with such laws, as per the disclosure principles listed below:

- Material Information will be announced immediately to Bursa Malaysia first and made available on the Company website;
- Material Information may be kept confidential temporarily if the immediate release of the information would be unduly detrimental to the interests of the Company;
- Content of disclosure must be factual and non-speculative and must include any information the omission of which would make the rest of the disclosure misleading;
- The disclosure must be corrected immediately if the Company learns that an earlier disclosure by the Company contained a material error at the time it was originally disclosed;
- The Company does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the internet. Should Bursa Securities request that the Company make a definitive statement in response to a market rumour that is causing significant volatility in the price of the Company's securities, the GMD will respond appropriately after consulting with the Board for advice if time permits, before a reply is given to Bursa Securities; and
- All investors must have equal access to Material Information. Selective disclosure is not allowed.

Information is considered material if it is reasonably expected to have a material effect on the price, value and market activity of the Company's securities or the decision of a holder of security or an investor in determining his/her choice of actions.

The Company Secretary is responsible for compiling such information for the approval of the Board as soon as possible and for releasing such information to the market as stipulated by Bursa Securities.

Leverage on Information Technology

The Company disseminates information in relation to its financial performance, operations and corporate developments through the Annual Reports, Quarterly Interim Financial Reports, circulars and various general announcements. The Company releases all Material Information publicly through Bursa Securities and via its website at www.ancom.com.my.

Shareholders and investors are also encouraged to convey their queries and concerns to the Company via the Company's website at www.ancom.com.my or via email to cosec@ancom.com.my. The queries will be attended to by the Company's Senior Management or the Board, as the case may be.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Shareholders' Participation at General Meetings

The Company's general meetings provide a means of communication with shareholders. At the general meetings, the Board encourages and welcomes shareholders to ask questions regarding the affairs of the Group, its financial performance and the resolutions being proposed at the meetings. The GMD will give a briefing on the performance during the financial year and his view and insights on the future prospects of the Group's businesses. The Chairman, when presenting the agenda items for voting, will give a brief background on the items to be voted on and shareholders are invited to give their views and comments before voting takes place.

The Company holds its general meetings at places that are easily accessible and at a time convenient to the shareholders to encourage them to attend the meetings.

In line with the Listing Requirements, to encourage more shareholders' participation at the Company's general meetings, the Company allows any member who is entitled to attend and vote at the general meeting to appoint a proxy to attend and vote for him/her and the proxy so appointed may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The Company's Articles of Association explicitly allow the right of a proxy to speak at general meetings. Notices of meeting convening the general meetings and related circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices are advertised in a national English newspaper within the prescribed deadlines.

All meetings are recorded by the Company Secretaries and minutes of the general meetings are available for inspection in accordance with the provisions of the CA.

Poll Voting

At the general meetings, the Chairman will inform the shareholders of their right to demand for a poll vote. Thus far, all resolutions put forth to the shareholders for approval were generally carried out by a show of hands, unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company.

However, in accordance with the requirement of the Listing Requirements, which has recently been amended, all motions tabled at the coming 47th annual general meeting will be decided by poll voting.

Effective Communication and Proactive Engagement with Shareholders

The Company does not have meetings with equity research analysts, fund managers, institutional shareholders and investors. The Board believes that adequate information regarding the Company's performance, market outlook, business operations and other matters affecting shareholders' interest, as well as news and highlights, is available on the Company's website at www.ancom.com.my.

Announcements on corporate developments are made on a timely basis to Bursa Securities and these are made available to the public via Bursa Securities' website at www.bursamalaysia.com as well as on the Company's website.

Shareholders and investors are encouraged to submit their queries and concerns to the Company via the Company's website at www.ancom.com.my or email at cosec@ancom.com.my. The queries will be attended to by the Company's Senior Management or the Board, as the case may be.

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and has made it a corporate policy to continuously improve on its corporate governance practices and structure to achieve an optimal governance framework.

AUDIT COMMITTEE REPORT

Pursuant to Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements")

The Board is pleased to present its Audit Committee Report for the financial year ended 31 May 2016.

TERMS OF REFERENCE

The Audit Committee is governed by its Terms of Reference, a copy of which is available on the Company's website at www.ancom.com.my.

MEMBERS AND MEETINGS

The membership of the Audit Committee is as follows:

- Edmond Cheah Swee Leng - Chairman
  (Independent Non-Executive Director)

- Dato' Johari Razak - Member
  (Non-Independent Non-Executive Chairman)

- Lim Hock Chye - Member
  (Independent Non-Executive Director)

Edmond Cheah Swee Leng is a member of the Malaysian Institute of Accountants ("MIA"). The composition of the Audit Committee during the financial year complied with the Terms of Reference of the Audit Committee.

The Audit Committee held a total of five (5) meetings during the financial year. The attendance records of the members are as follows:

Members	Attendance
Edmond Cheah Swee Leng	5/5
Dato' Johari Razak	4/5
Lim Hock Chye	5/5

The Internal Auditors attended four (4) meetings while the External Auditors attended three (3) meetings.

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee carried out its duties as set out in its Terms of Reference and undertook the following activities:

Financial Results

The Audit Committee reviewed the Quarterly Interim Financial Reports, which were presented by the Management, with the aim of ensuring that the Reports, inter alia, complied with the disclosure requirements of the Listing Requirements, the approved Malaysian Financial Reporting Standards ("MFRS"), the International Financial Reporting Standards ("IFRS"), the Companies Act, 1965, and other statutory and regulatory requirements, prior to recommending the Reports to the Board for consideration and approval, and for subsequent release to Bursa Malaysia Securities Berhad. The Audit Committee also sought explanations from Management on the Group's performance as against the prior year's results.

The Audit Committee also reviewed the Annual Audited Financial Statements, which were presented by the Management, with the External Auditors, with the aim of ensuring that the Statements, inter alia, complied with the disclosure requirements of the approved MFRSs, IFRSs, the Companies Act, 1965, the Listing Requirements and other statutory and regulatory requirements, and to resolve any contentious issues, if any, prior to recommending the Statements to the Board for consideration and approval, and for subsequent release to Bursa Malaysia Securities Berhad and for dispatch to the shareholders of the Company.

Internal Audits

The Audit Committee recognises the importance of the internal audit function and the need for it to be independent of Management in order to carry out its function effectively. During the financial year, the Group's internal audit function was outsourced to an independent firm of consultants. The Internal Audit function assists the Board in reviewing the adequacy and effectiveness of the Group's internal control system in identifying and managing principle risks, ensuring compliance with the law and regulations, preserving the quality of assets and the integrity of the management information system and consequently determining the future requirements for the internal control system.

The Internal Audit reviews are conducted on a functional areas basis that concentrates on areas of concern where the Internal Auditors can play a role in providing inputs for further improvements, thus providing a valuable resource to evaluate processes and give assurance in relation to internal control effectiveness. The Internal Audit review is conducted according to the Internal Audit Plan approved by the Audit Committee. The deliverables include the Internal Audit Review Report with major findings and recommendations to be presented to the Audit Committee.

The Internal Audit Plan covers the key functional areas and business activities of the major subsidiaries of the Group. The Internal Audit review places emphasis on best practices and management assurance that encompass all the business risks, particularly on:

- The effectiveness and efficiency of operations;
- Reliability of reporting;
- Compliance with applicable law and regulations; and
- Safeguarding of assets.

The Internal Audit review evolves with changing risk profiles and adds value to the business, as well as assisting with improving business efficiency performance. The Internal Audit approach broadly involves inquiry, analysis and review of the internal audit areas.

The Internal Auditors conducted four (4) reviews during the financial year. At the Audit Committee meetings, the Internal Auditors presented their quarterly Internal Audit Review Reports to the Committee for review and discussion with Management. The quarterly Internal Audit Review Reports highlighted the Internal Auditors' review and findings on the Group's compliance with the established internal policies and procedures, their assessment of the magnitude of the financial effects arising from the weaknesses noted, as well as the Internal Auditors' recommendations on the corrective actions to overcome the weaknesses and Management's comments and agreed actions thereon. The Internal Auditors reported their follow-up findings and highlighted any non-actions by Management in subsequent Audit Committee meetings.

In all the Internal Audit reviews, the Internal Auditors have reported that the internal control environment of the companies audited are generally in place with minimum control issues.

The Audit Committee is satisfied with the results of the Internal Audit reviews during the financial year. None of the findings has resulted in any material losses that would require separate disclosure in this Report and the Audit Committee has reported the same to the Board of Directors.

The total cost incurred for the Group's internal audit function during the financial year was RM18,000/=.

External Audits

During the financial year under review, the Audit Committee carried out the following activities:

- reviewed the external audit plan, scope and nature of statutory audit of the Group's financial statements prior to the commencement of audit;
- reviewed the external audit reports and the results of the External Auditors' examination on the financial statements of the Group;
- reviewed the External Auditors' recommendations and Management responses in relation;
- reviewed and discussed the impact of new and proposed changes in Financial Reporting Standards and other new developments in financial reporting with the External Auditors;
- reviewed the suitability of the External Auditors for re-appointment through a performance and independence checklist which had been adopted by the Audit Committee, taking into consideration amongst others, their independence, performance, competence, experience of audit team assigned, provision of non-audit services and audit fees; and
- received from the External Auditors their written assurance confirming their professional independence to the audit engagement. Based on the results of the assessment, the Audit Committee was of the opinion that the External Auditors are independent and competent during their tenure in office, and recommended them to continue in office for the ensuing year.

Assessment of Independence and Performance

The Audit Committee assessed the independence, performance and the suitability for re-appointment of the External Auditors as has been disclosed in the *Statement on Corporate Governance* in this Annual Report.

Risk Management

The Audit Committee reviewed the Risk Management Framework and the Risk Registry of the Group and the ongoing identification, evaluation and management of the significant risks affecting the Group, as has been reported in the *Statement on Risk Management and Internal Control* of this Annual Report.

Related Party Transactions

The Audit Committee reviewed the procedures for related party transactions, including the recurrent related parties transactions ("RRPT") of a revenue and trading nature, that had arisen within the Company and the Group during the financial year and is satisfied that the said procedures are sufficient to ensure that the related party transactions undertaken are on arm's length basis and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The Audit Committee is also satisfied that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The Audit Committee conducts the review of these procedures and processes at least once in a financial year.

Employees' Share Option Scheme

The Company has not established any share option scheme and had no subsisting share option scheme for its employees during the financial year.

CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties in accordance with the Terms of Reference during the financial year, and that the Group's Risk Management and Internal Control system has been adequate and effective.

Please refer to the *Statement on Risk Management and Internal Control* in this Annual Report for more information.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements")

INTRODUCTION

The Board is pleased to provide the Group's Statement on Risk Management and Internal Control for the financial year ended 31 May 2016 made pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). This Statement has been prepared in accordance with the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" issued by the Task Force with the support and endorsement of Bursa Securities.

For the purpose of this Statement, the "Group" means the Company and its subsidiaries, excluding the associates. This Statement does not cover the associates as the Company does not have control over the operations, management and internal control systems of these companies.

BOARD RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the establishment and maintenance of a sound Risk Management and Internal Control system in the Group. The Board is also responsible for reviewing the adequacy, effectiveness and integrity of the Group's Risk Management and Internal Control system through ongoing and independent reviews carried out by the Internal Audit function of the Group to achieve the following objectives:

- To safeguard assets of the Group and shareholders' interests;
- To identify and manage risks affecting the Group;
- To ensure compliance with regulatory requirements; and
- To ensure operational results are closely monitored and substantial variances are promptly investigated.

It is important to note that the Group's Risk Management and Internal Control system is designed to manage and mitigate, rather than to eliminate, the risks that may impede the achievement of the Group's business objectives due to its inherent limitations and the consideration of cost factors. As such, the Group's Risk Management and Internal Control system can only provide reasonable and not absolute assurance against material misstatement of management or financial information, financial losses or fraud.

RISK MANAGEMENT PROCESS AND INTERNAL CONTROL SYSTEM

The main features of the Group's Risk Management Process and Internal Control system are summarised as follows:

- ***Organisation Structure and Responsibility Levels***

  The Group's organisation structure has clearly defined levels of authority and lines of responsibility, from operating units up to the Board level, to ensure accountabilities for risk management and control activities. There is proper segregation of duties and responsibilities to eliminate the incidence of an employee having total control of a business process.

  The Board has entrusted the daily running of the business to the Group Managing Director and his Management team. The Group Managing Director is assisted by the Divisional Managing Directors who are "hands on" in running the operating divisions. Experienced and competent employees have been placed in positions of responsibility to ensure that the objectives of the Group's Risk Management and Internal Control System are achieved.

- ***Risk Management Process***

  The Risk Management process in the Group is embedded within the Group's business operations and guided by the operational manuals and policies and procedures of the Group. The Group's Risk Management Framework encompasses an ongoing process for identifying and assessing the key risks affecting the Group's operations and results. The process of mitigating these risks is then identified and evaluated on its effectiveness and finally, the owners who will be responsible to monitor the occurrence of the risks are assigned.

  The following are the types of risks affecting the Group's operations:

  - Hazard risks, which include risks from fire and other property damage, windstorms and other natural perils, theft and other crime, personal injury, business interruption, disease and disability and liability claims;
  - External/Market risks due to changes in the external economic environment of the organisation;
  - Operational risks due to changes to the internal environment of the organisation arising from daily tactical business activities;
  - Strategic risks due to long-term policies or strategic objectives taken by the organisation to maintain operational competitiveness;
  - Financial risks which are associated with the effective management and control of the finances of the organisation and the effects of external factors such as availability of credit, foreign exchange rate fluctuations, interest rate movements and other market exposures; and
  - Compliance risks such as occupational, health & safety, environmental, trade regulations, consumer protection, data and intellectual property protection, employment practices and regulatory requirements.

- ***Audit Committee and Internal Audit***

  The Audit Committee has been entrusted by the Board to ensure that an effective and adequate Risk Management and Internal Control system is in place at all times. A Risk Management Working Group ("RMWG") has been set up to report to the Audit Committee on matters relating to Risk Management and Internal Control.

  The RMWG shall consider any matters relating to the identification, assessment, monitoring and management of risks associated with the Group that it determines to be appropriate. With respect to Risk Management, the duties of the RMWG shall include:

  - assessment and monitoring of risks associated with the operations of the Group;

- development and implementation of internal compliance and control systems and procedures to manage risk;
- assessment and monitoring of the effectiveness of controls instituted;
- reviewing and making recommendations to the Audit Committee in relation to Risk Management;
- considering and making recommendations to the Audit Committee in connection with the compliance by the Group with its Risk Management Strategy;
- reporting to the Audit Committee on any material changes to the risk profile of the Group;
- monitoring and referring to the Audit Committee any instances involving material breaches or potential breaches of the Group's Risk Management Strategy;
- reporting to the Audit Committee in connection with the Group's annual reporting responsibilities in relation to matters pertaining to the Group's Risk Management Strategy; and
- undertaking annual review, in accordance with the Group's Risk Management Framework, and to making recommendations to the Audit Committee in connection with changes required to be made to the Group's Risk Management Strategy.

The Audit Committee shall have the authority to seek any information it requires from any officer or employee of the Group or its subsidiary companies and such officers or employees shall be required to respond to such enquiries.

The Audit Committee is authorised to seek independent professional advice as it considers necessary. On periodical basis, the Audit Committee will review its own performance and Terms of References to ensure that it is operating at maximum effectiveness, recommending any changes it considers necessary to the Group.

To assist the Audit Committee in discharging its duties and responsibilities relating to the Risk Management and Internal Control system, the Audit Committee outsources the Group's Internal Audit function to an independent professional consulting firm.

The Audit Committee has been empowered to ensure that the Internal Audit function reports directly to the Audit Committee, that it is independent of the functions it audits and has all the authorities and resources necessary to carry out its responsibilities. It approves the Internal Audit Plan and reviews and assesses the performance of the Internal Audit function.

The Internal Audit function conducts independent reviews of the key activities within the Group's operating units based on a detailed Internal Audit Plan which has been approved by the Audit Committee.

- ***Reporting and Review***

The Group Managing Director holds meetings whenever applicable with the Divisional Managing Directors and Senior Management to discuss and resolve operational, corporate, financial and key management issues. A performance review comparing the actual results with the previous year's results and the explanations on significant variances are presented to the Board during the Board meetings.

The Group's Quarterly Interim Financial Report and Annual Audited Financial Statements are only released to Bursa Securities after being reviewed by the Audit Committee and approved by the Board.

- ***Group Policies and Procedures***

The Group's Policies and Procedures are a formal guide for the Management and employees of the Group to carry out their day-to-day duties. The Group's Policies and Procedures cover the following core areas: authority limits and authorisation mandates, protection and maintenance of assets, human resources management, sales, finance, procurement and operations. The Limits of Authority in the Group's Policies and Procedures will delineate authority limits to the appropriate persons to ensure accountability and segregation of duties.

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement in accordance with the scope set out in the Recommended Practice Guide 5 issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 May 2016, and reported to the Board that nothing has come to their attention that that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement on Risk Management and Internal Control factually inaccurate.

CONCLUSION

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Group's Risk Management and Internal Control system operated adequately and effectively during the financial year and up to the date of issuance of this Annual Report.

The Board is of the view that the Group's Risk Management and Internal Control system during the financial year under review and up to the date of issuance of this Annual Report has been satisfactory and has not resulted in any material losses, contingencies or uncertainties that would jeopardise the value of the Group's assets and shareholders' investment. The Board will continue to take measures and maintain an ongoing commitment to strengthen the Group's Risk Management and Internal Control system.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

> The Board understands the need for business practices that are based on ethical values and respect for the community, its employees, the enviroment, its shareholders and other stakeholders.

Environment

Workplace

Community

Marketplace

The Company and its subsidiaries ("Group") carried out activities during the financial year ended 31 May 2016 which focus on four areas as disclosed below:

ENVIRONMENT

As a responsible corporation, the Group has initiated various sustainable environmental conservation efforts. Chemical wastes are sent to Kualiti Alam for proper disposal and monthly reports on the scheduled waste are submitted to the Department of Environment ("DOE") and the relevant local authorities. Used materials such as papers, paper cartons and cardboard boxes are re-used, where possible, or sent to recycling centers. Used photocopy ink cartridges are sent to ink suppliers for re-use to help save the environment.

Wherever practical, the Group uses only eco-friendly chemicals in its products.

WORKPLACE

The Group values its employees and emphasises on the development of human resources. Various activities focusing on safety and health were organised by the Group to promote a healthy and positive work environment for its employees:

- Proactive measures were taken to reduce employees' exposure to noise, such as providing ear plugs and soundproofing the affected areas where possible. Annual Employee Audiometric Hearing tests were conducted to ensure employees' hearing remained in good condition. Annual medical check-ups were also conducted on the factory workers in hazardous areas;
- Scheduled safety drills such as fire and evacuation, chemical leakage, storage tank leakage and falling ill on-site drills were conducted to ensure that employees are well trained to handle emergency situations;
- Regular training on workplace safety, product handling, inspection of fire-fighting equipment; Fire Safety talk by the Public Fire Safety & Prevention Education Centre, Personal Protection Equipment talk and fire and chemical handling drills were carried out for the employees on a regular basis;

- Regular first aid training to employees at the Group's Bulk Liquid Terminal; and
- Fire drill conducted with Bomba Malaysia/West Port Bomba at the Group's Bulk Liquid Terminal to test the emergency response team's readiness in the event of fire or accident at the Terminal.

Management and Supervisory Development programs which highlighted career advancement opportunities were also organised by the Group for employees.

COMMUNITY

Consistent with one of the important focal areas of Corporate Social Responsibility which is to be responsible to the communities in which the Group operates, the Group provided industrial training/internship opportunities to 10 students from local institutes of higher learning. Two of its subsidiaries also hosted students from a local institution of higher learning to observe the proceedings at their general meetings.

Employees of the Group are encouraged to volunteer in community projects. During the financial year, the Group organised various fund raising activities for old folks homes and orphanages; donated bloods for hospitals, contributed food and building materials to local villagers in Indonesia; made donations to schools and other charity organisations, tree planting campaigns and other community projects in Malaysia and Indonesia.

MARKETPLACE

Last but not least, the Group also recognises its duty to be socially responsible to its customers, suppliers, shareholders and other stakeholders. Material Safety Data Sheets were developed on the Group's products for customers to ensure safe and proper usage and handling of its products.

Supplier Audits are regularly conducted to ensure that materials provided by the Group's suppliers meet the standards imposed by the DOE or EQA.

Safety briefings and training for customers on the handling of phosphoric acid are also conducted by a subsidiary on a regular basis.

DIRECTORS' RESPONSIBILITIES STATEMENT IN RELATION TO THE PREPARATION OF AUDITED FINANCIAL STATEMENTS

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements")

In accordance with the Companies Act, 1965, the Directors of the Company are required to prepare audited financial statements ("Audited Financial Statements") for each financial year which shall give a true and fair view of the state and financial position of affairs of the Company and of the Group as at the end of the financial year and of the profit and loss of the Company and of the Group for the financial year.

The Directors hereby state that they are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company and the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and of the Group as at 31 May 2016 and the profit and loss of the Company and the Group for the financial year ended 31 May 2016. The Directors are also responsible for ensuring that the Audited Financial Statements comply with the Companies Act, 1965 and the Malaysian Financial Reporting Standards ("MFRS"), the Listing Requirements and other statutory and regulatory requirements.

In preparing the Audited Financial Statements, the Directors have:

- adopted accounting policies which are appropriate and which are consistently applied;
- made judgements and estimates which are reasonable and prudent;
- prepared the Audited Financial Statements on the assumption that the Company and the Group will operate as a going concern; and
- ensured that all applicable approved accounting standards have been followed subject to any material departure being disclosed and explained in the Audited Financial Statements.

The Directors have also provided the External Auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they consider appropriate to enable them to give their audit report on the Audited Financial Statements.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 43 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	2,342	1,825
Attributable to:		
Owners of the parent	(6,990)	1,825
Non-controlling interests	9,332	-
	2,342	1,825

DIVIDEND

No dividend has been paid, proposed or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

REPURCHASE OF SHARES

At the 46th Annual General Meeting held on 19 November 2015, the shareholders of the Company, by an ordinary resolution, renewed the authority given to the Directors to repurchase the Company's issued and paid-up shares based on the following terms:

(i) The number of ordinary shares to be repurchased shall, in aggregate with the Treasury Shares then still held by the Company, not exceed 10% of the total issued and paid up share capital of the Company for the time being;

(ii) The amount to be utilised for the repurchase of shares by the Company shall not exceed the total retained earnings and share premium of the Company; and

(iii) The Directors may retain the ordinary shares so repurchased as Treasury Shares and may resell such Treasury Shares or distribute the Treasury Shares as share dividend or to cancel the ordinary shares so repurchased in a manner that they deem fit and expedient in accordance with the Companies Act, 1965 in Malaysia and the applicable guidelines of Bursa Malaysia Securities Berhad.

During the financial year, the total shares repurchased by the Company out of internally generated funds and the consideration paid was as follows:

Month	Number of shares repurchased	Purchase price Lowest RM	Purchase price Highest RM	Purchase price Average RM	Total consideration RM
July 2015	106,700	0.39	0.45	0.42	42,881
August 2015	165,700	0.34	0.43	0.35	61,388
September 2015	72,200	0.34	0.37	0.36	25,629
October 2015	30,100	0.37	0.41	0.38	11,359
November 2015	51,100	0.38	0.42	0.38	20,048
December 2015	49,000	0.40	0.40	0.40	19,520
January 2016	15,200	0.39	0.46	0.41	5,955
February 2016	35,000	0.37	0.41	0.39	13,250
March 2016	50,000	0.35	0.38	0.37	17,943
April 2016	26,600	0.36	0.38	0.37	9,691
May 2016	62,300	0.34	0.37	0.35	22,100
	663,900				249,764

As at 31 May 2016, a total of 3,500,527 (2015: 2,836,627) Treasury Shares at a total cost of RM2,377,000 (2015: RM2,127,000) are held by the Company. The shares repurchased are being held as Treasury Shares in accordance with Section 67A(3)(b) of the Companies Act, 1965 in Malaysia.

The number of ordinary shares as at 31 May 2016 net of Treasury Shares is 215,455,815 (2015: 216,119,715) ordinary shares of RM1.00 each.

DIRECTORS

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

Dato' Johari Razak *(Non-Executive Chairman)*
Dato' (Dr) Siew Ka Wei *(Group Managing Director)*
Tan Sri Dato' Dr Lin See Yan
Tan Sri Ir. (Dr) Mohamed Al Amin Abdul Majid
Chan Thye Seng
Edmond Cheah Swee Leng
Lim Hock Chye
Tan Sri Dato' Seri Abdull Hamid Bin Embong *(Appointed on 1 March 2016)*

In accordance with Articles 81 and 87 of the Company's Articles of Association, Dato' (Dr) Siew Ka Wei, Chan Thye Seng and Tan Sri Dato' Seri Abdull Hamid Bin Embong retire from the Board by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Tan Sri Dato' Dr Lin See Yan retires in accordance with Section 129(2) of the Companies Act, 1965 in Malaysia at the forthcoming Annual General Meeting. The Board recommends that Tan Sri Dato' Dr Lin See Yan be re-appointed as a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 in Malaysia, to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 May 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM1.00 each			
	Balance at 1.6.2015	**Bought**	**Sold**	**Balance at 31.5.2016**
Shares in the Company				
Direct interests:				
Dato' Johari Razak	465,427	-	-	465,427
Dato' (Dr) Siew Ka Wei	22,589,265	219,600	-	22,808,865
Tan Sri Dato' Dr Lin See Yan	165,375	-	-	165,375
Indirect interests:				
Dato' (Dr) Siew Ka Wei	20,611,748	-	-	20,611,748
Chan Thye Seng	42,797,402	-	-	42,797,402
Shares in subsidiaries				
Nylex (Malaysia) Berhad ('Nylex')				
Direct interests:				
Dato' Johari Razak	131,360	-	-	131,360
Dato' (Dr) Siew Ka Wei	1,522,049	-	-	1,522,049
Tan Sri Dato' Dr Lin See Yan	17,337	-	-	17,337
Indirect interests:				
Dato' (Dr) Siew Ka Wei	93,671,435	-	-	93,671,435
Chan Thye Seng	87,967,041	-	-	87,967,041

DIRECTORS' INTERESTS *(continued)*

	Number of ordinary shares of RM0.05 each			
	Balance at 1.6.2015	Bought	Sold	Balance at 31.5.2016
Shares in subsidiaries				
Ancom Logistics Berhad ('ALB')				
Direct interests:				
Dato' Johari Razak	23,271	-	-	23,271
Dato' (Dr) Siew Ka Wei	725,867	-	-	725,867
Tan Sri Dato' Dr Lin See Yan	8,268	-	-	8,268
Indirect interests:				
Dato' (Dr) Siew Ka Wei	215,873,196	-	(400,000)	215,473,196
Chan Thye Seng	214,962,757	-	(400,000)	214,562,757

By virtue of their interests in the ordinary shares of the Company, Dato' (Dr) Siew Ka Wei and Chan Thye Seng are deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of emoluments received and receivable by the Directors as disclosed in Note 41 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 38 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY *(continued)*

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 44 to the financial statements.

AUDITORS

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

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

Dato' Johari Razak
Director

Dato' (Dr) Siew Ka Wei
Director

Kuala Lumpur
26 August 2016

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 54 to 156 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of 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 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 45 to the financial statements on page 157 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Johari Razak
Director

Dato' (Dr) Siew Ka Wei
Director

Kuala Lumpur
26 August 2016

STATUTORY DECLARATION

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

I, Lim Chang Meng, being the officer primarily responsible for the financial management of Ancom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 54 to 157 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
at Kuala Lumpur this
26 August 2016

Lim Chang Meng

Before me:
Baloo A/L T.Pichai
Commissioner for Oaths (No. W663)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the members of Ancom Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ancom Berhad, which comprise statements of financial position as at 31 May 2016 of the Group and of the Company, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 54 to 156.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of 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 give a true and fair view of the financial position of the Group and of the Company as of 31 May 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 43 to the financial statements.

(c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 45 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF: 0206
Chartered Accountants

Francis Cyril A/L S R Singam
3056/04/17 (J)
Chartered Accountant

Kuala Lumpur
26 August 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**235,551**	228,382	**30,710**	30,819
Investment properties	8	**371**	132	**-**	-
Investments in subsidiaries	9	**-**	-	**282,216**	262,404
Investments in associates	10	**3,023**	1,802	**2,847**	-
Investments in joint ventures	11	**-**	480	**-**	-
Other investments	12	**692**	9,686	**503**	9,503
Intangible assets	13	**4,499**	3,094	**19**	25
Goodwill on consolidation	14	**96,700**	79,908	**-**	-
Deferred tax assets	15	**26,230**	26,557	**-**	-
		367,066	350,041	**316,295**	302,751
Current assets					
Inventories	16	**119,846**	114,487	**-**	-
Trade and other receivables	17	**315,773**	328,794	**5,830**	1,005
Amounts owing by subsidiaries	18	**-**	-	**22,161**	84,285
Amounts owing by associates	19	**5,685**	2,971	**4,345**	237
Amounts owing by joint ventures	20	**56**	51	**-**	-
Current tax assets		**3,291**	3,988	**-**	59
Other investments	12	**1,179**	1,511	**-**	-
Cash and bank balances	21	**99,835**	122,663	**27**	668
		545,665	574,465	**32,363**	86,254
Non-current assets held for sale	22	**51**	51	**-**	8,133
TOTAL ASSETS		**912,782**	924,557	**348,658**	397,138

Statements of Financial Position

As at 31 May 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	23	**218,956**	218,956	**218,956**	218,956
Less: Treasury shares, at cost	23	**(2,377)**	(2,127)	**(2,377)**	(2,127)
Reserves	24	**65,906**	66,814	**41,658**	39,833
		282,485	283,643	**258,237**	256,662
Non-controlling interests	9(d)	**159,013**	138,318	**-**	-
TOTAL EQUITY		**441,498**	421,961	**258,237**	256,662
LIABILITIES					
Non-current liabilities					
Borrowings	25	**15,855**	19,371	**2,654**	107
Deferred tax liabilities	15	**10,572**	13,751	**304**	2,524
Provision for retirement benefits	28	**3,808**	3,198	**-**	-
		30,235	36,320	**2,958**	2,631
Current liabilities					
Borrowings	25	**213,683**	233,710	**56,339**	47,120
Trade and other payables	29	**222,535**	228,832	**2,659**	11,177
Amounts owing to subsidiaries	30	**-**	-	**28,211**	79,548
Amounts owing to associates	19	**101**	30	**-**	-
Derivative liabilities	31	**-**	23	**-**	-
Current tax liabilities		**4,730**	3,681	**254**	-
		441,049	466,276	**87,463**	137,845
TOTAL LIABILITIES		**471,284**	502,596	**90,421**	140,476
TOTAL EQUITY AND LIABILITIES		**912,782**	924,557	**348,658**	397,138

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

STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 May 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	32	**1,509,312**	1,552,476	**15,403**	39,222
Cost of sales		**(1,321,177)**	(1,371,893)	**-**	-
Gross profit		**188,135**	180,583	**15,403**	39,222
Other operating income		**23,503**	22,808	**3,971**	100
Distribution costs		**(73,236)**	(69,240)	**-**	-
Administrative expenses		**(96,546)**	(87,640)	**(7,092)**	(14,183)
Other operating expenses		**(9,413)**	(4,764)	**(6,617)**	(1,910)
Finance costs		**(13,038)**	(11,032)	**(5,601)**	(6,444)
Share of results of associates, net of tax	10(c)	**(1,643)**	(8)	**-**	-
Share of results of joint ventures, net of tax		**(540)**	(980)	**-**	-
Profit before taxation	33	**17,222**	29,727	**64**	16,785
Taxation	34	**(14,880)**	(24,466)	**1,761**	(139)
Profit for the financial year		**2,342**	5,261	**1,825**	16,646
(Loss)/Profit attributable to:					
Owners of the parent		**(6,990)**	2,166	**1,825**	16,646
Non-controlling interests	9(d)	**9,332**	3,095	**-**	-
		2,342	5,261	**1,825**	16,646

		Group	
		2016	2015
	Note	Sen	Sen
Basic and diluted:			
(Loss)/Earnings per ordinary share	35	**(3.24)**	1.00

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 May 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the financial year		**2,342**	5,261	**1,825**	16,646
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit of loss					
Foreign currency translations		**15,439**	12,139	**-**	-
Item not to be reclassified subsequently to profit of loss					
Re-measurement of defined benefit liability	28	**(140)**	-	**-**	-
Other comprehensive income, net of tax		**15,299**	12,139	**-**	-
Total comprehensive income		**17,641**	17,400	**1,825**	16,646
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(929)**	7,126	**1,825**	16,646
Non-controlling interests		**18,570**	10,274	**-**	-
		17,641	17,400	**1,825**	16,646

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2016

Group	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 June 2015		218,956	4,332	203	4,987	5,064	(2,127)	52,228	**283,643**	138,318	**421,961**
Total comprehensive income		-	-	-	-	6,201	-	(7,130)	**(929)**	18,570	**17,641**
Transactions with owners											
Repurchase of treasury shares of the Company	23(b)	-	-	-	-	-	(250)	-	**(250)**	-	**(250)**
Repurchase of treasury shares of a subsidiary		-	-	-	-	-	-	-	**-**	(300)	**(300)**
Acquisition of subsidiaries		-	-	-	-	-	-	-	**-**	5,946	**5,946**
Disposal of equity interests in subsidiaries		-	-	-	-	-	-	21	**21**	40	**61**
Dividends paid to non-controlling interests of subsidiaries	9(e)	-	-	-	-	-	-	-	**-**	(3,561)	**(3,561)**
Total transactions with owners		-	-	-	-	-	(250)	21	**(229)**	2,125	**1,896**
As at 31 May 2016		**218,956**	**4,332**	**203**	**4,987**	**11,265**	**(2,377)**	**45,119**	**282,485**	**159,013**	**441,498**

Consolidated Statement of Changes in Equity

For the financial year ended 31 May 2016

Group	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Exchange translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 June 2014		218,956	4,332	203	4,987	104	(2,108)	52,305	278,779	142,352	421,131
Total comprehensive income		-	-	-	-	4,960	-	2,166	7,126	10,274	17,400
Transactions with owners											
Repurchase of treasury shares of the Company	23(b)	-	-	-	-	-	(19)	-	(19)	-	(19)
Repurchase of treasury shares of a subsidiary		-	-	-	-	-	-	-	-	(19)	(19)
Arising from accretion of equity interest in a subsidiary		-	-	-	-	-	-	(583)	(583)	(67)	(650)
Disposal of equity interests in subsidiaries		-	-	-	-	-	-	502	502	(964)	(462)
Capital repayment of a subsidiary		-	-	-	-	-	-	-	-	(10,020)	(10,020)
Dividend paid		-	-	-	-	-	-	(2,162)	(2,162)	-	(2,162)
Dividends paid to non-controlling interests of subsidiaries	9(e)	-	-	-	-	-	-	-	-	(3,146)	(3,146)
Winding up of a subsidiary		-	-	-	-	-	-	-	-	(92)	(92)
Total transactions with owners		-	-	-	-	-	(19)	(2,243)	(2,262)	(14,308)	(16,570)
As at 31 May 2015		218,956	4,332	203	4,987	5,064	(2,127)	52,228	283,643	138,318	421,961

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2016

Company	Note	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 June 2015		218,956	4,332	4,917	(2,127)	30,584	256,662
Total comprehensive income		-	-	-	-	1,825	1,825
Transaction with owners							
Repurchase of treasury shares of the Company	23(b)	-	-	-	(250)	-	(250)
Total transaction with owners		-	-	-	(250)	-	(250)
As at 31 May 2016		**218,956**	**4,332**	**4,917**	**(2,377)**	**32,409**	**258,237**
As at 1 June 2014		218,956	4,332	4,917	(2,108)	16,100	242,197
Total comprehensive income		-	-	-	-	16,646	16,646
Transactions with owners							
Dividend paid		-	-	-	-	(2,162)	(2,162)
Repurchase of treasury shares of the Company	23(b)	-	-	-	(19)	-	(19)
Total transactions with owners		-	-	-	(19)	(2,162)	(2,181)
As at 31 May 2015		218,956	4,332	4,917	(2,127)	30,584	256,662

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 May 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities					
Profit before tax		**17,222**	29,727	**64**	16,785
Adjustments for:					
Amortisation of intangible assets	13	**823**	645	**6**	4
Bad debts written off - third parties		**74**	108	**70**	100
Deposits written off		**2**	-	**-**	-
Depreciation of investment properties	8	**11**	7	**-**	-
Depreciation of property, plant and equipment	7	**18,820**	18,356	**908**	1,012
Dividend income (gross)	32	**(6)**	(6)	**(12,592)**	(34,910)
Fair value gain on other investments		**(41)**	(67)	**-**	-
Fair value gain on non-current other receivables		**-**	(316)	**-**	-
Fair value loss on derivatives		**-**	40	**-**	-
Gain on disposal of investment in a subsidiary		**-**	(1,394)	**-**	-
Gain on disposal of equity interest in an associate		**(417)**	-	**-**	-
Gain on disposal of investment in a joint venture		**(2,738)**	-	**-**	-
Gain on re-measurement on acquisition of interest in a subsidiary		**-**	(1)	**-**	-
(Gain)/Loss on disposal of property, plant and equipment		**(322)**	404	**(101)**	(100)
Gain on disposal of non-current assets held for sale		**-**	-	**(2,867)**	-
Gain on disposal of other investments	12(b)	**-**	(5,962)	**-**	-
Loss on disposal of equity interest in a subsidiary		**-**	-	**5,295**	-
Impairment loss on:					
- amounts owing by subsidiaries	18(b)	**-**	-	**337**	795
- amounts owing by associates	19(b)	**2,661**	540	**-**	-
- amounts owing by joint ventures	20(b)	**-**	456	**-**	-
- goodwill on consolidation	14	**551**	29	**-**	-
- trade and other receivables		**2,004**	3,114	**-**	-
Interest expense		**13,038**	11,032	**5,601**	6,444
Interest income		**(1,092)**	(1,210)	**(579)**	(2,277)
Inventories written down	16	**951**	2,345	**-**	-
Property, plant and equipment written off	7	**248**	87	**-**	-
Provision for slow moving inventories		**159**	-	**-**	-
Reversal of impairment loss on:					
- amounts owing by joint ventures	20(b)	**(456)**	-	**-**	-
- amounts owing by subsidiaries	18(b)	**-**	-	**(970)**	-
- trade and other receivables		**(718)**	(352)	**-**	-
- other investments	12(b)	**-**	(1,687)	**-**	-
Share of results in joint ventures		**540**	980	**-**	-
Share of results in associates	10(c)	**1,643**	8	**-**	-
Net unrealised gain on foreign exchange		**(2,307)**	(3,494)	**-**	-
Reversal of unused provision for warranties		**(70)**	(525)	**-**	-
Provision for retirement benefits	28	**552**	385	**-**	-
Operating profit/(loss) before working capital changes		**51,132**	53,249	**(4,828)**	(12,147)

Statements of Cash Flows

For the financial year ended 31 May 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash Flows From Operating Activities *(continued)*					
Operating profit/(loss) before working capital changes *(continued)*		**51,132**	53,249	**(4,828)**	(12,147)
(Increase)/Decrease in inventories		**(6,396)**	8,731	**-**	-
Decrease/(Increase) in trade and other receivables		**29,664**	12,632	**(4,895)**	(249)
(Decrease)/Increase in trade and other payables		**(10,971)**	(1,300)	**(8,518)**	9,455
Increase in amounts owing by associates		**(5,375)**	(1,739)	**(4,108)**	(70)
Decrease/(Increase) in amounts owing by joint ventures		**451**	(162)	**-**	-
Increase/(Decrease) in amounts owing to associates		**71**	(493)	**-**	(5)
Cash generated from/(used in) operations		**58,576**	70,918	**(22,349)**	(3,016)
Dividend received		**6**	6	**12,592**	34,910
Retirement benefits paid	28	**(131)**	(81)	**-**	-
Tax (paid)/refunded		**(15,729)**	(19,833)	**(146)**	60
Net cash from/(used in) operating activities		**42,722**	51,010	**(9,903)**	31,954
Cash Flows From Investing Activities					
Acquisition of a subsidiary		**(7,366)**	(1,582)	**-**	-
Acquisition of additional interests in a subsidiary		**-**	(650)	**-**	-
Acquisition of a joint venture		**(60)**	(480)	**-**	-
Acquisition of an associate		**(2,947)**	-	**(2,847)**	-
Capital reduction of a subsidiary		**-**	-	**-**	2,248
Proceeds from disposal of equity interests in subsidiaries		**61**	906	**6,600**	-
Interest received		**1,092**	1,210	**579**	2,277
Proceeds from disposal of property, plant and equipment		**1,045**	3,665	**101**	1,716
Proceeds from disposal of non-current assets held for sale		**-**	-	**11,000**	-
Purchase of intangible assets	13	**(2,228)**	(116)	**-**	(23)
Purchase of other investments		**-**	(9,000)	**-**	(9,000)
Purchase of property, plant and equipment	7(a)	**(18,850)**	(50,314)	**(229)**	(1,433)
Purchase of investment properties	8	**(250)**	-	**-**	-
Net payments to subsidiaries		**-**	-	**(11,287)**	(25,162)
Proceeds from disposal of equity interest in an associate		**500**	-	**-**	-
Proceeds from disposal of a joint venture		**2,738**	-	**-**	-
Repurchase of treasury shares of a subsidiary		**(300)**	(19)	**-**	-
Placement of short term deposits:					
- pledged with licensed banks		**276**	(1,456)	**-**	-
- with maturity period more than three (3) months		**(23)**	(3)	**-**	-
Winding up of a subsidiary		**-**	(92)	**-**	-
Withdrawal of other investments		**367**	2,200	**-**	-
Net cash (used in)/from investing activities		**(25,945)**	(55,731)	**3,917**	(29,377)

Statements of Cash Flows

For the financial year ended 31 May 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash Flows From Financing Activities					
Capital repayment of a subsidiary		**-**	(10,020)	**-**	-
Dividends paid to shareholders of the Company		**-**	(2,162)	**-**	(2,162)
Dividends paid to non-controlling interests of subsidiaries		**(3,561)**	(3,146)	**-**	-
Interest paid		**(13,038)**	(11,032)	**(5,601)**	(6,444)
Repurchase of treasury shares of the Company	23(b)	**(250)**	(19)	**(250)**	(19)
Repayments of hire purchase and lease creditors		**(4,720)**	(3,088)	**(205)**	(260)
Net (repayment)/drawdown of borrowings		**(24,498)**	30,145	**9,742**	7,500
Net cash (used in)/from financing activities		**(46,067)**	678	**3,686**	(1,385)
Net (decrease)/increase in cash and cash equivalents		**(29,290)**	(4,043)	**(2,300)**	1,192
Cash and cash equivalents at beginning of financial year		**101,389**	107,603	**(6,361)**	(7,553)
Effects of exchange rate changes on cash and cash equivalents		**3,817**	(2,171)	**-**	-
		105,206	105,432	**(6,361)**	(7,553)
Cash and cash equivalents at end of financial year	21	**75,916**	101,389	**(8,661)**	(6,361)

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 Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 2A, Jalan 13/2, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The consolidated financial statements for the financial year ended 31 May 2016 comprise the Company and its subsidiaries and the interest of the Group in associates and joint ventures. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 26 August 2016.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 43 to the financial statements. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 54 to 156 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 45 to the financial statements set out on page 157 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of an investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Basis of consolidation *(continued)*

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except for:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with this Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8(a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and is not depreciated. Assets under construction are not depreciated until such time when the asset is available for use.

Depreciation on other property, plant and equipment is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2% - 12.5%
Leasehold land	1% - 5%
Plant and machinery	5% - 33.3%
Motor vehicles	5% - 25%
Furniture, fittings and office equipment	5% - 33.3%
Renovation	2% - 10%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period 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. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.5 Lease and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased asset, or if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, including transaction costs.

Subsequent costs are included in the carrying amount of the investment properties or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the investment properties are acquired, if applicable.

After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investments properties are fifty (50) years.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.6 Investment properties *(continued)*

At the end of each reporting period, the carrying amount of an item of the investment properties are assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period 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 investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.7 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.7 Investments *(continued)*

(b) Associates *(continued)*

The share of profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals or exceeds its interest in the associates, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in end of the reporting periods is not more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(c) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint ventures.

In the separate financial statements of the Company, investments in joint ventures are stated at cost.

Any premium paid for investments in joint ventures above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investments in joint ventures has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interests in joint ventures as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.7 Investments *(continued)*

(c) Joint ventures *(continued)*

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(i) The structure of the joint arrangement;
(ii) The legal form of joint arrangements structured through a separate vehicle;
(iii) The contractual terms of the joint arrangement agreement; and
(iv) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

4.8 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.8 Intangible assets *(continued)*

(b) Other intangible assets *(continued)*

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Rights

Rights relating to the exclusive audiovisual advertising network distribution is recognised as an asset at the acquisition date and initially measured at cost.

After initial recognition, the rights are carried at cost less accumulated amortisation and any accumulated impairment losses. The rights are amortised on a straight line basis over five (5) to ten (10) years and are assessed for any indication that the asset may be impaired. If any indication exists, the Group shall estimate the recoverable amount of the asset as stated in Note 4.9 to the financial statements. The amortisation expense and any impairment loss is recognised in profit or loss.

The rights are derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss.

Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three (3) to five (5) years.

4.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries, associates and joint ventures), inventories, deferred tax assets and non-current assets held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.9 Impairment of non-financial assets *(continued)*

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments.*

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss on other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

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

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula and weighted average method. The cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present condition and location. Cost of finished goods and work-in-progress include the cost of raw materials, direct labour, other direct cost and an appropriate portion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

4.11.1 Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(b) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(c) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

4.11.1 Financial assets *(continued)*

(d) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the right of the Group to receive payment is established.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4.11.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

4.11.2 Financial liabilities *(continued)*

(b) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

4.11.3 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.11 Financial instruments *(continued)*

4.11.3 Equity *(continued)*

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Companies Act, 1965 in Malaysia.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.12 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

4. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

4.12 Impairment of financial assets *(continued)*

(b) Available-for-sale financial assets *(continued)*

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed to profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.14 Income taxes

Income taxes include all domestic and foreign taxes on taxable profits. Income taxes also include other taxes such as withholding taxes and real property gains taxes payable on disposal of properties, if any.

Taxes in the statements of profit or loss and statements of other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.14 Income taxes *(continued)*

(b) Deferred tax *(continued)*

A deferred tax asset is recognised only to the extent that it is probable that taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profits.

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

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effects of actual enactment by the end of each reporting period.

4.15 Provisions

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

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Provision for warranties is recognised based on the estimated liabilities to repair or replace products when the underlying products or services are sold. The estimated liability is based on historical warranty data and a weighting of all possible outcome against their associated probabilities.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.16 Contingent liabilities and contingent assets *(continued)*

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

(c) Retirement benefits obligation

The Group 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' employment after fulfilling certain conditions. Provision for retirement benefit is computed based on length of service and a proportion of the basic salary earnings of the employees in each particular year of services.

4.18 Foreign currencies

4.18.1 Functional and presentation currency

Items included in the financial statements of each of the entities of 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, which is the Company's functional and presentation currency of the Company.

4.18.2 Foreign currency translation and balances

Transactions in foreign currencies are converted into the functional currency of each company in the Group at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.18 Foreign currencies *(continued)*

4.18.3 Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of profit or loss and statements of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Services rendered

Revenue in respect of the rendering of services is recognised when the stage of completion at the end of the reporting period and the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as percentage of total services to be performed.

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(d) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(e) Dividend income

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.20 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets shall be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. The probability of shareholders' approval is considered as part of the assessment of whether the sale is highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

Immediately before the initial classification as held for sale, the carrying amounts of the assets are measured in accordance with applicable MFRSs. On initial classification as held for sale, non-current assets are measured at the lower of its carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

The Group measures a non-current asset classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

Non-current assets held for sale are classified as current assets in the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

If the Group has classified an asset as held for sale but subsequently, the criteria for classification is no longer met, the Group ceases to classify the asset as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

(a) Its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and

(b) Its recoverable amount at the date of the subsequent decision not to sell.

4.21 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

    (i) the combined reported profit of all operating segments that did not report a loss; and

    (ii) the combined reported loss of all operating segments that reported a loss.

4. **SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

4.21 Operating segments *(continued)*

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group.

4.22 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.23 Fair value measurements

The fair value of an asset or a liability (except for lease transaction), is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 - 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 - 2013 Cycle*	1 July 2014

There is no material effect upon the adoption of these Standards during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141: *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements 2012 - 2014 Cycle*	1 January 2016
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transaction*	1 January 2018
MFRS 9 Financial Instruments *(IFRS as issued by IASB in July 2014)*	1 January 2018
MFRS 16 *Leases*	1 January 2019
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group is in the process of assessing the impact of implementing these Standards since the effects would only be observable for future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors are of the opinion that there are no significant changes in estimates during the reporting period and at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are judgements made by the management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(i) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

(ii) Classification of non-current bank borrowings

The term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6.3.1 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 that the useful lives of the assets are as disclosed in Note 4.4 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of the assets, and therefore future depreciation charges could be revised. A ten percent (10%) difference in the average useful lives of these assets from management's estimates would result in approximately a RM1,882,000 variance in profit for the financial year.

6.3.2 Impairment of costs of investments in subsidiaries, associates and joint ventures and amounts owing by subsidiaries, associates and joint ventures

The Company reviews the costs of investments in subsidiaries, associates and joint ventures for impairment when there is an indication of impairment and assesses the impairment of receivables on the amounts owing by subsidiaries, associates and joint ventures when the receivables are long outstanding.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

6.3 Key sources of estimation uncertainty *(continued)*

6.3.2 Impairment of costs of investments in subsidiaries, associates and joint ventures and amounts owing by subsidiaries, associates and joint ventures *(continued)*

Investment in an associate, Tamco Chongqing Switchgear Company Limited

The Group is currently in the process of liquidating the associate. Judgements made by management in the process of applying the Group's accounting policies in respect of investment in the associate are as follows:

The Group determines whether its investment is impaired following certain indications of impairment such as, amongst others, ensuring that the cost of investment is not carried at more than their recoverable amount.

Other costs of investments in subsidiaries, associates and joint ventures and amounts owing by subsidiaries, associates and joint ventures

The recoverable amounts of the costs of investments in subsidiaries, associates and joint ventures and amounts owing by subsidiaries, associates and joint ventures are assessed by reference to the value-in-use of the respective subsidiaries, associates and joint ventures.

The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries, associates and joint ventures discounted at an appropriate discount rate. Such a discounted cash flow method involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement was also used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries, associates and joint ventures.

6.3.3 Impairment of intangible assets

If any indication exists, the Group estimates the recoverable amount of the asset in according with Note 4.9 to the financial statements. This requires an estimation of the value-in-use of the intangible assets. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 13 to the financial statements.

6.3.4 Impairment of goodwill on consolidation

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 unit ('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 subsidiary and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 14 to the financial statements.

6.3.5 Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses and the capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgement and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

6.3 Key sources of estimation uncertainty *(continued)*

6.3.5 Deferred tax assets *(continued)*

At the end of the reporting period, the Group has recognised RM26,230,000 (2015: RM26,557,000) of deferred tax assets as management considered that it is probable that taxable profits will be available against which the losses and allowances can be utilised. Variances from future taxable profits estimated will result in changes in the deferred tax assets recognised.

6.3.6 Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentration, customer creditworthiness, and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

6.3.7 Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 37 to the financial statements.

6.3.8 Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

(i) Level 1: Quoted prices in active markets for identical items (unadjusted);
(ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
(iii) Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures these elements in the financial statements at fair value:

(i) Other investments, Note 12 to the financial statements;
(ii) Derivative liabilities, Note 31 to the financial statements; and
(iii) Financial instruments, Note 36 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2016	Balance as at 1.6.2015 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Translation adjustments RM'000	Written off RM'000	Acquisition of subsidiaries RM'000	Reclassi-fications RM'000	Balance as at 31.5.2016 RM'000
Carrying amount									
Freehold land	1,016	-	-	-	-	-	-	-	1,016
Buildings	45,291	6,789	-	(1,579)	278	-	234	-	51,013
Leasehold land	52,181	-	-	(842)	449	-	-	-	51,788
Plant and machinery	64,895	7,719	(30)	(11,567)	370	(110)	21	25,268	86,566
Motor vehicles	11,122	2,998	(619)	(3,202)	35	(51)	1,110	-	11,393
Furniture, fittings and office equipment	6,912	1,267	(53)	(1,289)	22	(1)	758	-	7,616
Renovation	6,341	167	(21)	(341)	-	-	281	-	6,427
Assets under construction	40,624	2,227	-	-	2,235	(86)	-	(25,268)	19,732
	228,382	21,167	(723)	(18,820)	3,389	(248)	2,404	-	235,551

	At 31.5.2016 Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	1,016	-	1,016
Buildings	56,707	(5,694)	51,013
Leasehold land	57,127	(5,339)	51,788
Plant and machinery	260,220	(173,654)	86,566
Motor vehicles	43,325	(31,932)	11,393
Furniture, fittings and office equipment	27,843	(20,227)	7,616
Renovation	10,106	(3,679)	6,427
Assets under construction	19,732	-	19,732
	476,076	(240,525)	235,551

7. **PROPERTY, PLANT AND EQUIPMENT** *(continued)*

Group 2015	Balance as at 1.6.2014 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Translation adjustments RM'000	Written off RM'000	Disposal of interest in a subsidiary RM'000	Reclassi-fications RM'000	Reclassified as asset held for sale RM'000	Balance as at 31.5.2015 RM'000
Carrying amount										
Freehold land	1,016	-	-	-	-	-	-	-	-	1,016
Buildings	45,928	540	-	(1,165)	(12)	-	-	-	-	45,291
Leasehold land	53,911	-	-	(1,709)	(21)	-	-	-	-	52,181
Plant and machinery	62,890	12,330	(337)	(10,760)	173	(87)	-	686	-	64,895
Motor vehicles	11,715	5,125	(2,291)	(3,415)	39	-	-	-	(51)	11,122
Furniture, fittings and office equipment	7,312	1,226	(586)	(1,024)	13	-	(29)	-	-	6,912
Renovation	6,915	569	(855)	(283)	(2)	-	(3)	-	-	6,341
Assets under construction	1,800	39,510	-	-	-	-	-	(686)	-	40,624
	191,487	59,300	(4,069)	(18,356)	190	(87)	(32)	-	(51)	228,382

	At 31.5.2015		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	1,016	-	1,016
Buildings	49,355	(4,064)	45,291
Leasehold land	56,678	(4,497)	52,181
Plant and machinery	226,340	(161,445)	64,895
Motor vehicles	43,038	(31,916)	11,122
Furniture, fittings and office equipment	25,822	(18,910)	6,912
Renovation	9,249	(2,908)	6,341
Assets under construction	40,624	-	40,624
	452,122	(223,740)	228,382

7. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company 2016	Balance as at 1.6.2015 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2016 RM'000
Carrying amount				
Leasehold land	22,616	-	(241)	22,375
Buildings	5,858	-	(126)	5,732
Motor vehicles	948	696	(292)	1,352
Furniture, fittings and office equipment	241	9	(79)	171
Renovation	1,156	94	(170)	1,080
	30,819	799	(908)	30,710

	At 31.5.2016		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Leasehold land	23,580	(1,205)	22,375
Buildings	6,327	(595)	5,732
Plant and machinery	2,403	(2,403)	-
Motor vehicles	2,380	(1,028)	1,352
Furniture, fittings and office equipment	1,146	(975)	171
Renovation	3,446	(2,366)	1,080
	39,282	(8,572)	30,710

7. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company 2015	Balance as at 1.6.2014 RM'000	Additions RM'000	Disposals RM'000	Reclassified as asset held for sale RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2015 RM'000
Carrying amount						
Leasehold land	29,791	-	-	(6,845)	(330)	22,616
Buildings	7,301	-	-	(1,288)	(155)	5,858
Motor vehicles	614	883	(215)	-	(334)	948
Furniture, fittings and office equipment	811	37	(546)	-	(61)	241
Renovation	1,630	513	(855)	-	(132)	1,156
	40,147	1,433	(1,616)	(8,133)	(1,012)	30,819

	At 31.5.2015		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Leasehold land	23,580	(964)	22,616
Buildings	6,327	(469)	5,858
Plant and machinery	2,403	(2,403)	-
Motor vehicles	2,181	(1,233)	948
Furniture, fittings and office equipment	1,137	(896)	241
Renovation	3,352	(2,196)	1,156
	38,980	(8,161)	30,819

7. PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Purchase of property, plant and equipment	**21,167**	59,300	**799**	1,433
Financed by hire purchase and lease arrangements	**(2,317)**	(8,986)	**(570)**	-
Cash payments on purchase of property, plant and equipment	**18,850**	50,314	**229**	1,433

(b) The carrying amounts of property, plant and equipment of the Group and of the Company under hire purchase and finance lease at the end of the reporting period are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Motor vehicles	**1,914**	1,951	**728**	148
Furniture, fittings and office equipment	**27**	-	**-**	-
Plant and machinery	**14,587**	14,026	**-**	-
	16,528	15,977	**728**	148

(c) As at 31 May 2016, included in property, plant and equipment are certain land and buildings of the Group and the Company with a total carrying amount of RM80,454,000 (2015: RM42,967,000) and RM28,107,000 (2015: RM28,474,000) respectively charged to banks for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

(d) As at 31 May 2016, certain plant and machinery of the Group have been charged to licensed banks for banking facilities granted to certain subsidiaries as disclosed in Note 25 to the financial statements.

8. INVESTMENT PROPERTIES

2016 Group	Balance as at 1.6.2015 RM'000	Addition during the year RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2016 RM'000
Carrying amount				
Freehold land at cost	20	-	-	20
Buildings at cost	112	250	(11)	351
	132	250	(11)	371

2015 Group	Balance as at 1.6.2014 RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.5.2015 RM'000
Carrying amount			
Freehold land at cost	20	-	20
Buildings at cost	119	(7)	112
	139	(7)	132

	Group 2016 RM'000	2015 RM'000
Fair value	710	385

(a) Rental income generated from rental of investment properties of the Group during the financial year amounted to RM18,000 (2015: RM18,000).

(b) Direct operating expenses from investment properties which generated rental income to the Group during the financial year amounted to RM10,000 (2015: RM9,000).

(c) The fair value of investment properties for disclosure purposes, which are at Level 3 fair value, was recommended by the Directors as at the end of reporting period based on indicative market value of similar properties in the vicinity on a price per square foot basis.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 May 2016 and 31 May 2015.

(d) The investment properties of the Group are mainly used to generate rental income. However, the fair value of the investment properties reflects the highest and best use of the said properties should the investment properties be disposed. Currently, management does not intend to dispose off the investment properties and the existing use of the investment properties remains for rental purposes.

9. INVESTMENTS IN SUBSIDIARIES

	Company 2016 RM'000	2015 RM'000
Quoted shares in Malaysia, at cost	**39,563**	51,458
Unquoted shares, at cost	**223,556**	261,849
Equity loans	**70,000**	-
	333,119	313,307
Less: Impairment loss of investments in unquoted shares	**(50,903)**	(50,903)
	282,216	262,404

(a) The details of the subsidiaries are disclosed in Note 43 to the financial statements.

(b) During the financial year, the Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that a portion of the outstanding balance amounting to RM70,000,000 shall constitute equity loans to the a subsidiary, which are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future, and are considered to be part of the Company's net investment in providing the subsidiary with a long term source of additional capital.

(c) Quoted investments in a subsidiary with a carrying amount of RM39,795,000 (2015: RM20,817,000) and quoted investments held by a subsidiary with a carrying amount of RM62,485,000 (2015: RM49,630,000) have been charged to licensed banks for credit facilities granted to the Company (Note 25).

(d) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000	Others* RM'000	Total RM'000
2016				
NCI percentage of ownership interest and voting interest (%)	**54.5%**	**54.7%**		
Carrying amount of NCI	**118,767**	**20,247**	**19,999**	**159,013**
Profit allocated to NCI	**6,262**	**485**	**2,585**	**9,332**
2015				
NCI percentage of ownership interest and voting interest (%)	54.5%	54.6%		
Carrying amount of NCI	104,462	21,193	12,663	138,318
Profit allocated to NCI	1,954	282	859	3,095

* The NCI of all other subsidiaries that are not wholly-owned by the Group are deemed to be immaterial.

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

(e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Nylex (Malaysia) Berhad RM'000	Ancom Logistics Berhad RM'000
2016		
Assets and liabilities		
Non-current assets	**233,507**	**31,790**
Current assets	**354,683**	**25,536**
Non-current liabilities	**(7,513)**	**(5,768)**
Current liabilities	**(244,838)**	**(7,909)**
Net assets	**335,839**	**43,649**
Results		
Revenue	**1,197,450**	**32,366**
Profit/(Loss) for the financial year	**11,177**	**(309)**
Total comprehensive income/(loss)	**26,758**	**(309)**
Cash flows from operating activities	**42,485**	**4,203**
Cash flows (used in)/from investing activities	**(15,832)**	**3**
Cash flows used in financing activities	**(61,297)**	**(1,373)**
Net (decrease)/increase in cash and cash equivalents	**(34,644)**	**2,833**
Dividend paid to NCI	**2,091**	**1,470**
2015		
Assets and liabilities		
Non-current assets	211,532	35,835
Current assets	414,815	24,226
Non-current liabilities	(15,309)	(6,511)
Current liabilities	(299,002)	(8,122)
Net assets	312,036	45,428
Results		
Revenue	1,272,737	32,253
Profit/(Loss) for the financial year	5,209	(453)
Total comprehensive income/(loss)	17,356	(453)
Cash flows from/(used in) operating activities	53,161	(4,598)
Cash flows (used in)/from investing activities	(37,277)	1,782
Cash flows from/(used in) financing activities	2,442	(20,639)
Net increase/(decrease) in cash and cash equivalents	18,326	(23,455)
Dividend paid to NCI	3,146	-

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

9.1 Acquisition of additional interest in subsidiaries

In the previous financial year:

(i) The Group via its subsidiary, Perusahaan Kimia Gemilang Sdn. Bhd. ('PKG'), acquired additional 110,000 ordinary shares of RM1.00 each in Ancom Kimia Sdn. Bhd. ('AKM'), representing an additional equity interest of 5% in the issued and paid-up capital of AKM for a cash consideration of RM650,000. Following this acquisition, PKG held 60% equity interest in AKM. The acquisition did not have any material financial impact to the Group.

(ii) Nylex (Malaysia) Berhad ('Nylex'), a subsidiary of the Company increased its shareholding in CKG Chemicals Pte. Ltd. ('CKG') via conversion of a shareholder's loan of RM9,036,000, into 2,700,000 ordinary shares in CKG. The additional investment in CKG did not result in any material financial impact to the Group.

9.2 Acquisition of subsidiaries

(a) During the financial year:

(i) the Group via its wholly-owned subsidiary, Redberry Sdn. Bhd. ('RBSB') acquired 654,330 ordinary shares of RM1.00 each representing 51% equity interest in Redberry Solutions Sdn. Bhd. for a cash consideration of RM650,000. The acquisition did not have any material impact to the Group.

(ii) the Company had exercise its rights to convert 9,000,000 unquoted redeemable convertible preference shares into 9,000,000 ordinary shares of RM1.00 each, representing 60% equity interest of Genovasi Malaysia Sdn. Bhd. ('GMSB'). As a result of the conversion, GMSB became a subsidiary of the Company. The acquisition did not have any material impact to the Group.

(iii) the Group via its wholly-owned subsidiary, Ancom Nutrifoods Sdn. Bhd. ('ANSB') acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Warisan Setara Sdn. Bhd. for a cash consideration of RM2. The acquisition did not have any material impact to the Group.

(iv) the Company acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Arena Anggerik Sdn. Bhd. for a cash consideration of RM2. The acquisition did not have any material impact to the Group.

(v) the Group via its wholly-owned subsidiary, Ancom Crop Care Sdn. Bhd. ('ACC') acquired 18,000 ordinary shares of RM1.00 each representing 90% equity interest in Entopest Enviroment Services Sdn. Bhd. for a cash consideration of RM2,070,000. The acquisition did not have any material impact to the Group.

(vi) the Group via its wholly-owned subsidiary, Puncak Berlian Sdn. Bhd. ('PBSB') acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Titanium Compass Sdn. Bhd. for a cash consideration of RM2. The acquisition did not have any material impact to the Group.

(vii) the Group via its subsidiariy, Nylex, acquired 1,320,000 ordinary shares of RM1.00 each representing 60% equity interest of NYL Logistics Sdn. Bhd. for a cash consideration of RM6,376,000. The acquisition did not have any material impact to the Group.

(b) In the previous financial year:

(i) the Group via its wholly-owned subsidiary, Syarikat Wandeerfull Sdn. Bhd. ('SWSB'), acquired an additional 887,950 ordinary shares of RM1.00 each in Wandeerfull Industries Sdn. Bhd. ('WISB') for a cash consideration of RM1,634,000, thereby increasing the Group's equity interest in WISB from 30% to 100% and became a wholly-owned subsidiary of the Group. The previously held equity interest was designated as investment in an associate prior to the date of acquisition. The acquisition did not have any material financial impact to the Group.

9. **INVESTMENTS IN SUBSIDIARIES** *(continued)*

9.2 **Acquisition of subsidiaries** *(continued)*

(b) In the previous financial year: *(continued)*

(ii) the Group via its subsidiary, PKG, acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of ALB Marine Sdn. Bhd. ('AMS'). Subsequently, AMS increased its issued and paid-up share capital to RM100,000 ordinary shares of RM1.00 each. AMS is currently a dormant company with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each. The acquisition did not have any material financial impact to the Group.

9.3 **Disposal of equity interests in subsidiaries**

(a) During the financial year, Synergy Tanker Sdn. Bhd.('STSB'), a wholly-owned subsidiary of the Company, disposed 400,000 ordinary shares in Ancom Logistics Berhad ('ALB') for a total cash consideration of RM61,000. The disposal resulted in a reduction of equity interest in ALB from 45.4% to 45.3%. The disposal did not have any material financial impact to the Group.

(b) In the previous financial year:

(i) STSB, a wholly-owned subsidiary of the Company, disposed 7,839,000 ordinary shares in ALB for a total cash consideration of RM1,361,000. The disposal resulted in a reduction of equity interest in ALB from 47.1% to 45.4%. The disposal did not have any material financial impact to the Group.

(ii) The Company disposed 6,834,000 shares in its subsidiary, MSTi Corporation Sdn. Bhd. ('MSTi') for a cash consideration of RM2.00. The disposal has reduced the effective shareholding of Ancom in MSTi from 45% to 20%. As a result of the disposal, MSTi became an associate of the Group. The net effect of the disposal did not have any material financial impact to the Group.

9.4 **Transfer of business operations**

In the previous financial year, a subsidiary of Nylex, Nycon Manufacturing Sdn. Bhd. ('NYC') transferred its entire business operations to Nylex.

As a result of the transfer, NYC became a dormant company on 12 March 2015.

9.5 **Capital reduction exercise**

(a) During the financial year, Rhodemark Development Sdn. Bhd. ('RDSB'), a wholly-owned subsidiary of the Company, had undertaken a capital reduction of its existing issued and paid-up share capital via cancellation of 47,292,858 ordinary shares of RM1.00 each. Pursuant to the capital reduction and repayments, RDSB's issued and fully paid share capital was reduced from 107,292,858 to 60,000,000 comprising 60,000,000 ordinary shares of RM1.00 each.

As a result of the capital reduction exercise, the cost of investment of the Company in RDSB decreased by RM47,293,000.

(b) In the previous financial year, ALB had undertaken a capital reduction of its existing issued and paid-up share capital via cancellation of RM0.05 in the par value of each ordinary share of RM0.10 each, resulting in a new par value of RM0.05 for each of the ordinary shares in ALB. Following the capital reduction, ALB made a cash distribution of RM18,932,000 to all shareholders of ALB on the basis of RM0.04 for each of the ordinary shares. The balance of RM0.01, together with credit arising from cancellation of share premium account is used to set-off against the accumulated losses of ALB, in accordance with Section 60 and 64 of the Companies Act, 1965 in Malaysia. Pursuant to the capital reduction and repayment, ALB's authorised share capital remained at RM500,000,000 comprising 10,000,000,000 ordinary shares of RM0.05 each and the issued and fully paid share capital reduced from RM47,328,600 to RM23,664,300 comprising 473,286,000 ordinary shares of RM0.05 each.

As a result of the capital reduction exercise, the cost of investment of the Company in ALB had decreased by RM2,248,000.

9. INVESTMENTS IN SUBSIDIARIES *(continued)*

9.6 Common control transactions

(a) During the financial year, the Company disposed 12,000,000 ordinary shares of RM0.55 each in Nylex to RDSB, a wholly-owned subsidiary for a consideration of RM6,600,000 and recognised a loss on disposal of RM5,925,000. The disposal did not have any material financial impact to the Group.

(b) In the previous financial year, RBSB acquired 100% equity interest in PBSB and Redberry Mall Sdn. Bhd. ('RMSB') from Redberry Outdoors Sdn. Bhd. ('RBO') with an issued and paid-up share capital of RM2.00 comprising 2 ordinary shares respectively of RM1.00 each, for a total cash consideration of RM4.00. Following the acquisition, PBSB and RMSB became wholly-owned subsidiaries of RBSB. The acquisition did not have any material financial impact to the Group.

(c) In the previous financial year, RBSB disposed its entire equity interest in the following subsidiaries to PBSB:

(i) Redberry Contact Center Sdn. Bhd. ('RCC') comprising 5,335,000 ordinary shares of RM1.00 each for cash consideration of RM8,155,000.

(ii) Focus Media Network Sdn. Bhd. ('FMN') comprising 3,760,000 ordinary shares of RM1.00 each for cash consideration of RM1,629,000.

(iii) Meru Utama Sdn. Bhd. ('MUSB') comprising 823,900 ordinary shares of RM1.00 each for cash consideration of RM6,829,000.

(iv) RBO comprising 5,000,000 ordinary shares of RM1.00 each for cash consideration of RM512,000.

The above transactions did not have any material financial impact to the Group.

9.7 Winding up of a subsidiary

In the previous financial year, the Nylex Group completed a member's voluntary winding up of its subsidiary, Malaysian Roofing Industries Sdn. Bhd., a company incorporated in Malaysia. The winding up did not have any material financial impact to the Group.

10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares, at cost	**14,278**	11,414	**9,149**	6,302
Group's share of post-acquisition results	**(3,978)**	(2,335)	**-**	-
	10,300	9,079	**9,149**	6,302
Less: Impairment loss	**(7,277)**	(7,277)	**(6,302)**	(6,302)
	3,023	1,802	**2,847**	-

(a) On 7 December 2015, the Group and the Company acquired 31% equity interest in Jirnexu Pte. Ltd. (formerly known as Saving Plus Pte. Ltd.) ('Jirnexu') for a cash consideration of RM2,947,000. The acquisition did not have any material financial impact to the Group and Company.

Subsequent to the acquisition, the Group disposed 7% of equity interest in Jirnexu for a cash consideration of RM500,000, thereby reducing the equity interest of the Group to 24%. The disposal did not have any material financial impact to the Group.

10. INVESTMENTS IN ASSOCIATES *(continued)*

(b) The details of the associates are disclosed in Note 43 to the financial statements. All the associates are accounted using the equity method in the consolidated financial statements.

(c) The aggregate amount of the associates results shared by the Group during the financial year are as follows:

Group	2016 RM'000	2015 RM'000
Share of loss of the Group	**(1,643)**	(8)
Share of other comprehensive income of the Group	**-**	-
Share of total comprehensive loss of the Group	**(1,643)**	(8)

(d) Tamco Chongqing Switchgear Company Limited ("TCS") has been placed under liquidation in previous financial years. The completion of the liquidation is pending the approval from the local regulatory in China.

(e) The reconciliation of movement in the impairment loss is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 June 2015/2014	**7,277**	2,191	**6,302**	1,216
Disposal of equity interest in a subsidiary	**-**	5,086	**-**	5,086
At 31 May 2016/2015	**7,277**	7,277	**6,302**	6,302

11. INVESTMENTS IN JOINT VENTURES

	Group	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	**540**	2,230
Group's share of post-acquisition results	**(540)**	(1,750)
	-	480

(a) The details of the joint ventures are disclosed in Note 43 to the financial statements.

(b) During the financial year, RBSB acquired 30% equity interest in TeaFM Radio Sdn. Bhd. ('TeaFM') with an initial issued and paid-up share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each for a consideration of RM300,000. The acquisition did not have any material financial impact to the Group.

(c) On 15 May 2016, RBSB disposed 50% equity interest in Point of Education Sdn. Bhd. ('PESB') for a cash consideration of RM2,738,000. The disposal did not have any material financial impact to the Group.

(d) In the previous financial year, Redberry Media Sdn. Bhd. acquired 50% equity interest in Senandung Sonik Sdn. Bhd. ('SSSB') with an initial issued and paid-up share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each for a cash consideration of RM480,000. The acquisition did not have any material financial impact to the Group.

11. INVESTMENTS IN JOINT VENTURES *(continued)*

(e) SSSB and TeaFM are unlisted separate entities whose quoted market prices are not available. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to assets and obligation for liabilities of the joint arrangement resting primarily with TeaFM and SSSB. These joint arrangements have been classified as joint ventures and have been included in the consolidated financial statements using the equity method.

(f) The joint ventures are not allowed to distribute its profits prior to the consent of the venture partners.

12. OTHER INVESTMENTS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Non-current				
Fair value through profit or loss				
Quoted shares in Malaysia	**392**	386	**260**	260
Unquoted redeemable convertible preference shares in Malaysia	**-**	9,000	**-**	9,000
Club memberships	**300**	300	**243**	243
Total non-current other investments	**692**	9,686	**503**	9,503
Current				
Fair value through profit or loss				
Quoted shares in Malaysia	**476**	448	**-**	-
Unit trusts	**703**	1,063	**-**	-
Total current other investments	**1,179**	1,511	**-**	-

(a) During the financial year, the Company had exercised its rights to convert 9,000,000 unquoted redeemable convertible preference shares into 9,000,000 ordinary shares of RM1.00 each as disclosed in Note 9.2(a)(ii) to the financial statements.

(b) In the previous financial year, the Group via its wholly-owned subsidiary, RBSB entered into a Sale and Purchase Agreement ('SPA') to dispose its interest in Property Guru Pte. Ltd. for a consideration of RM12,222,000.

The impact of the disposal on the results of the Group is as follows:

		RM'000
Consideration for the disposal		12,222
Less:	Capitalisation of debts during the financial year	(4,573)
	Reversal of other investment previously impaired	(1,687)
		(6,260)
Gain on disposal		5,962

(c) Information on fair value hierarchy is disclosed in Note 36(d) to the financial statements.

13. INTANGIBLE ASSETS

Group 2016	Balance as at 1.6.2015 RM'000	Additions RM'000	Amortisation during the financial year RM'000	Balance as at 31.5.2016 RM'000
Rights	**2,905**	**1,886**	**(740)**	**4,051**
Computer software	**189**	**342**	**(83)**	**448**
	3,094	**2,228**	**(823)**	**4,499**

Group 2015	Balance as at 1.6.2014 RM'000	Additions RM'000	Disposal of interest in a subsidiary RM'000	Amortisation during the financial year RM'000	Balance as at 31.5.2015 RM'000
Rights	3,478	-	-	(573)	2,905
Computer software	156	116	(11)	(72)	189
	3,634	116	(11)	(645)	3,094

	Company 2016 RM'000	2015 RM'000
Computer software		
Balance as at 1 June 2015/2014	**25**	6
Additions during the financial year	**-**	23
Amortisation during the financial year	**(6)**	(4)
Balance as at 31 May 2016/2015	**19**	25

Rights represent audio and visual advertising network distributions secured by the Group for media sales.

During the financial year, amortisation for rights and computer software of the Group amounting to RM740,000 (2015: RM573,000), and RM83,000 (2015: RM72,000) respectively has been recognised in the statements of profit or loss under other operating expenses.

During the financial year, amortisation for computer software of the Company amounting to RM6,000 (2015: RM4,000) has been recognised in the statements of profit or loss under other operating expenses.

13. INTANGIBLE ASSETS *(continued)*

The following describes the key assumptions used on which the Group has based its cash flow projections for the purposes of the impairment test on individual cash generating units ('CGU') held as Rights:

Media Segment: CGU 1

i. Cash flows were projected based on financial budgets approved by the CGU. The budgets covered a period of ten (10) years, in accordance with the remaining years of utilisation of the Right.
ii. The revenue to be derived from the Right is anticipated to be at least RM300,000 from financial year 2017 to financial year 2026.
iii. A pre-tax discount rate of 8.6% (2015: 8.6%) per annum has been applied.

Based on the sensitivity analysis performed by management, a 1% increase in the discount rate used would not result in any additional impairment loss.

Based on the sensitivity analysis performed by management, if the revenue to be derived is anticipated to be at RM300,000 per year, this would result in an additional impairment loss of approximately RM704,000.

Media Segment: CGU 2

The amount represents marketing rights acquired during the financial year amounting to RM1,886,000.

Media Segment: Other CGUs

The associated Rights recognised in other CGUs were fully amortised or impaired. Hence, the disclosure of the associated key assumptions used in determining the recoverable amounts or expected future economic benefits of the Rights are not deemed to be material for disclosure.

14. GOODWILL ON CONSOLIDATION

	Group	
	2016	**2015**
	RM'000	**RM'000**
Balance as at 1 June 2015/2014	**79,908**	71,618
Acquisition of subsidiaries	**8,896**	29
Foreign exchange differences	**8,447**	8,290
Impairment loss	**(551)**	(29)
Balance as at 31 May 2016/2015	**96,700**	79,908

(a) Allocation of goodwill

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

	Group	
	2016	**2015**
	RM'000	**RM'000**
Agricultural and industrial chemicals	**71,328**	61,209
Polymer	**99**	90
Logistics	**4,584**	-
Media	**18,609**	18,609
Others	**2,080**	-
	96,700	79,908

14. GOODWILL ON CONSOLIDATION *(continued)*

(b) Key assumptions used in value-in-use calculation

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 their recoverable amount. The value-in-use is determined by discounting future cash flows over a relevant period. The future cash flows are based on management's business plans, 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 plans may be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions.

(c) In respect of the agriculture and industrial chemicals and polymer CGUs, the key assumptions on which management has based its cash flow projections for the purposes of the impairment test for goodwill are as follows:

(i) The discount rate used reflects management's best estimate of return on capital employed. In computing the value-in-use of each CGU, management has applied a discount rate of 7.1% (2015: 6.9%).

(ii) Growth rate used is based on historical trends of each CGU taking into account the industry outlook. The average growth rate ranges from 0% to 4.2% (2015: 0% to 4.2%) per annum.

(iii) The profit margin applied to the projections are based on the historical profit margin trends for each of the individual CGUs.

With regards to the assessment of value in use of the polymer CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

For the agriculture and industrial chemicals CGU, the estimated recoverable amount is higher than its carrying value. The implication of the key assumptions for the recoverable amount is discussed below:

Discount rate assumptions

The discount rate calculation is based on the weighted average cost of capital which takes into account both debt and equity of the Group. Management has considered the possibility of greater than forecasted discount rate. Based on the sensitivity analysis performed by management, a 1% increase in the discount rate used would not result in any additional impairment.

Growth rate assumptions

Management has considered that a possibility of a weaker than the anticipated growth rate which may occur if the agriculture and industrial chemicals CGU does not perform as per expected results. The effect of bearish future growth performance is not expected to have an adverse impact on forecasts included in the budget, where a reduction in 1% of the growth rate used would not result in any impairment of the balance.

(d) In respect of the media CGU, the key assumptions on which management has based its cash flow projections for the purposes of the impairment test for goodwill are as follows:

(i) Growth rate used is based on the historical trends of the CGU. The average growth rate ranges from 5.0% to 10.0% (2015: 5.0% to 10.0%) per annum.

(ii) A pre-tax discount rate of 7.1% (2015: 6.9%) per annum has been applied.

Management is not aware of any reasonable possible changes in the key assumptions, which would cause the carrying amount of the media CGU to materially exceed its recoverable amount.

(e) In respect of logistics and other CGUs, the amount represents goodwill acquired during the year amounting to RM6,664,000. The management is not aware of any reasonable possible changes which would cause the carrying amount of the CGUs to materially exceed its recoverable amount.

15. DEFERRED TAX (ASSETS)/LIABILITIES

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

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Balance as at 1 June 2015/2014		**(12,806)**	(16,188)	**2,524**	2,643
Recognised in profit or loss	34	**(2,599)**	3,502	**(2,220)**	(119)
Foreign exchange differences		**(253)**	(120)	**-**	-
		(2,852)	3,382	**(2,220)**	(119)
Balance as at 31 May 2016/2015		**(15,658)**	(12,806)	**304**	2,524
Presented as:					
Deferred tax assets, net		**(26,230)**	(26,557)	**-**	-
Deferred tax liabilities, net		**10,572**	13,751	**304**	2,524

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

Deferred tax liabilities of the Group	Property, plant and equipment RM'000	Offsetting RM'000	Total RM'000
2016			
Balance as at 1 June 2015	**15,208**	**(1,457)**	**13,751**
Recognised in profit or loss	**(2,030)**	**(1,149)**	**(3,179)**
Balance as at 31 May 2016	**13,178**	**(2,606)**	**10,572**
2015			
Balance as at 1 June 2014	15,395	(1,934)	13,461
Recognised in profit or loss	(187)	477	290
Balance as at 31 May 2015	15,208	(1,457)	13,751

15. DEFERRED TAX (ASSETS)/LIABILITIES *(continued)*

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

Deferred tax assets of the Group	Provision for liabilities RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Others RM'000	Offsetting RM'000	Total RM'000
2016					
Balance as at 1 June 2015	**(1,964)**	**(25,396)**	**(654)**	**1,457**	**(26,557)**
Recognised in profit or loss	**(1,320)**	**837**	**(111)**	**1,174**	**580**
Foreign exchange differences	**(5)**	**(207)**	**(16)**	**(25)**	**(253)**
Balance as at 31 May 2016	**(3,289)**	**(24,766)**	**(781)**	**2,606**	**(26,230)**
2015					
Balance as at 1 June 2014	(2,509)	(28,402)	(672)	1,934	(29,649)
Recognised in profit or loss	545	3,126	18	(477)	3,212
Foreign exchange differences	-	(120)	-	-	(120)
Balance as at 31 May 2015	(1,964)	(25,396)	(654)	1,457	(26,557)

(c) The components and movements of deferred tax liabilities of the Company during the financial year are as follows:

Deferred tax liabilities of the Company	Property, plant and equipment RM'000
2016	
Balance as at 1 June 2015	**2,524**
Recognised in profit or loss	**(2,220)**
Balance as at 31 May 2016	**304**
2015	
Balance as at 1 June 2014	2,643
Recognised in profit or loss	(119)
Balance as at 31 May 2015	2,524

15. DEFERRED TAX (ASSETS)/LIABILITIES *(continued)*

(d) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group 2016 RM'000	Group 2015 RM'000
Unutilised tax losses	**102,723**	77,886
Unabsorbed capital allowances	**17,102**	17,367
Others	**2,945**	7,099
	122,770	102,352

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not certain that these subsidiaries will have future taxable profits to offset the unutilised tax losses and unabsorbed capital allowances.

16. INVENTORIES

	Group 2016 RM'000	Group 2015 RM'000
At cost		
Raw materials	**23,939**	18,489
Packing materials	**349**	260
Work-in-progress	**1,460**	1,163
Finished goods	**32,693**	29,793
	58,441	49,705
At net realisable value		
Raw materials	**10,309**	12,526
Work-in-progress	**3,435**	5,194
Finished goods	**47,661**	47,062
	61,405	64,782
	119,846	114,487

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,187,364,000 (2015: RM1,240,868,000). The Group has also written down inventories by RM951,000 (2015: RM2,345,000) to their net realisable value.

17. TRADE AND OTHER RECEIVABLES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Trade receivables	**260,361**	283,495	**-**	-
Less: Impairment loss	**(6,899)**	(5,783)	**-**	-
	253,462	277,712	**-**	-
Other receivables	**56,164**	37,209	**5,604**	778
Less: Impairment loss	**(8,360)**	(7,849)	**-**	-
	47,804	29,360	**5,604**	778
Deposits	**3,577**	6,830	**226**	226
Loans and receivables	**304,843**	313,902	**5,830**	1,004
Deferred expenditure	**383**	350	**-**	-
Prepayments	**10,547**	14,542	**-**	1
	10,930	14,892	**-**	1
	315,773	328,794	**5,830**	1,005

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from one (1) month to four (4) months (2015: one (1) month to four (4) months). They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

(b) The currency exposure profile of trade and other receivables is disclosed in Note 37(i) to the financial statements.

(c) The ageing analysis of trade receivables of the Group is as follows:

	Group 2016 RM'000	Group 2015 RM'000
Neither past due nor impaired	**193,511**	206,834
Past due, not impaired		
1 to 30 days	**32,719**	39,423
31 to 60 days	**15,950**	19,735
61 to 90 days	**7,326**	5,406
91 to 120 days	**2,958**	4,902
More than 120 days	**998**	1,412
	59,951	70,878
Past due and impaired	**6,899**	5,783
	260,361	283,495

17. TRADE AND OTHER RECEIVABLES *(continued)*

(c) The ageing analysis of trade receivables of the Group is as follows: *(continued)*

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

At the end of the reporting period, trade receivables of the Group that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Receivable that are past due and impaired
Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

Group	**Collectively assessed**	**Individually assessed**	**Total**
2016	**RM'000**	**RM'000**	**RM'000**
Trade receivables	**378**	**6,595**	**6,973**
Less: Impairment loss	**(378)**	**(6,521)**	**(6,899)**
	-	**74**	**74**
2015			
Trade receivables	190	5,613	5,803
Less: Impairment loss	(190)	(5,593)	(5,783)
	-	20	20

17. TRADE AND OTHER RECEIVABLES *(continued)*

(d) The reconciliation of movement in impairment loss is as follows:

	Group 2016 RM'000	Group 2015 RM'000
Trade receivables		
At 1 June 2015/2014	**5,783**	5,489
Charge for the financial year	**1,291**	1,665
Acquisition of a subsidiary	**414**	-
Disposal of interest in a subsidiary	**-**	(920)
Reversal of impairment loss	**(516)**	(352)
Written off	**(100)**	(102)
Exchange differences	**27**	3
At 31 May 2016/2015	**6,899**	5,783
Other receivables		
At 1 June 2015/2014	**7,849**	7,605
Charge for the financial year	**713**	1,449
Disposal of interest in a subsidiary	**-**	(781)
Reversal of impairment loss	**(202)**	-
Written off	**-**	(424)
At 31 May 2016/2015	**8,360**	7,849
	15,259	13,632

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(e) Information on financial risks of trade and other receivables are disclosed in Note 37 to the financial statements.

18. AMOUNTS OWING BY SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
Amounts owing by subsidiaries	**25,150**	87,907
Less: Impairment loss	**(2,989)**	(3,622)
	22,161	84,285

(a) The amounts owing by subsidiaries represent advances and payments made on behalf, which are interest free, unsecured and payable upon demand in cash and cash equivalents except for an amount of RM18,352,000 (2015: RM72,964,000), which bears an interest rate of 6.0% (2015: 4.0%) per annum.

18. AMOUNTS OWING BY SUBSIDIARIES *(continued)*

(b) The reconciliation of movement in the impairment loss are as follows:

	Company	
	2016	2015
	RM'000	RM'000
At 1 June 2015/2014	**3,622**	9,636
Charge for the financial year	**337**	795
Disposal of interest in a subsidiary	**-**	(6,809)
Reversal of impairment loss	**(970)**	-
At 31 May 2016/2015	**2,989**	3,622

(c) The amounts owing by subsidiaries are denominated in RM.

(d) Information on financial risks of amounts owing by subsidiaries are disclosed in Note 37 to the financial statements.

19. AMOUNTS OWING BY/(TO) ASSOCIATES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Amounts owing by associates	**15,914**	10,539	**4,450**	342
Less: Impairment loss	**(10,229)**	(7,568)	**(105)**	(105)
	5,685	2,971	**4,345**	237
Amounts owing to associates	**(101)**	(30)	**-**	-

(a) The amounts owing by/(to) associates represent balances arising from trade transactions, advances and payments made on behalf which are unsecured, interest free and payable upon demand in cash and cash equivalents. The trade transactions are carried out based on normal trade terms as disclosed in Note 17(a) and Note 29(a) to the financial statements.

(b) The reconciliation of movement in the impairment loss are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At 1 June 2015/2014	**7,568**	7,028	**105**	105
Charge for the financial year	**2,661**	540	**-**	-
At 31 May 2016/2015	**10,229**	7,568	**105**	105

(c) The amounts owing by/(to) associates are denominated in RM.

(d) Information on financial risks of amounts owing by/(to) associates are disclosed in Note 37 to the financial statements.

20. AMOUNTS OWING BY JOINT VENTURES

	Group 2016 RM'000	Group 2015 RM'000
Amounts owing by joint ventures	**56**	507
Less: Impairment loss	**-**	(456)
	56	51

(a) The amounts owing by joint ventures represent advances and payments made on behalf, which are unsecured, interest free and payable upon demand in cash and cash equivalents.

(b) The reconciliation of movement in the impairment loss is as follows:

	Group 2016 RM'000	Group 2015 RM'000
At 1 June 2015/2014	**456**	-
Charge for the financial year	**-**	456
Reversal of impairment loss	**(456)**	-
At 31 May 2016/2015	**-**	456

(c) The amounts owing by joint ventures are denominated in RM.

(d) Information on financial risks of amounts owing by joint ventures are disclosed in Note 37 to the financial statements.

21. CASH AND BANK BALANCES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Short term deposits with licensed banks	**32,251**	38,658	**-**	-
Cash and bank balances	**67,584**	84,005	**27**	668
	99,835	122,663	**27**	668

(a) Short term deposits of the Group amounting to RM7,132,000 (2015: RM7,408,000) have been pledged to licensed banks for banking facilities granted to certain subsidiaries of the Group as disclosed in Note 25 to the financial statements.

(b) The currency exposure profiles of cash and bank balances are disclosed in Note 37(i) to the financial statements.

21. CASH AND BANK BALANCES *(continued)*

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	**99,835**	122,663	**27**	668
Less:				
Short term deposits with maturity period more than three (3) months	**(132)**	(109)	**-**	-
Short term deposits pledged with licensed banks	**(7,132)**	(7,408)	**-**	-
Bank overdrafts (Note 25)	**(16,655)**	(13,757)	**(8,688)**	(7,029)
As reported in statements of cash flows	**75,916**	101,389	**(8,661)**	(6,361)

(d) Information on financial risks of cash and bank balances are disclosed in Note 37 to the financial statements.

22. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Motor vehicles	**51**	51	**-**	-
Land and building	**-**	-	**-**	8,133
	51	51	**-**	8,133

The Group

On 5 May 2015, a subsidiary of the Group entered into an agreement for the sale of motor vehicles for a consideration of RM110,000. During the financial year, the sale had not been completed as the subsidiary was in the midst of transferring the title of the motor vehicles.

The transaction was completed subsequent to the financial year end in July 2016.

The Company

In the previous financial year, the Company entered into an agreement for the sale a land and building for a consideration of RM8,133,000 with Ancom Crop Care Sdn. Bhd., a wholly-owned subsidiary of the Company. The sale was completed in August 2015.

23. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares	RM'000	Number of shares	RM'000
Ordinary shares of RM1.00 each:				
Authorised	**500,000,000**	**500,000**	500,000,000	500,000
Issued and fully paid	**218,956,342**	**218,956**	218,956,342	218,956

(a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

(b) Treasury shares

During the financial year, the total shares repurchased by the Company out of internally generated funds and the consideration paid was as follows:

Month	Number of shares repurchased	Purchase price Lowest RM	Purchase price Highest RM	Purchase price Average RM	Total consideration RM
July 2015	106,700	0.39	0.45	0.42	42,881
August 2015	165,700	0.34	0.43	0.35	61,388
September 2015	72,200	0.34	0.37	0.36	25,629
October 2015	30,100	0.37	0.41	0.38	11,359
November 2015	51,100	0.38	0.42	0.38	20,048
December 2015	49,000	0.40	0.40	0.40	19,520
January 2016	15,200	0.39	0.46	0.41	5,955
February 2016	35,000	0.37	0.41	0.39	13,250
March 2016	50,000	0.35	0.38	0.37	17,943
April 2016	26,600	0.36	0.38	0.37	9,691
May 2016	62,300	0.34	0.37	0.35	22,100
	663,900				249,764

As at 31 May 2016, a total of 3,500,527 (2015: 2,836,627) Treasury Shares at a total cost of RM2,377,000 (2015: RM2,127,000) are held by the Company. The shares repurchased are being held as Treasury Shares in accordance with Section 67A(3)(b) of the Companies Act, 1965 in Malaysia.

The number of ordinary shares as at 31 May 2016 net of Treasury Shares is 215,455,815 (2015: 216,119,715) ordinary shares of RM1.00 each.

24. RESERVES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-distributable				
Share premium	**4,332**	4,332	**4,332**	4,332
Capital reserve	**203**	203	**-**	-
Exchange translation reserve	**11,265**	5,064	**-**	-
Capital redemption reserve	**4,987**	4,987	**4,917**	4,917
Distributable				
Retained earnings	**45,119**	52,228	**32,409**	30,584
	65,906	66,814	**41,658**	39,833

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations.

(b) Capital redemption reserve

The capital redemption reserve arose from a capital reduction exercise pursuant to the requirements of Section 64 of the Companies Act, 1965 in Malaysia.

25. BORROWINGS

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-current liabilities					
Secured					
Hire purchase and lease creditors	27	**4,305**	7,243	**460**	107
Term loans	26	**11,550**	12,128	**2,194**	-
		15,855	19,371	**2,654**	107
Current liabilities					
Unsecured					
Bankers' acceptances		**72,310**	105,870	**-**	-
Bank overdrafts		**10,737**	10,874	**5,958**	7,029
Revolving credits		**34,344**	31,594	**13,000**	13,000
Term loans	26	**115**	-	**-**	-
		117,506	148,338	**18,958**	20,029
Secured					
Bankers' acceptances		**740**	-	**-**	-
Bank overdrafts		**5,918**	2,883	**2,730**	-
Revolving credits		**34,500**	31,819	**33,000**	27,000
Trust receipts		**27,771**	30,467	**-**	-
Hire purchase and lease creditors	27	**4,651**	3,656	**103**	91
Term loans	26	**6,188**	3,802	**1,548**	-
Outward bill purchase		**16,409**	12,745	**-**	-
		96,177	85,372	**37,381**	27,091
		213,683	233,710	**56,339**	47,120
Total borrowings					
Bankers' acceptances		**73,050**	105,870	**-**	-
Bank overdrafts	21	**16,655**	13,757	**8,688**	7,029
Revolving credits		**68,844**	63,413	**46,000**	40,000
Trust receipts		**27,771**	30,467	**-**	-
Hire purchase and lease creditors	27	**8,956**	10,899	**563**	198
Term loans	26	**17,853**	15,930	**3,742**	-
Outward bill purchase		**16,409**	12,745	**-**	-
		229,538	253,081	**58,993**	47,227

25. BORROWINGS *(continued)*

(a) The secured borrowings of the Group are secured by the following:

- (i) a fixed charge over the land and buildings of the Group as disclosed in Note 7 in the financial statements;
- (ii) a fixed charge over certain plant and machinery of the Group as disclosed in Note 7 in the financial statements;
- (iii) a charge over certain quoted shares of a quoted subsidiary of the Company and a charge over quoted investments held by a subsidiary as disclosed in Note 9 in the financial statements;
- (iv) pledge of short term deposits of the Group with licensed banks as disclosed in Note 21 in the financial statements;
- (v) assignment of insurance policies covering stock in trade of certain subsidiaries; and
- (vi) joint and several guarantees from Directors of the Company.

(b) The secured borrowings of the Company are secured by the following:

- (i) a fixed and floating charge over certain assets of the Company; and
- (ii) certain shares of a quoted subsidiary.

(c) The currency exposure profiles of borrowings are disclosed in Note 37(i) to the financial statements.

(d) Information on financial risks of borrowings are disclosed in Note 37 to the financial statements.

26. TERM LOANS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current liabilities				
- not later than one year	**6,303**	3,802	**1,548**	-
Non-current liabilities				
- later than one year and not later than five years	**11,550**	12,128	**2,194**	-
	17,853	15,930	**3,742**	-

27. HIRE PURCHASE AND LEASE CREDITORS

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Minimum hire purchase and lease payments:				
- not later than one year	**5,163**	4,311	**139**	99
- later than one year and not later than five years	**4,576**	7,849	**508**	110
Total minimum hire purchase and lease payments	**9,739**	12,160	**647**	209
Less: Future interest charges	**(783)**	(1,261)	**(84)**	(11)
Present value of hire purchase and lease payments	**8,956**	10,899	**563**	198
Repayable as follows:				
Current liabilities:				
- not later than one year	**4,651**	3,656	**103**	91
Non-current liabilities:				
- later than one year and not later than five years	**4,305**	7,243	**460**	107
	8,956	10,899	**563**	198

Information on financial risks of hire purchase and lease creditors are disclosed in Note 37 to the financial statements.

28. PROVISION FOR RETIREMENT BENEFITS

Movements in the net liabilities recognised in the statement of financial position are as follows:

	Note	Group 2016 RM'000	Group 2015 RM'000
Balance as at 1 June 2015/2014		**3,198**	2,882
Actuarial loss from re-measurement		**140**	-
Charged to profit or loss	33	**552**	385
Utilised during the financial year		**(131)**	(81)
Foreign exchange differences		**49**	12
Balance as at 31 May 2016/2015		**3,808**	3,198

The retirement benefit obligation is a post-employment benefit plan under which the Group are obligated to pay eligible employees a fixed percentage on the average annual salary for each completed year of service. The retirement benefit obligation is applicable to employees employed prior to 1 July 2005 who have more than ten (10) years of continuous working experience with the Group.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade payables	**148,379**	146,135	**-**	-
Other payables	**26,760**	18,714	**1,509**	563
Accruals	**39,906**	50,703	**1,150**	10,614
Other financial liabilities	**215,045**	215,552	**2,659**	11,177
Provision for warranties	**-**	70	**-**	-
Deferred revenue	**7,490**	13,210	**-**	-
	222,535	228,832	**2,659**	11,177

(a) The normal credit terms available to the Group in respect of trade payables ranged from 30 to 90 days (2015: 30 to 90 days) from date of invoice.

(b) Deferred revenue of the Group represents the portion of the consideration received in advance in respect of the utilisation of advertising space in the next financial year.

(c) The currency exposure profiles of trade and other payables are disclosed in Note 37(i) to the financial statements.

(d) Information on financial risks of trade and other payables are disclosed in Note 37 to the financial statements.

30. AMOUNTS OWING TO SUBSIDIARIES

(a) The amounts owing to subsidiaries represent advances and payments made on the Company's behalf by the subsidiaries, which are unsecured, interest-free and payable upon demand in cash and cash equivalents, except for an amount totalling of RM28,184,000 (2015: RM79,459,000), which is subject to interest ranging from 6.0% - 7.5% (2015: 4.0% - 7.5%) per annum.

(b) The amounts owing to subsidiaries are denominated in RM.

(c) Information on financial risks of amounts owing to subsidiaries are disclosed in Note 37 to the financial statements.

31. DERIVATIVE LIABILITIES

The Group uses forward currency contracts to manage foreign currency transaction exposure. These contracts are not designated as cash flow or fair value hedges and such derivatives do not qualify for hedge accounting. The changes in the fair value of those forward currency contracts are recognised as other income or expense in the statements of profit and loss.

Forward currency derivatives are used to hedge the Group's trade receivables and future sales denominated in United States Dollar of which firm commitments existed at the end of the reporting period.

31. DERIVATIVE LIABILITIES *(continued)*

As at the end of the reporting period, the Group had entered into forward currency contracts with the following notional amounts:

	2016		2015	
	Contract/ Notional amount RM'000	Fair value RM'000	Contract/ Notional amount RM'000	Fair value RM'000
Derivative liabilities				
Forward currency contracts				
United States Dollar	-	-	2,422	(23)

32. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of goods	**1,368,090**	1,413,503	**-**	-
Services rendered	**139,717**	138,949	**-**	-
Rental income	**1,499**	18	**2,232**	2,035
Interest income	**-**	-	**579**	2,277
Dividend income (gross):				
- Quoted investments in Malaysia	**6**	6	**6**	6
- Quoted subsidiaries	**-**	-	**936**	1,404
- Unquoted subsidiaries	**-**	-	**11,650**	33,500
	6	6	**12,592**	34,910
	1,509,312	1,552,476	**15,403**	39,222

33. PROFIT BEFORE TAXATION

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit before tax is arrived at after charging:					
Amortisation of intangible assets	13	**823**	645	**6**	4
Auditors' remuneration:					
- statutory:					
- to BDO:					
- current year		**646**	317	**131**	131
- under provision in prior years		**8**	-	**-**	-
- other auditors:					
- current year		**38**	532	**-**	-
- non-statutory:					
- to BDO		**36**	18	**18**	18
- to other auditors		**2**	20	**-**	-
Bad debts written off - third parties		**74**	108	**70**	100
Deposit written off		**2**	-	**-**	-
Depreciation of:					
- property, plant and equipment	7	**18,820**	18,356	**908**	1,012
- investment properties	8	**11**	7	**-**	-
Directors' remuneration:					
Fees					
- paid by the Company		**483**	470	**483**	470
- paid by subsidiaries		**753**	845	**-**	-
Salaries and other emoluments					
- paid by the Company		**544**	544	**544**	544
- paid by subsidiaries		**9,545**	6,648	**-**	-
Fair value loss on derivatives		**-**	40	**-**	-
Impairment loss on:					
- amounts owing by subsidiaries	18(b)	**-**	-	**337**	795
- amounts owing by associates	19(b)	**2,661**	540	**-**	-
- amounts owing by joint ventures	20(b)	**-**	456	**-**	-
- goodwill on consolidation	14	**551**	29	**-**	-
- trade and other receivables		**2,004**	3,114	**-**	-
Interest expense on:					
- amounts owing to subsidiaries		**-**	-	**1,714**	3,371
- bank overdrafts		**1,012**	794	**747**	652
- term loans, revolving credits and bankers' acceptance		**10,723**	9,224	**3,110**	2,377
- others		**1,303**	1,014	**30**	44
Inventories written down	16	**951**	2,345	**-**	-
Realised loss on foreign exchange		**-**	1,824	**-**	-
Loss on disposal of property, plant and equipment		**-**	404	**-**	-
Loss on disposal of equity interest in a subsidiary		**-**	-	**5,295**	-

33. PROFIT BEFORE TAXATION *(continued)*

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit before tax is arrived at after charging: *(continued)*					
Property, plant and equipment written off	7	**248**	87	**-**	-
Provision for slow moving inventories		**159**	-	**-**	-
Rental of:					
- equipment		**836**	1,004	**16**	18
- land and premises		**3,717**	2,551	**-**	12
- storage		**14,102**	13,818	**-**	-
Provision for retirement benefits	28	**552**	385	**-**	-
And crediting:					
Bad debts recovered		**66**	160	**-**	-
Fair value gain on:					
- non-current other receivables		**-**	316	**-**	-
- other investments		**41**	67	**-**	-
Gain on disposal of:					
- property, plant and equipment		**322**	-	**101**	100
- non-current assets held for sale		**-**	-	**2,867**	-
- investment in subsidiaries		**-**	1,394	**-**	-
- equity interest in an associate		**417**	-	**-**	-
- investment in a joint venture		**2,738**	-	**-**	-
- other investments	12(b)	**-**	5,962	**-**	-
Gain on foreign exchange:					
- realised		**8,077**	4,548	**-**	-
- unrealised		**2,307**	3,494	**-**	-
Gain on re-measurement on acquisition of a subsidiary		**-**	1	**-**	-
Interest income from:					
- advances to a subsidiary		**-**	-	**579**	2,277
- fixed deposits and Repo		**1,092**	1,210	**-**	-
Rental income from:					
- subsidiaries		**-**	-	**752**	806
- others		**1,714**	1,281	**1,481**	1,229
Reversal of impairment loss on:					
- other investment	12(b)	**-**	1,687	**-**	-
- trade and other receivables		**718**	352	**-**	-
- amounts owing by subsidiaries	18(b)	**-**	-	**970**	-
- amounts owing by joint ventures	20(b)	**456**	-	**-**	-
Reversal of unused provision for warranties		**70**	525	**-**	-

34. TAXATION

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current taxation based on profit for the financial year:				
- Malaysian income tax	**15,689**	17,043	**309**	288
- Foreign income tax	**2,826**	3,030	**-**	-
	18,515	20,073	**309**	288
(Over)/Under-provision in prior years:				
- Malaysian income tax	**(1,038)**	892	**150**	(30)
- Foreign income tax	**2**	(1)	**-**	-
	(1,036)	891	**150**	(30)
	17,479	20,964	**459**	258
Deferred tax (Note 15)				
Relating to origination and reversal of temporary differences	**(1,186)**	2,095	**(543)**	(48)
(Over)/Under-provision in prior years	**(1,413)**	1,407	**(1,677)**	(71)
	(2,599)	3,502	**(2,220)**	(119)
	14,880	24,466	**(1,761)**	139

The Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profit for the fiscal year.

Tax expense for other taxation authorities are calculated at the rates prevailing in the respective jurisdictions.

34. TAXATION *(continued)*

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit before tax	**17,222**	29,727	**64**	16,785
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	**4,133**	7,432	**15**	4,196
Tax effects in respect of:				
Non-allowable expenses	**7,713**	8,405	**3,822**	4,795
Non-taxable income	**(1,272)**	(2,805)	**(3,122)**	(8,751)
Tax incentives and allowances	**(88)**	(33)	**-**	-
Deferred tax assets not recognised	**5,265**	8,538	**-**	-
Effect of changes in tax rate	**890**	-	**-**	-
Share of results of associates	**394**	2	**-**	-
Share of results of joint ventures	**-**	245	**-**	-
Utilisation of unrecognised tax losses and capital allowances	**(364)**	(515)	**(949)**	-
Different tax rates in foreign jurisdictions	**658**	899	**-**	-
	17,329	22,168	**(234)**	240
(Over)/Under-provision in prior years:				
- income tax	**(1,036)**	891	**150**	(30)
- deferred tax	**(1,413)**	1,407	**(1,677)**	(71)
	(2,449)	2,298	**(1,527)**	(101)
	14,880	24,466	**(1,761)**	139

Tax savings of the Group and the Company are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Utilisation of unrecognised tax losses and capital allowances	**364**	515	**949**	-
Utilisation of tax incentives and allowances	**88**	33	**-**	-

35. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic (loss)/earnings per ordinary share

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated (loss)/profit for the year attributable to owners of the parent of RM6,990,000 (2015: RM2,166,000) and the weighted average number of 215,715,000 (2015: 216,259,000) ordinary shares in issue (after adjusting for treasury shares) during the financial year.

	Group	
	2016	**2015**
(Loss)/Profit attributable to equity holders of the parent (RM'000)	**(6,990)**	2,166
Weighted average number of ordinary shares in issue ('000)	**215,715**	216,259
Basic (loss)/earnings per ordinary share for the financial year (sen)	**(3.24)**	1.00

(b) Diluted earnings per ordinary share

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted loss per ordinary share equals basic loss per ordinary share.

36. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while it maintains acceptable capital ratios in order to support its business and maximise shareholder value. The overall strategy of the Group remains unchanged from that in financial year ended 31 May 2015.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 May 2016 and 31 May 2015.

The Group monitors capital using a gearing ratio. This ratio is calculated as total debts divided by total equity. Total debts are calculated as total borrowings (comprising current and non-current borrowings as shown in the statement of financial position). Capital represents equity attributable to the owners of the parent.

	Group	
	2016	**2015**
	RM'000	**RM'000**
Total debts	**229,538**	253,081
Total equity	**282,485**	283,643
Gearing ratio	**0.81**	0.89

Pursuant to the requirements of Practice Note No. 17/2005, of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement during the financial year ended 31 May 2016.

36. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments

	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets			
2016			
Group			
Trade and other receivables	**304,843**	**-**	**304,843**
Amounts owing by associates	**5,685**	**-**	**5,685**
Amounts owing by joint ventures	**56**	**-**	**56**
Other investments	**-**	**1,871**	**1,871**
Cash and bank balances	**99,835**	**-**	**99,835**
	410,419	**1,871**	**412,290**
Company			
Trade and other receivables	**5,830**	**-**	**5,830**
Amounts owing by subsidiaries	**22,161**	**-**	**22,161**
Amounts owing by associates	**4,345**	**-**	**4,345**
Other investments	**-**	**503**	**503**
Cash and bank balances	**27**	**-**	**27**
	32,363	**503**	**32,866**
2015			
Group			
Trade and other receivables	313,902	-	313,902
Amounts owing by associates	2,971	-	2,971
Amounts owing by joint ventures	51	-	51
Other investments	-	11,197	11,197
Cash and bank balances	122,663	-	122,663
	439,587	11,197	450,784
Company			
Trade and other receivables	1,004	-	1,004
Amounts owing by subsidiaries	84,285	-	84,285
Amounts owing by associates	237	-	237
Other investments	-	9,503	9,503
Cash and bank balances	668	-	668
	86,194	9,503	95,697

36. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments *(continued)*

	Fair value through profit or loss RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities			
2016			
Group			
Trade and other payables	-	215,045	215,045
Amounts owing to associates	-	101	101
Borrowings	-	229,538	229,538
	-	444,684	444,684
Company			
Trade and other payables	-	2,659	2,659
Amounts owing to subsidiaries	-	28,211	28,211
Borrowings	-	58,993	58,993
	-	89,863	89,863
2015			
Group			
Trade and other payables	-	215,552	215,552
Amounts owing to associates	-	30	30
Derivative liabilities	23	-	23
Borrowings	-	253,081	253,081
	23	468,663	468,686
Company			
Trade and other payables	-	11,177	11,177
Amounts owing to subsidiaries	-	79,548	79,548
Borrowings	-	47,227	47,227
	-	137,952	137,952

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair values and whose carrying amounts are at reasonable approximation of fair values

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

36. FINANCIAL INSTRUMENTS *(continued)*

(c) Methods and assumptions used to estimate fair value *(continued)*

The fair values of financial assets and financial liabilities are determined as follows: *(continued)*

(ii) Quoted investments

The fair value of quoted investments is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

(iii) Club memberships

The fair value of club memberships is determined by reference to club membership price.

(iv) Hire purchase and lease creditors

The fair values of the hire purchase and lease creditors are estimated by discounting future contractual cash flows at current market interest rates available to the Group by reference to similar leasing arrangements.

(v) Term loans and unquoted redeemable convertible preference shares

The fair value of term loans and unquoted redeemable convertible preference shares are estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending or borrowing arrangements at the reporting date.

(vi) Derivatives

The fair value of forward foreign currency contracts is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

(vii) Unit trusts

Unit trusts are valued using valuation models which uses both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, the risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

(d) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

36. **FINANCIAL INSTRUMENTS** *(continued)*

(d) Fair value hierarchy *(continued)*

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which far value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position:

2016 Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trusts	-	703	-	703	-	-	-	-	703	703
- Quoted shares	868	-	-	868	-	-	-	-	868	868
- Club memberships	-	-	300	300	-	-	-	-	300	300
	868	703	300	1,871	-	-	-	-	1,871	1,871
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	8,724	-	8,724	8,724	8,956

36. **FINANCIAL INSTRUMENTS** *(continued)*

(d) Fair value hierarchy *(continued)*

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which far value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position: *(continued)*

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2015 Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
Financial assets										
Financial assets at fair value through profit or loss										
- Unit trusts	-	1,063	-	1,063	-	-	-	-	1,063	1,063
- Quoted shares	834	-	-	834	-	-	-	-	834	834
- Unquoted redeemable convertible preference shares	-	-	9,000	9,000	-	-	-	-	9,000	9,000
- Club memberships	-	-	300	300	-	-	-	-	300	300
	834	1,063	9,300	11,197	-	-	-	-	11,197	11,197
Financial liabilities										
Financial liabilities at fair value through profit or loss										
- Derivative liabilities	-	23	-	23	-	-	-	-	23	23
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	10,532	-	10,532	10,532	10,899

36. FINANCIAL INSTRUMENTS *(continued)*

(d) Fair value hierarchy *(continued)*

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which far value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position: *(continued)*

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2016 Company	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
Financial assets										
Financial assets at fair value through profit or loss										
- Quoted shares	260	-	-	260	-	-	-	-	260	260
- Club memberships	-	-	243	243	-	-	-	-	243	243
	260	-	243	503	-	-	-	-	503	503
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	522	-	522	522	563

36. FINANCIAL INSTRUMENTS *(continued)*

(d) Fair value hierarchy *(continued)*

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which far value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position: *(continued)*

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
2015 Company	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
Financial assets										
Financial assets at fair value through profit or loss										
- Quoted shares	260	-	-	260	-	-	-	-	260	260
- Unquoted redeemable convertible preference shares	-	-	9,000	9,000	-	-	-	-	9,000	9,000
- Club memberships	-	-	243	243	-	-	-	-	243	243
	260	-	9,243	9,503	-	-	-	-	9,503	9,503
Financial liabilities										
Other financial liabilities										
- Hire purchase and lease creditors	-	-	-	-	-	194	-	194	194	198

36. FINANCIAL INSTRUMENTS *(continued)*

(d) Fair value hierarchy *(continued)*

There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 May 2016 and 31 May 2015.

The Group has established policies and procedures in respect of the measurement of fair value of financial instruments. Management regularly reviews significant unobservable inputs and valuation adjustments.

(e) The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Financial assets	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 June 2015/2014	**9,300**	300	**9,243**	243
Conversion	**(9,000)**	-	**(9,000)**	-
Addition	**-**	9,000	**-**	9,000
At 31 May 2016/2015	**300**	9,300	**243**	9,243

(f) In view of the insignificant financial effect on the Group's and the Company's profit with the possible change in assumptions used, the Group and the Company did not separately disclose the effect of these sensitivities in the financial statements.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

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

(i) Foreign currency risk

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

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(i) Foreign currency risk *(continued)*

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

31 May 2016 Functional currency	Ringgit Malaysia ('RM') RM'000	Indonesia Rupiah ('IDR') RM'000	United States Dollar ('USD') RM'000	Vietnam Dong ('VND') RM'000	Total RM'000
Trade and other receivables					
United States Dollar	31,064	176	-	-	31,240
Singapore Dollar	2,198	-	2,494	-	4,692
Ringgit Malaysia	-	-	63	-	63
Japanese Yen	48	-	-	-	48
	33,310	176	2,557	-	36,043
Cash and bank balances					
United States Dollar	19,442	5,045	-	63	24,550
Pound Sterling	1	-	-	-	1
Ringgit Malaysia	-	1	56	-	57
Singapore Dollar	3,464	9	294	-	3,767
	22,907	5,055	350	63	28,375
Borrowings					
United States Dollar	10,553	-	-	896	11,449
Trade and other payables					
United States Dollar	20,176	228	-	-	20,404
Singapore Dollar	174	-	2,364	-	2,538
Ringgit Malaysia	-	-	366	-	366
	20,350	228	2,730	-	23,308

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(i) Foreign currency risk *(continued)*

The net financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows: *(continued)*

31 May 2015 Functional currency	Ringgit Malaysia ('RM') RM'000	Indonesia Rupiah ('IDR') RM'000	United States Dollar ('USD') RM'000	Vietnam Dong ('VND') RM'000	Total RM'000
Trade and other receivables					
United States Dollar	43,594	1,596	-	-	45,190
Singapore Dollar	6,671	-	2,120	-	8,791
Ringgit Malaysia	-	-	26	-	26
Japanese Yen	178	-	-	-	178
	50,443	1,596	2,146	-	54,185
Cash and bank balances					
United States Dollar	29,738	9,165	-	12	38,915
Pound Sterling	1	-	-	-	1
Chinese Renminbi	2	-	-	-	2
Ringgit Malaysia	-	-	10	-	10
Singapore Dollar	1,149	-	350	-	1,499
	30,890	9,165	360	12	40,427
Borrowings					
United States Dollar	12,745	-	-	6,147	18,892
Trade and other payables					
United States Dollar	10,771	2,612	-	-	13,383
Singapore Dollar	-	-	2,359	-	2,359
Euro Dollar	-	4	-	-	4
Ringgit Malaysia	-	-	382	-	382
	10,771	2,616	2,741	-	16,128

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(i) Foreign currency risk *(continued)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the foreign currencies strengthened or weakened by 3% and exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

			Group	
			2016	**2015**
			RM'000	**RM'000**
Profit after tax				
RM/USD	-	strengthen by 3%	**451**	1,121
	-	weaken by 3%	**(451)**	(1,121)
IDR/USD	-	strengthen by 3%	**114**	183
	-	weaken by 3%	**(114)**	(183)
USD/VND	-	strengthen by 3%	**(19)**	(138)
	-	weaken by 3%	**19**	138

The Group's profit after tax is not sensitive to other foreign currencies.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(ii) Interest rate risk

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

The following tables set out the carrying amounts, the effective annual interest rates as at the end of reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
As at 31 May 2016									
Fixed rates									
Short term deposits with licensed banks	21	2.90% - 4.39%	32,251	-	-	-	-	-	32,251
Hire purchase and lease creditors	27	2.41% - 8.47%	4,651	2,766	978	442	119	-	8,956
Term loans	26	6.43% - 11.51%*	6,303	3,962	2,100	760	801	3,927	17,853
Floating rates									
Bank overdrafts	25	6.85% - 8.95%	16,655	-	-	-	-	-	16,655
Bankers' acceptances	25	4.00% - 6.00%	73,050	-	-	-	-	-	73,050
Revolving credits	25	4.95% - 8.73%	68,844	-	-	-	-	-	68,844
Trust receipts	25	2.29% - 6.69%	27,771	-	-	-	-	-	27,771
Outward bills purchase	25	1.98% - 2.14%	16,409	-	-	-	-	-	16,409

* Term loan of RM4,834,000 denominated in VND has an effective annual interest rate of 11.51% per annum.

37. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(continued)*

(ii) **Interest rate risk** *(continued)*

	Note	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Group									
As at 31 May 2015									
Fixed rates									
Short term deposits with licensed banks	21	2.90% - 4.39%	38,658	-	-	-	-	-	38,658
Hire purchase and lease creditors	27	2.41% - 6.70%	3,656	3,799	2,420	736	288	-	10,899
Term loans	26	6.43% - 11.51%*	3,802	3,802	2,426	2,302	3,598	-	15,930
Floating rates									
Bank overdrafts	25	6.85% - 8.95%	13,757	-	-	-	-	-	13,757
Bankers' acceptances	25	4.45% - 5.00%	105,870	-	-	-	-	-	105,870
Revolving credits	25	4.95% - 8.73%	63,413	-	-	-	-	-	63,413
Trust receipts	25	2.29% - 6.69%	30,467	-	-	-	-	-	30,467
Outward bills purchase	25	1.98% - 2.14%	12,745	-	-	-	-	-	12,745

* Term loan of RM12,804,000 denominated in VND has an effective annual interest rate of 11.51% per annum.

37. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(continued)*

(ii) **Interest rate risk** *(continued)*

	Note	Effective annual interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Company									
As at 31 May 2016									
Fixed rates									
Amount owing by subsidiaries	18	6.00%	**18,352**	**-**	**-**	**-**	**-**	**-**	**18,352**
Hire purchase and lease creditors	27	2.76%	**103**	**108**	**115**	**121**	**116**	**-**	**563**
Term loan	26	6.25%	**1,548**	**2,194**	**-**	**-**	**-**	**-**	**3,742**
Amounts owing to subsidiaries	30	6.00% - 7.50%	**28,184**	**-**	**-**	**-**	**-**	**-**	**28,184**
Floating rates									
Bank overdrafts	25	7.35% - 8.10%	**8,688**	**-**	**-**	**-**	**-**	**-**	**8,688**
Revolving credits	25	4.85% - 6.85%	**46,000**	**-**	**-**	**-**	**-**	**-**	**46,000**
As at 31 May 2015									
Fixed rates									
Amount owing by subsidiaries	18	4.00%	72,964	-	-	-	-	-	72,964
Hire purchase and lease creditors	27	6.32%	91	97	10	-	-	-	198
Amounts owing to subsidiaries	30	4.00% - 7.50%	79,459	-	-	-	-	-	79,459
Floating rates									
Bank overdrafts	25	7.35% - 8.10%	7,029	-	-	-	-	-	7,029
Revolving credits	25	4.85% - 6.85%	40,000	-	-	-	-	-	40,000

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(ii) Interest rate risk *(continued)*

Sensitivity analysis for floating rate instruments

As at 31 May 2016, if there was a variation in interest rates by 10 basis points with all other variables held constant, the Group's and the Company's profit after tax for the financial year, arising mainly as a result of higher or lower interest expense on variable borrowings, would have been:

	Group		Company	
	2016	2015	2016	2015
Effects on profit after tax	RM'000	RM'000	RM'000	RM'000
10 basis point higher	**(202)**	(226)	**(54)**	(36)
10 basis point lower	**202**	226	**54**	36

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial instruments at fair value through profit or loss, and the carrying amount of fixed rate financial instruments of the Group and of the Company are measured at amortised cost. Therefore, no sensitivity analysis for fixed rate instruments was prepared as the change in market interest rate at the end of the reporting period would not affect profit or loss.

(iii) Liquidity risk

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

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2016				
Group				
Financial liabilities				
Trade and other payables	**215,045**	**-**	**-**	**215,045**
Amounts owing to associates	**101**	**-**	**-**	**101**
Borrowings	**213,683**	**13,185**	**4,178**	**231,046**
Total undiscounted financial liabilities	**428,829**	**13,185**	**4,178**	**446,192**
Company				
Financial liabilities				
Trade and other payables	**2,659**	**-**	**-**	**2,659**
Amounts owing to subsidiaries	**28,211**	**-**	**-**	**28,211**
Borrowings	**56,339**	**2,738**	**-**	**59,077**
Total undiscounted financial liabilities	**87,209**	**2,738**	**-**	**89,947**

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(iii) Liquidity risk *(continued)*

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2015				
Group				
Financial liabilities				
Trade and other payables	215,552	-	-	215,552
Amounts owing to associates	30	-	-	30
Derivative liabilities	23	-	-	23
Borrowings	233,710	21,944	-	255,654
Total undiscounted financial liabilities	449,315	21,944	-	471,259
Company				
Financial liabilities				
Trade and other payables	11,177	-	-	11,177
Amounts owing to subsidiaries	79,548	-	-	79,548
Borrowings	47,127	110	-	47,237
Total undiscounted financial liabilities	137,852	110	-	137,962

(iv) Credit risk

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

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period granted by the Group ranged from one (1) month to four (4) months (2015: one (1) month to four (4) months). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of the cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Exposure to credit risk

At the end of the reporting period, the maximum exposures to credit risk of the Group and of the Company are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of the reporting period, the Group did not have any significant exposure to any individual customer or counter party nor did it have any major concentration of credit risk related to any financial instruments.

At the end of the reporting period, the Company did not have any significant exposure to any individual customer or counter party nor did it have any major concentration of credit risk related to any financial instruments other than the amounts owing by subsidiaries of RM22,161,000 (2015: RM84,285,000).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(iv) Credit risk *(continued)*

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17 to the financial statements.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 17 to the financial statements.

38. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries as disclosed in Note 43 to the financial statements.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group 2016 RM'000	Group 2015 RM'000
Sales to a company in which certain Directors of the Company have substantial indirect shareholding	**4,649**	5,782
Purchases from a company in which certain Directors of the Company have substantial indirect shareholding	**2,851**	1,122
Purchases from an associate - Magiqads Sdn. Bhd.	**-**	605
Professional legal fees paid to a firm in which a Director of the Company is a Partner	**1,080**	1,093
Rental income received from a company in which certain Directors of the Company have substantial indirect shareholding	**48**	48
Insurance premium paid to a company in which a Director of the Company has a substantial indirect shareholding	**-**	6

	Company 2016 RM'000	Company 2015 RM'000
Professional legal fees paid to a firm in which a Director of the Company is a Partner	**1,080**	1,080

The Directors of the Group and of the Company are of the opinion that the above transactions were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

38. RELATED PARTY DISCLOSURES *(continued)*

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel of the Group and of the Company during the financial year was as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fees	**1,236**	1,315	**483**	470
Short term employee benefits	**18,369**	16,108	**1,444**	1,435
Defined contribution plan	**1,667**	1,499	**165**	173
Other emoluments	**540**	585	**70**	70
	21,812	19,507	**2,162**	2,148

39. COMMITMENTS

(a) Capital commitments

Capital commitments not provided for in the financial statements are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
In respect of purchase of property, plant and equipment:		
Contracted but not provided for	**43,605**	50,912
Approved but not contracted for	**455**	29
	44,060	50,941

(b) Operating lease commitments

The Group has aggregate future minimum leases commitments as at the end of each reporting period, as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Not later than one year	**16,097**	3,401
Later than one year and not later than five years	**23,317**	5,089
Later than five years	**3,329**	4,074
	42,743	12,564

40. CONTINGENT LIABILITIES

Unsecured	2016 RM'000	2015 RM'000
Group		
Guarantees given to third parties by subsidiaries in respect of trade performance	**29,338**	28,858
Company		
Guarantees given to third parties in respect of trade performance of subsidiaries	**12,500**	12,500
Guarantees given to financial institutions in respect of credit facilities granted	**29,745**	29,745
	42,245	42,245

The Directors are of the view that the fair value of such corporate guarantees given by the Group and the Company is negligible as the chances of the financial institutions to call upon the corporate guarantees are remote.

41. EMPLOYEE BENEFITS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries and wages	**74,281**	71,482	**1,222**	4,833
Defined contribution plan	**8,041**	7,115	**368**	390
Provision for retirement benefits	**552**	385	**-**	-
Other benefits	**1,629**	2,137	**-**	-
	84,503	81,119	**1,590**	5,223

Included in the employee benefits of the Group and of the Company are Executive Directors remuneration and other emoluments amounting to RM10,089,000 (2015: RM7,192,000) and RM474,000 (2015: RM474,000) respectively.

41. EMPLOYEE BENEFITS *(continued)*

The details of remuneration received/receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive Director				
- salaries, bonus and allowances	**4,236**	1,147	**430**	427
- defined contribution plan	**381**	119	**44**	47
	4,617	1,266	**474**	474
Non-Executive Directors				
- fees	**803**	790	**483**	470
- salaries, bonus and allowances*	**2,176**	2,165	**-**	-
- defined contribution plan	**202**	242	**-**	-
- other emoluments	**86**	85	**70**	70
	3,267	3,282	**553**	540
Total remuneration of Directors of the Company	**7,884**	4,548	**1,027**	1,014
Other Directors of the subsidiaries				
- fees	**433**	525	**-**	-
- salaries and other emoluments	**2,797**	3,195	**-**	-
- defined contribution plan	**211**	239	**-**	-
	3,441	3,959	**-**	-
	11,325	8,507	**1,027**	1,014

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM116,000 (2015: RM116,000) and RM60,000 (2015: RM60,000) respectively.

41. EMPLOYEE BENEFITS *(continued)*

The number of Directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of Directors			
	2016		2015	
	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
Directors of the Company				
RM1 to RM50,000	**-**	**1**	-	-
RM50,001 to RM100,000	**-**	**1**	-	1
RM100,001 to RM150,000	**-**	**2**	-	2
RM250,001 to RM300,000	**-**	**2**	-	2
RM1,250,001 to RM1,300,000	**-**	**-**	1	-
RM2,400,001 to RM2,450,000	**-**	**-**	-	-
RM2,450,001 to RM2,500,000	**-**	**1***	-	1*
RM4,650,001 to RM4,700,000	**1**	**-**	-	-
	1	**7**	1	6

* This is paid/payable to a Non-Executive Director who is the Executive Director of the subsidiaries, i.e. Nylex and RBSB.

42. OPERATING SEGMENTS

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

Investment holding	:	Investment holding
Agricultural and industrial chemicals	:	Manufacture, trading and sale of agricultural and industrial chemical products
Logistics	:	Ship-owning, ship-operating, transportation, container haulage, bulk cargo handling, chemicals warehousing and related services
Information technology ('IT')	:	Provision of IT services and sales of computer hardware and software
Media	:	Provision of out-of-home advertising media services
Polymer	:	Manufacturing and marketing of polymer products

Others mainly comprise trading, contracting and marketing in electrical engineering products.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations before tax. These policies have been applied consistently throughout the current and previous financial years.

The Group's chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment.

The inter-segment assets are adjusted against the segment assets to arrive at total assets reported in the statements of financial position.

The inter-segment liabilities are adjusted against the segment liabilities to arrive at total liabilites reported in the statements of financial position.

42. OPERATING SEGMENTS *(continued)*

(a) Operating segment

2016	Investment holding RM'000	Agricultural and industrial chemicals RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Revenue									
External sales	1,499	1,237,366	21,078	6,515	116,504	119,475	6,875	-	1,509,312
Inter-segment sales	13,344	3,523	7,452	168	1,693	-	-	(26,180)	-
Total revenue	14,843	1,240,889	28,530	6,683	118,197	119,475	6,875	(26,180)	1,509,312
Segment (loss)/profit before tax	(22,077)	36,487	2,014	2,041	(15,963)	15,800	(1,303)	223	17,222
Interest income	1,741	551	4	96	237	246	193	(1,976)	1,092
Depreciation and amortisation	(1,133)	(4,781)	(4,344)	(74)	(4,500)	(4,347)	(244)	(231)	(19,654)
Share of results of associates	-	-	-	-	-	-	(1,643)	-	(1,643)
Share of results of joint ventures	-	-	-	-	(540)	-	-	-	(540)
Interest expense	(7,166)	(5,724)	(15)	-	(1,736)	(603)	(87)	2,293	(13,038)
Other material non-cash items:									
Inventories written down	-	(127)	-	-	-	(824)	-	-	(951)
Impairment loss on:									
- amounts owing by associates	-	-	-	-	(2,661)	-	-	-	(2,661)
- trade and other receivables	-	(436)	(12)	-	(738)	(526)	(292)	-	(2,004)
Property, plant and equipment written off	-	-	(75)	(1)	(172)	-	-	-	(248)
Gain on disposal of a joint venture	-	-	-	-	2,738	-	-	-	2,738
Gain on disposal of equity interest in an associate	-	-	-	417	-	-	-	-	417

42. OPERATING SEGMENTS *(continued)*

(a) Operating segment (*continued*)

2016	Investment holding RM'000	Agricultural and industrial chemicals RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Segment assets	90,333	532,828	60,855	5,130	138,050	120,729	22,028	(57,171)	912,782
Investments in associates	2,847	-	1,802	17	-	-	-	(1,643)	3,023
Investments in joint ventures	-	-	-	-	540	-	-	(540)	-
Goodwill on consolidation	-	100,573	4,584	-	25,836	99	-	(34,392)	96,700
Additions to property, plant and equipment and intangible assets	804	17,713	4,963	123	5,834	4,897	61	(11,000)	23,395
Segment liabilities	79,738	258,192	26,893	3,191	72,635	24,250	3,713	2,672	471,284

42. OPERATING SEGMENTS *(continued)*

(a) Operating segment *(continued)*

2015	Investment holding RM'000	Agricultural and industrial chemicals RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Revenue									
External sales	24	1,268,107	22,776	14,821	114,763	128,385	3,600	-	1,552,476
Inter-segment sales	34,910	3,327	5,877	-	2,094	1	-	(46,209)	-
Total revenue	34,934	1,271,434	28,653	14,821	116,857	128,386	3,600	(46,209)	1,552,476
Segment (loss)/profit before tax	(21,980)	27,618	3,841	486	7,464	14,148	(3,010)	1,160	29,727
Interest income	5,292	498	59	27	269	474	239	(5,648)	1,210
Depreciation and amortisation	(2,178)	(4,233)	(4,540)	(105)	(3,979)	(3,816)	(157)	-	(19,008)
Share of results of associates	-	-	-	-	(8)	-	-	-	(8)
Share of results of joint ventures	-	-	-	-	(980)	-	-	-	(980)
Interest expense	(7,846)	(5,350)	(37)	-	(3,218)	(124)	(105)	5,648	(11,032)
Other material non-cash items:									
Inventories written down	-	(1,141)	-	-	-	(1,204)	-	-	(2,345)
Impairment loss on:									
- amounts owing by associates	-	-	-	-	(540)	-	-	-	(540)
- trade and other receivables	-	(925)	-	(268)	(1,498)	(136)	(287)	-	(3,114)
Property, plant and equipment written off	-	-	-	-	(87)	-	-	-	(87)
Reversal of impairment loss on other investments	-	-	-	-	1,687	-	-	-	1,687
Gain on disposal of other investments	-	-	-	-	5,962	-	-	-	5,962
Gain on disposal of investment subsidiaries	1,394	-	-	-	-	-	-	-	1,394

42. OPERATING SEGMENTS *(continued)*

(a) Operating segment *(continued)*

2015	Investment holding RM'000	Agricultural and industrial chemicals RM'000	Logistics RM'000	IT RM'000	Media RM'000	Polymer RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Segment assets	104,707	554,037	41,305	9,498	138,832	121,275	11,881	(56,978)	924,557
Investments in associates	-	-	1,802	-	-	-	-	-	1,802
Investments in joint ventures	-	-	-	-	480	-	-	-	480
Goodwill on consolidation	-	92,264	-	-	25,836	91	-	(38,283)	79,908
Additions to property, plant and equipment and intangible assets	1,989	15,551	1,137	216	15,900	24,587	36	-	59,416
Segment liabilities	82,696	301,988	11,404	5,013	63,119	35,152	1,491	1,733	502,596

42. OPERATING SEGMENTS *(continued)*

(b) Geographical segment

In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue		Segment assets	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	**792,805**	812,337	**727,553**	741,639
Singapore	**281,594**	330,444	**77,317**	90,163
Indonesia	**103,051**	86,410	**90,548**	79,487
Other Southeast Asian countries	**111,960**	88,681	**17,364**	13,268
Other Asian countries	**85,207**	105,207	**-**	-
Australia and New Zealand	**40,909**	45,847	**-**	-
North and South America	**64,304**	55,317	**-**	-
Africa	**25,408**	28,056	**-**	-
Europe	**4,074**	177	**-**	-
	1,509,312	1,552,476	**912,782**	924,557

43. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Details of subsidiaries are as follows:

Company	Country of incorporation	Group's effective equity interest 2016	2015	Principal activities
Direct:				
Ancom Crop Care Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Manufacture and marketing of agricultural chemical products
Ancom Overseas Ventures Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding company and provision of management services
Ancom Energy & Services Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Dormant
Synergy Tanker Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
Rhodemark Development Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
@HSO Business Systems Sdn. Bhd.	Malaysia	**48.0%**	48.0%	Dormant
iEnterprise Online Sdn. Bhd.	Malaysia	**64.3%**	64.3%	Development of IT systems and providing IT related consultancy services

43. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(a) Details of subsidiaries are as follows: *(continued)*

Company	Country of incorporation	Group's effective equity interest 2016	2015	Principal activities
Direct: *(continued)*				
WorldSOL.com Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Dormant
Ascension Lab Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Development of IT systems and providing IT related consultancy services
Redberry Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding and provision of media advertising
Redberry Barter Sdn. Bhd. (Formerly known as Rentas Cabaran Sdn. Bhd.)	Malaysia	**100.0%**	100.0%	Dormant
* Arena Anggerik Sdn. Bhd.	Malaysia	**100.0%**	-	Dormant
Genovasi Malaysia Sdn. Bhd.	Malaysia	**60.0%**	-	Provide education, training, advisory and consulting services
Indirect:				
Ancom Bioscience Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Trading of agricultural chemical products
Polytensides Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Manufacture and sale of agricultural chemical products
Timber Preservatives Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Manufacture and distribution of timber and preservatives related chemical products
Ancom Nutrifoods Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Dormant
* Advanced Technology Studies Centre Sdn. Bhd.	Malaysia	**54.0%**	54.0%	Promoting knowledge and skills development in IT
* Ancom do Brasil Ltda	Brazil	**99.9%**	99.9%	Dormant. Holder of licenses for certain agricultural chemical products
* Ancom Australia Pty. Ltd.	Australia	**100.0%**	100.0%	Dormant. Holder of licenses for certain agricultural chemical products
*Malancom Agrochemicals (Pte) Limited	South Africa	**100.0%**	100.0%	Dormant. Holder of licenses for certain agricultural chemical products

43. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(a) Details of subsidiaries are as follows: *(continued)*

Company	Country of incorporation	Group's effective equity interest 2016	Group's effective equity interest 2015	Principal activities
Indirect: (continued)				
* ChemResources China (Agencies) Limited	Hong Kong	**100.0%**	100.0%	Trading of petro-chemical and other chemical products
@ Redberry Media Sdn. Bhd.	Malaysia	**49.0%**	49.0%	Provision of media related services
* Entopest Environmental Services Sdn. Bhd.	Malaysia	**90.0%**	-	Provision of pest control, hygiene and sanitation services
* Warisan Setara Sdn. Bhd.	Malaysia	**100.0%**	-	Dormant
Meru Utama Sdn. Bhd.	Malaysia	**75.0%**	75.0%	Provision of advertising in airports
Redberry Contact Center Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Providing call centre services
Wheel Sport Management Sdn. Bhd.	Malaysia	**77.0%**	77.0%	Promoters and organiser of motor sports and to buy, sell and deal in all kinds of motors
Redberry Outdoors Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Provision of outdoor and transit advertising
Redberry Events Sdn. Bhd.	Malaysia	**90.0%**	90.0%	Provision of event organisation services
Redberry Mall Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Provision of advertising in shopping malls
Focus Media Network Sdn. Bhd.	Malaysia	**83.9%**	83.9%	Provision of digital and cinema advertising
* Redberry Animation Sdn. Bhd.	Malaysia	**51.0%**	51.0%	Production and marketing and animation television series
Unreserved Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding
* Titanium Compass Sdn. Bhd.	Malaysia	**100.0%**	-	Dormant
Point Cast (M) Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Provision of digital advertising media space
Twinstar Synergy Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Printing of newspapers, journals, magazines, books and other literary works
Redberry Retail Sdn. Bhd.(Formerly known as AES Mayak Sdn. Bhd.)	Malaysia	**100.0%**	100.0%	Dormant

43. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(a) Details of subsidiaries are as follows: *(continued)*

Company	Country of incorporation	Group's effective equity interest 2016	Group's effective equity interest 2015	Principal activities
Indirect: (continued)				
Puncak Berlian Sdn.Bhd.	Malaysia	**100.0%**	100.0%	Dormant
Redberry Solution Sdn. Bhd.	Malaysia	**51.0%**	-	Marketing of credit cards
#@Nylex (Malaysia) Berhad	Malaysia	**45.5%**	45.5%	Investment holding and manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other polymer products, including geotextiles and prefabricated sub-soil drainage systems
#@Nycon Manufacturing Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Manufacture and marketing of rotomoulded plastic products, including bulk chemical containers, road barriers, playground equipment and disposal bins
#@Nylex Polymer Marketing Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Marketing of polyurethane ('PU') and polyvinyl chloride ('PVC') synthetic leather, films and sheets, geosynthetic and general trading
*#@PT Nylex Indonesia	Indonesia	**45.5%**	45.5%	Manufacture, marketing and distribution of PVC and PU leather cloth
#@Perusahaan Kimia Gemilang Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Trading in petrochemicals and industrial chemicals
#@Fermpro Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products
#@ Kumpulan Kesuma Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Manufacture and marketing of sealants and adhesive products
#@ Wedon Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Marketing of sealants and adhesive products
#@Nylex Specialty Chemicals Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Manufacture and sale of phosphoric acid
#@Speciality Phosphates (Malaysia) Sdn. Bhd.	Malaysia	**23.2%**	23.2%	Manufacture and sale of chemicals

43. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(a) Details of subsidiaries are as follows: *(continued)*

Company	Country of incorporation	Group's effective equity interest 2016	Group's effective equity interest 2015	Principal activities
Indirect: (continued)				
#@ALB Marine Sdn. Bhd.	Malaysia	**45.5%**	45.5%	Dormant
*#@CKG Chemicals Pte. Ltd.	Singapore	**45.5%**	45.5%	Trading and distribution of industrial chemicals and gasoline blending components
*#@Dynamic Chemical Pte. Ltd.	Singapore	**41.0%**	41.0%	Blending, trading and distribution of industrial chemicals
*#@Perusahaan Kimia Gemilang Gemilang (Vietnam) Company Ltd.	Vietnam	**45.5%**	45.5%	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals
*#@PT PKG Lautan Indonesia	Indonesia	**23.2%**	23.2%	Importation and distribution of industrial chemicals
#@NYL Logistics Sdn. Bhd.	Malaysia	**27.3%**	-	Providing transportation and related services
#@Ancom Kimia Sdn. Bhd.	Malaysia	**27.3%**	27.3%	Distribution of petrochemicals and industrial chemicals
##@Ancom Logistics Berhad	Malaysia	**45.4%**	47.1%	Investment holding
##@ Synergy Trans-Link Sdn. Bhd.	Malaysia	**45.4%**	47.1%	Investment holding
##@Ancom-ChemQuest Terminals Sdn. Bhd.	Malaysia	**23.1%**	23.1%	Build, own, operate, lease and manage chemical tank farm and warehouse
##@Pengangkutan Cogent Sdn. Bhd.	Malaysia	**45.4%**	45.4%	Providing transportation and related services
##@Hikmat Ikhlas Sdn. Bhd.	Malaysia	**15.9%**	15.9%	Trading and contracting in electrical engineering products
*##@Ancom Components Sdn. Bhd.	Malaysia	**30.7%**	30.7%	Manufacturing and marketing of low voltage switchgear
*Syarikat Wandeerfull Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Investment holding, dealing in and subletting of properties

43. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(a) Details of subsidiaries are as follows: *(continued)*

Company	Country of incorporation	Group's effective equity interest 2016	2015	Principal activities
Indirect: (continued)				
*Wandeerfull Industries Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Property investment
*Pureplay Interactive Sdn. Bhd.	Malaysia	**100.0%**	100.0%	Digital marketing, providing web software and consulting services related to information technology

(b) Details of associates are as follows:

Company	Country of incorporation	Group's effective equity interest 2016	2015	Principal activities
Direct:				
* iSpring Capital Sdn. Bhd.	Malaysia	**42.0%**	42.0%	Dormant
Indirect:				
* Ancom Philippines Inc.	Philippines	**39.6%**	39.6%	Dormant. Holder of licenses for certain agricultural chemical products
* Tamco Chongqing Switchgear Company Limited	China	**23.1%**	23.1%	Under voluntary liquidation
* Magiqads Sdn. Bhd.	Malaysia	**40.0%**	40.0%	Advertising media design and production
* Durian FM Sdn. Bhd.	Malaysia	**50.0%**	50.0%	Internet radio broadcasting
MSTi Corporation Sdn. Bhd.	Malaysia	**20.0%**	20.0%	Trading of computer hardware and software and rendering of IT related consultancy services
* Jirnexu Pte. Ltd. (Formerly known as Saving Plus Pte. Ltd.)	Singapore	**24.0%**	-	Investment holding

43. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(c) Details of the joint ventures are as follows:

Company	Country of incorporation	Group's effective equity interest 2016	Group's effective equity interest 2015	Principal activities
Indirect:				
* Senandung Sonik Sdn. Bhd.	Malaysia	**25.5%**	25.5%	Dormant
* TeaFM Radio Sdn. Bhd.	Malaysia	**15.3%**	-	Internet radio broadcasting

* Not audited by BDO or BDO Member Firms.

@ The Group considers that it controls these subsidiaries even though it owns less than 50% of voting rights. This is because the Group is the single largest shareholder of these companies. Since the date of acquisition of these subsidiaries, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group. Further details of Nylex and ALB are as follows:

The financial statements of Nylex were consolidated as a subsidiary as the Group has control over the Board of Nylex.

The financial statements of ALB were consolidated as a subsidiary as the Group has power to govern the financial and operating policies of the ALB under a statute or an agreement.

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) During the financial year, the Group and the Company completed the following acquisition of subsidiaries:

(i) the Company had exercise its rights to convert 9,000,000 unquoted redeemable convertible preference shares into 9,000,000 ordinary shares of RM1.00 each, representing 60% equity interest of GMSB. As a result of the conversion, GMSB became a subsidiary of the Company. The acquisition did not have any material impact to the Group.

(ii) the Group via its subsidiariy, Nylex, acquired 1,320,000 ordinary shares of RM1.00 each representing 60% equity interest of NYL Logistics Sdn. Bhd. for a cash consideration of RM6,376,000. The acquisition did not have any material impact to the Group.

(b) During the financial year, RDSB, a wholly-owned subsidiary of the Company, had undertaken a capital reduction of its existing issued and paid-up share capital via cancellation of 47,292,858 ordinary shares of RM1.00 each. Pursuant to the capital reduction and repayments. RDSB's issued and fully paid share capital was reduced from 107,292,858 to 60,000,000 comprising 60,000,000 ordinary shares of RM1.00 each. As a result of the capital reduction exercise, the cost of investment of the Company in RDSB decreased by RM47,293,000.

45. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period are analysed as follows:

	2016 Group RM'000	2016 Company RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
Realised	45,465	32,713
Unrealised	18,204	(304)
	63,669	32,409
Total share of accumulated losses from associates and joint ventures:		
Realised	(4,518)	-
	59,151	32,409
Less: Consolidation adjustments	(14,032)	-
	45,119	32,409

UTILISATION OF PROCEEDS

The Company did not raise proceeds from any corporate exercise during the financial year.

AUDIT FEE AND NON-AUDIT FEE

The disclosure on audit fee and non-audit fee paid or payable to BDO is set out in Note 33 to the financial statements.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTERESTS

During the financial year, the Company did not enter into any material contract involving Directors'/major shareholders' interests.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The aggregate value of RRPT made during the financial year, pursuant to the shareholders' mandate obtained at 46th Annual General Meeting of the Company is as follows :

<table>
<tr><th>Related Party</th><th>Transacting Party for RRPT</th><th>Nature of RRPT</th><th>Value of RRPT (RM)</th><th>Interested directors, major shareholders and connected persons</th></tr>
<tr><td>Malay Mail Sdn. Bhd. ("MMSB")</td><td>Twinstar Synergy Sdn. Bhd. ("TSSB", a wholly-owned subsidiary of Redberry Sdn. Bhd. ("RBSB"), which in turn is a wholly-owned subsidiary of the Company)</td><td>Provision of printing services by TSSB to MMSB</td><td>4,649</td><td rowspan="2">• Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid
• Dato' (Dr) Siew Ka Wei
• Datin Young Ka Mun
• Siew Ka Kheong
• Quek Lay Kheng
• Siew Nim Chee & Sons Sdn. Bhd.
• Silver Dollars Sdn. Bhd.</td></tr>
<tr><td>MMSB</td><td>RBSB</td><td>Provision of advertising space in the newspaper and other media channels by MMSB for RBSB</td><td>2,851</td></tr>
</table>

LIST OF PROPERTIES

Top Ten Properties (In Terms of Net Book Value)

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2016 (RM'000)	Date of Acquisition / Revaluation
Ancom Berhad					
1. H.S.(D) 7524 No. 2A, Jalan 13/2 Petaling Jaya Selangor	Unexpired leasehold interest of 89 years (Expiring in 2105)	1.31 hectares	Office and factory buildings Age of building: approximately 31 to 41 years	28,108	7 April 2011
Nylex (Malaysia) Berhad					
1. H.S.(D) 256546 Lot 16 Persiaran Selangor Section 15 Shah Alam Selangor	Unexpired leasehold interest of 94 years (Expiring on 29 June 2108)	3.02 hectares	Office and factory buildings Age of building: approximately 45 years	31,801	5 May 2011
2. H.S.(D) 256546 Lot 16 Persiaran Selangor Section 15 Shah Alam Selangor	Unexpired leasehold interest of 94 years (Expiring on 29 June 2108)	1.21 hectares	Warehouse, factory and buildings Age of building: approximately 36 years		
Ancom-Chemquest Terminals Sdn. Bhd.					
1. Jeti Petrokimia Pelabuhan Barat Pelabuhan Klang Selangor	Unexpired lease period of 8 years (Expiring on 31 August 2024)	9.8 acres	Tank farm, office and warehouse Age of building: approximately 19 years	21,662	N/A
Ancom Crop Care Sdn. Bhd.					
1. PN 77684 Lot 39, Seksyen 15 Bandar Shah Alam Daerah Petaling Selangor	Unexpired leasehold interest of 92 years (Expiring in 2108)	2.22 hectares	Office and factory buildings Age of building: approximately 46 years	15,402	11 May 2011
2. P.T. 4227 Mukim of Kapar Daerah Klang Selangor	Unexpired leasehold interest of 70 years (Expiring on 9 June 2086)	2.52 hectares	Office and factory buildings Age of building: Approximately 25 years	8,016	30 March 2011

List of Properties

Top Ten Properties (In Terms of Net Book Value)

Location	Tenure	Land Area	Descriptions	Net Book Value As At 31 May 2016 (RM'000)	Date of Acquisition / Revaluation
Perusahaan Kimia Gemilang Sdn. Bhd.					
1. H.S.(M) 6259 PT 4228 Mukim of Kapar Daerah Klang Selangor	Unexpired leasehold interest of 70 years (Expiring on 9 June 2086)	2.85 hectares	Office and factory building Age of building: approximately 25 years	8,905	7 April 2011
Nylex Specialty Chemicals Sdn. Bhd.					
1. H.S.(M) 5507 PT 593, Persiaran Raja Lumu Pandamaran Industrial Estate Port Klang	Unexpired leasehold interest of 58 years (Expiring on 1 September 2074)	0.81 hectares	Warehouse, factory and office buildings Age of building: approximately 41 years	3,472	25 April 2011
2. H.S.(M) 6588 PT 624, Persiaran Raja Lumu Pandamaran Industrial Estate Port Klang	Unexpired leasehold interest of 60 years (Expiring on 19 February 2076)	0.83 hectares	Warehouse, factory and office buildings Age of building: approximately 39 years	2,987	25 April 2011
Pengangkutan Cogent Sdn. Bhd.					
1. PTD 149227 Jalan Berjaya 7 Taman Perindustrian Berjaya Daerah Johor Bahru Johor	Freehold	0.61 hectares	Office building Age of building: 7 years	3,416	2010
Fermpro Sdn. Bhd.					
1. H.S.(M) 748 Lot 1113 Mukim of Chuping Perlis	Unexpired leasehold interest of 30 years (Expiring on 22 November 2046)	1.62 hectares	Office and factory buildings Age of building: approximately 28 years	1,769	11 April 2011

ANALYSIS OF SHAREHOLDINGS

As at 5 September 2016

No. of Holders of Each Class of Equity Securities

Class of securities	:	Ordinary shares of RM1.00 each (“Shares”)
Total no. issued	:	218,956,342
No. of holders	:	8,827
Voting rights	:	One vote per Share on a poll
	:	One vote per shareholder on a show of hands

Distribution Schedule

Holdings	No. of holders	Total Holdings	%
Less than 100	1,772	49,705	0.02
100 to 1,000	806	420,910	0.20
1,001 to 10,000	4,639	18,723,194	8.70
10,001 to 100,000	1,426	42,950,539	19.95
100,001 to less than 5% of issued Shares	182	105,509,486	49.00
5% and above of issued Shares	2	47,637,681	22.13
	8,827	215,291,515	100.00
Treasury shares	-	3,664,827	-
	8,827	218,956,342	100.00

Substantial Holders

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato’ (Dr) Siew Ka Wei	22,927,365	10.65	20,611,748 [a]	9.57
Chan Thye Seng	-	-	42,797,402 [b]	19.88
Pacific & Orient Berhad	31,877,978	14.81	10,589,424 [c]	4.92
Siew Nim Chee & Sons Sdn Bhd	14,558,987	6.76	-	-

Note :

(a) Held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Siew Ka Kheong, Datin Young Ka Mun and Quek Lay Kheng.

(b) Held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn Bhd and Tan Soo Leng.

(c) Held through Pacific & Orient Insurance Co. Berhad, a wholly-owned subsidiary.

Directors’ Holdings

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato’ Johari Razak	465,427	0.22	-	-
Dato’ (Dr) Siew Ka Wei	22,927,365	10.65	20,611,748 [a]	9.57
Tan Sri Dato’ Dr Lin See Yan	165,375	0.08	-	-
Chan Thye Seng	-	-	42,797,402 [b]	19.88

Note :

(a) Held through Silver Dollars Sdn Bhd, Siew Nim Chee & Sons Sdn Bhd, Siew Ka Kheong, Datin Young Ka Mun and Quek Lay Kheng.

(b) Held through Pacific & Orient Berhad, Pacific & Orient Insurance Co. Berhad, Tysim Holdings Sdn Bhd and Tan Soo Leng.

Analysis of Shareholdings

As at 5 September 2016

Thirty Largest Shareholders As Per Record of Depositors
(Without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of Shares	%
1.	Kenanga Nominees (Tempatan) Sdn Bhd - Siew Ka Wei	15,759,703	7.320
2.	Pacific & Orient Berhad	13,874,116	6.444
3.	Pacific & Orient Berhad	9,218,900	4.282
4.	Lim Chui Kui @ Lim Chooi Kui	7,076,243	3.286
5.	TA Nominees (Tempatan) Sdn Bhd - Siew Nim Chee & Sons Sendirian Berhad	6,790,170	3.153
6.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB for Pacific & Orient Insurance Co. Berhad	5,392,878	2.504
7.	Pacific & Orient Insurance Co Berhad	5,196,546	2.413
8.	Pacific & Orient Berhad	5,143,162	2.388
9.	Kenanga Nominees (Tempatan) Sdn Bhd - Siew Ka Wei	4,827,166	2.242
10.	Malaysia Nominees (Tempatan) Sendirian Berhad - Silver Dollars Sdn Bhd	4,727,683	2.195
11.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Nim Chee & Sons Sdn Bhd	4,461,317	2.072
12.	HSBC Nominees (Asing) Sdn Bhd - Exempt An for Bank Julius Baer & Co. Ltd. (Singapore Bch)	4,074,800	1.892
13.	EB Nominees (Tempatan) Sendirian Berhad - E & O Developers Sdn Bhd	3,643,762	1.692
14.	Kenanga Nominees (Tempatan) Sdn Bhd - Siew Nim Chee & Sons Sdn Bhd	3,307,500	1.536
15.	Pacific & Orient Berhad	2,563,100	1.190
16.	Asian Strategic Investments Group Limited	2,081,020	0.966
17.	EB Nominees (Tempatan) Sendirian Berhad - Eastern & Oriental Berhad	1,821,881	0.846
18.	Affin Hwang Nominees (Tempatan) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for Lem Foong Ying	1,565,275	0.727
19.	Affin Hwang Nominees (Tempatan) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for Thong Oi Fong	1,565,273	0.727
20.	CimSec Nominees (Asing) Sdn Bhd - Exempt An for CIMB Securities (Singapore) Pte Ltd	1,556,123	0.722
21.	Malaysia Nominees (Tempatan) Sendirian Berhad - Siew Ka Wei	1,288,796	0.598
22.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB for Chan Hua Eng	1,100,000	0.510
23.	Gan Sook Peng	1,100,000	0.510
24.	Pacific & Orient Berhad	1,078,700	0.499
25.	CimSec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Siew Ka Wei	1,034,200	0.480
26.	Lee Pooi Seng	987,000	0.458
27.	Yeap Chin Loon	968,557	0.449
28.	Astro (M) Sdn Bhd	951,980	0.442
29.	RHB Capital Nominees (Tempatan) Sdn Bhd - Lim Kam Seng	900,000	0.418
30.	Ng Wing Kong	823,799	0.382
	Total	**114,879,650**	**53.343**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 47th Annual General Meeting of the Company will be held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 20 October 2016 at 9.30 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and of the Group and the Reports of the Directors and the Auditors thereon for the financial year ended 31 May 2016; **(Please refer Explanatory Note 1)**

2. To approve the payment of the Directors' fees for the financial year ended 31 May 2016; **(Resolution 1)**

3. To re-elect the following Directors who retire pursuant to the Company's Articles of Association:
   - 3.1 Dato' (Dr) Siew Ka Wei (Article 81) **(Resolution 2)**
   - 3.2 Chan Thye Seng (Article 81) **(Resolution 3)**
   - 3.3 Tan Sri Dato' Seri Abdull Hamid Bin Embong (Article 87) **(Resolution 4)**

4. To re-appoint Tan Sri Dato' Dr Lin See Yan, a Director who retires pursuant to Section 129 of the Companies Act, 1965 to hold office until the next annual general meeting of the Company; **(Resolution 5)**

5. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Board of Directors to fix their remuneration; **(Resolution 6)**

AS SPECIAL BUSINESS

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

6. <u>Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature ("Proposed RRPT Mandate")</u> **(Resolution 7)**

   "THAT approval be and is hereby given for the Proposed RRPT Mandate for the Company and its subsidiaries to enter into the categories of recurrent related party transactions of a revenue or trading nature falling within the nature of transactions set out in the table in Section 2.2 of the Company's Circular to Shareholders/ Statement dated 27 September 2016 with the related party set out in Section 2.2 in the Circular, such transactions which are necessary for the Group's day–to-day operations and carried out in the ordinary course of business on terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

AND THAT the authority conferred by such Mandate shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to this Ordinary Resolution."

7. Proposed Renewal of Shareholders' Mandate to Purchase Ancom Berhad's Own Shares ("Proposed SBB Mandate") **(Resolution 8)**

"THAT subject to the provisions of the Companies Act, 1965 ("Act"), the Articles of Association of the Company, the regulations and guidelines issued from time to time by Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities, the Directors be and are hereby authorised to utilise an amount not exceeding the total audited share premium and retained profits of the Company as at 31 May 2016 of RM4,332,000 and RM32,409,000 respectively to purchase such number of ordinary shares of the Company PROVIDED THAT the ordinary shares so purchased 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 for the time being AND THAT such authority shall unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company AND THAT the Directors may retain the ordinary shares so purchased as Treasury Shares and may distribute the Treasury Shares as share dividend or may resell the Treasury Shares or may cancel the ordinary shares so purchased in a manner they deem fit and expedient as prescribed by the Act and the applicable regulations and guidelines of Bursa Securities and any other relevant authorities for the time being in force AND THAT authority be and is hereby given to the Directors to take all such steps to implement finalise and to give effect to the aforesaid transactions with full power to assent to any conditions modifications variations and amendments as may be imposed by the relevant authorities or as they deem fit and expedient at their discretion in the best interest of the Company in accordance with the aforesaid Act, regulations and guidelines."

8. Proposed Issuance of New Ordinary Shares of RM1 Each Pursuant to Section 132D of The Companies Act, 1965 ("Proposed Share Issue Mandate") **(Resolution 9)**

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares of RM1 each in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may deem fit PROVIDED THAT the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company and that such authority shall unless revoked or varied by an ordinary resolution by the shareholders of the Company in general meeting 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 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 to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

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,

WONG WAI FOONG (MAICSA 7001358)
Secretary

Petaling Jaya
27 September 2016

NOTES

1. A registered member entitled to attend and vote at the Meeting may appoint up to two (2) proxies to attend and vote for him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member of the Company is an authorised nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the instrument appointing a proxy must be executed under its common seal or under the hand of an officer or its attorney duly authorised.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 October 2016 ("General Meeting Records of Depositories") shall be eligible to attend, speak and vote or appoint proxy to attend and vote on his behalf.
7. The instrument appointing a proxy shall be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.
8. Pursuant to Paragraph 8.29(A)(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.

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 of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Item 6 of the Agenda**

   Resolution 7 proposed under item 6 of the Agenda, if passed, will give the Company authority to enter into the recurrent related party transactions of a revenue or trading nature as defined in the Main Market 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 of the Company at a subsequent general meeting, expire at the next annual general meeting.

   Further details relating to Resolution 7 are set out in the Company's Circular to Shareholders / Statement dated 27 September 2016, a copy of which is sent together with the Company's 2016 Annual Report.

3. **Item 7 of the Agenda**

   Resolution 8 proposed under item 7 of the Agenda, if passed, will give the Directors authority to purchase and/or hold up to 10% of the total issued and paid-up share capital of the Company for the time being. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the shareholders of the Company at a general meeting, expire at the next annual general meeting.

   Further details relating to Resolution 8 are set out in the Company's Circular to Shareholders / Statement dated 27 September 2016, a copy of which is sent together with the Company's 2016 Annual Report.

4. **Item 8 of the Agenda**

   Resolution 9 proposed under item 8 of the Agenda, if passed, will authorise the Directors to issue not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental / regulatory bodies. This authorisation will empower the Directors to issue shares notwithstanding that the authorisation has ceased to be in force if the shares are issued in pursuance of an offer, agreement or option, made or granted by the Directors while the authorisation was in force. This authorisation will expire at the conclusion of the next annual general meeting.

   This is the renewal of the mandate obtained from the shareholders of the Company at the last annual general meeting ("Previous Mandate"). The Previous Mandate was not utilised and accordingly no proceeds were raised. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

ANCOM BERHAD
(Company No: 8440-M)
(Incorporated in Malaysia)

PROXY FORM

CDS A/C No.	No. of shares held

I/We ____ ______________________________
(Full Name in Block Letters) (NRIC No.)

of ____
(Full Address)

being (a) member(s) of ANCOM BERHAD, hereby appoint:

Full Name in Block Letters		Proportion of Shareholdings
NRIC No.		
Full Address		%
Full Name in Block Letters		Proportion of Shareholdings
NRIC No.		
Full Address		%
		100%

or failing him / her, the Chairman of the Meeting as my / our proxy to attend and to vote for me / us on my / our behalf at the 47th Annual General Meeting of the Company to held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 20 October 2016 at 9.30 a.m. or any adjournment thereof and to vote as indicated below:

Item	Agenda			
1.	To receive Audited Financial Statements and Reports			
		Resolution	**For**	**Against**
2.	To approve the payment of Directors' fees for the financial year ended 31 May 2016	1		
3.	To re-elect the Directors who retire pursuant to the Company's Articles of Association:			
	Dato' (Dr) Siew Ka Wei (Article 81)	2		
	Chan Thye Seng (Article 81)	3		
	Tan Sri Dato' Seri Abdull Hamid Bin Embong (Article 87)	4		
4.	To re-appoint Tan Sri Dato' Dr Lin See Yan as a Director who retires pursuant to Section 129 of the Companies Act, 1965	5		
5.	To re-appoint Messrs BDO as Auditors of the Company and to authorise the Board of Directors to fix their remuneration	6		
6.	Proposed renewal of shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature	7		
7.	Proposed renewal of share buy-back mandate	8		
8.	Proposed issuance of new ordinary shares of RM1 each pursuant to Section 132D of the Companies Act, 1965	9		

(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.)
[*Delete if not applicable]

Dated this ________________ day of ________________ 2016

____
[Signature / Common Seal of Shareholder(s)]
[*Delete if not applicable]

Telephone no.
during office hours : ____________________________

Notes:

1. A registered member entitled to attend and vote at the Meeting may appoint up to two (2) proxies to attend and vote for him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member of the Company is an authorised nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
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4. 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the instrument appointing a proxy must be executed under its common seal or under the hand of an officer or its attorney duly authorised.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 12 October 2016 ("General Meeting Records of Depositories") shall be eligible to attend, speak and vote or appoint proxy to attend and vote on his behalf.
7. The instrument appointing a proxy shall be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.
8. Pursuant to Paragraph 8.29(A)(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.

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AFFIX
STAMP

ANCOM BERHAD
(Company No.: 8440-M)

The Share Registrar:
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

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