ANNUAL
REPORT
2010

NYLEX (MALAYSIA) BERHAD *(9378-T)*

(Incorporated in Malaysia)

Cover **Rationale**

The cover illustrates the satisfaction of completing a jigsaw puzzle. The task of assembling numerous small, often oddly shaped, interlocking and tessellating pieces in producing a complete picture requires a lot of patience and determination. In relation to NYLEX (MALAYSIA) BERHAD's leaders and staff, working together as a team to solve the missing pieces and generate more value to its stakeholders.

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

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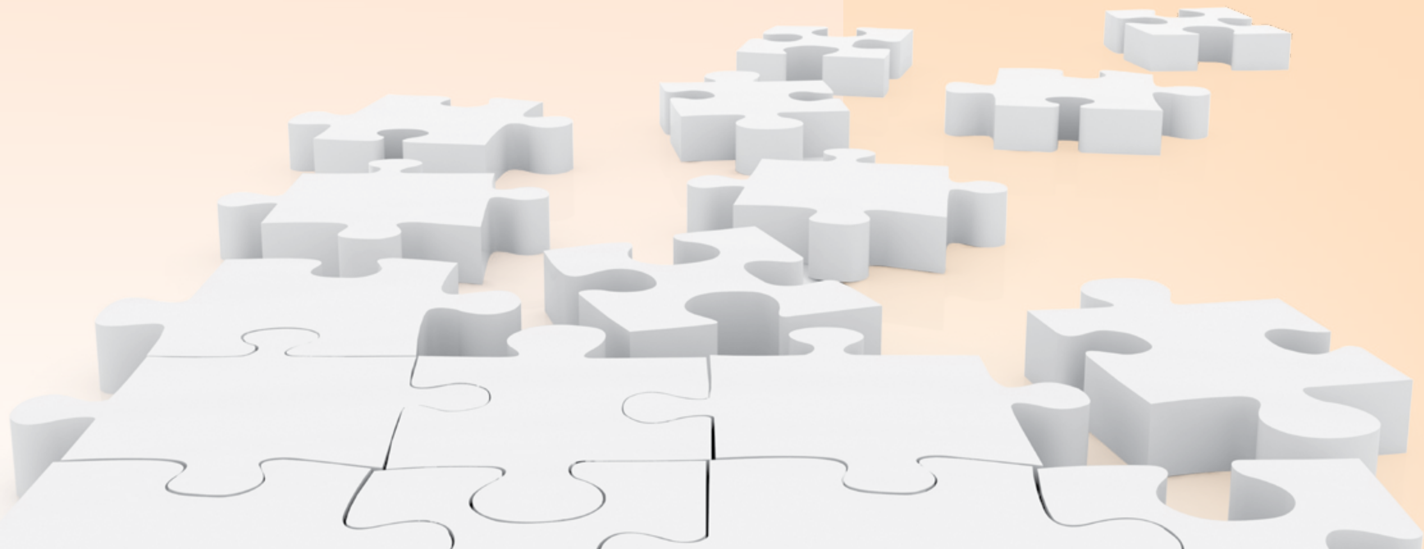

CORPORATE **INFORMATION**

DIRECTORS
Datuk Ir (Dr) Mohamed Al Amin Abdul Majid
(Non-Independent Executive Chairman)

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

Dato' Siew Ka Wei
(Group Managing Director)

Lim Hock Chye
(Independent Non-Executive Director)

Edmond Cheah Swee Leng
(Independent Non-Executive Director)

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

REMUNERATION & NOMINATION COMMITTEE
Lim Hock Chye *(Chairman)*
Edmond Cheah Swee Leng

COMPANY SECRETARIES
Choo Se Eng
Stephen Geh Sim Whye

REGISTERED OFFICE
Unit C508, Block C, Kelana Square
Jalan SS7/26, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7805 1817
Fax : (603) 7804 1316

PRINCIPAL PLACE OF BUSINESS
Lot 16, Persiaran Selangor, Section 15
40200 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : (603) 5519 1706
Fax : (603) 5510 8291

REGISTRARS
Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : (603) 2264 3883
Fax : (603) 2282 1886

AUDITORS
Ernst & Young
Chartered Accountants

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
- Industrial Products Sector

PRINCIPAL BANKERS
Malayan Banking Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad

SOLICITORS
Shearn Delamore & Co

DOMICILE
Malaysia

CORPORATE **STRUCTURE**

AS AT 31 MAY 2010

Ancom Berhad

- 100.0% **Rhodemark Development Sdn Bhd**
  - 21.2% → Nylex (Malaysia) Berhad
- 27.0% **NYLEX (MALAYSIA) BERHAD**

100.0%	Nycon Manufacturing Sdn Bhd	
100.0%	Nylex Polymer Marketing Sdn Bhd	
100.0%	PT Nylex Indonesia	
100.0%	Perusahaan Kimia Gemilang Sdn Bhd	
	90.0%	Dynamic Chemical Trading Pte Ltd
	100.0%	Perusahaan Kimia Gemilang (Vietnam) Company Ltd
	51.0%	PT PKG Lautan Indonesia
	30.0%	Ancom Kimia Sdn Bhd
100.0%	Fermpro Sdn Bhd	
100.0%	Kumpulan Kesuma Sdn Bhd	
100.0%	Wedon Sdn Bhd	
100.0%	CKG Chemicals Pte Ltd	
100.0%	Nylex Specialty Chemicals Sdn Bhd	
51.0%	Speciality Phosphates (Malaysia) Sdn Bhd	
70.0%	Malaysian Roofing Industries Sdn Bhd	
	70.0%	PT Indomalay Ekatana Roofing Industries

Legend:

- Polymer Division
- Industrial Chemical Division
- Building Products Division

LIST OF **PRINCIPAL OFFICES**

NYLEX (MALAYSIA) BERHAD /
NYCON MANUFACTURING SDN BHD /
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 8291 / 5510 0088
www.nylex.com
www.nylexpolymer.com

PT NYLEX INDONESIA
Desa Sumengko Km31 Kecamatan
Wringinanom, Kabupaten Gresik
East Java
61176 Indonesia
Tel : (6231) 898 2626
Fax : (6231) 898 2623

PERUSAHAAN KIMIA GEMILANG SDN BHD
302, Block A, Phileo Damansara 1
No. 9, Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

PERUSAHAAN KIMIA GEMILANG (VIETNAM) COMPANY LTD
3rd floor, 521-523 Dien Bien Phu Street
Ward 25, Binh Thanh Dist
Ho Chi Minh City
Vietnam
Tel : (848) 3899 4926
Fax : (848) 3899 4937

PT PKG LAUTAN INDONESIA
Gedung Graha Indramas
Jl. AIPDA K.S. Tubun Raya No. 77
Jakarta
11410 Indonesia
Tel : (6221) 5367 3269
Fax : (6221) 5367 3278

DYNAMIC CHEMICAL TRADING PTE LTD
133, Cecil Street
#12-03, Keck Seng Tower
Singapore 069535
Tel : (65) 6224 4142
Fax : (65) 6224 6460
www.dynamicchemical.com.sg

FERMPRO SDN BHD
202, Block A, Phileo Damansara 1
No. 9, Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7660 0033
Fax : (603) 7660 0133

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

KUMPULAN KESUMA SDN BHD /
WEDON SDN BHD
No. 6, Lorong SS13/6A
Subang Jaya Industrial Estate
47500 Subang Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 5633 6229
Fax : (603) 5634 9915

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
www.nylexsc.com.my

FIVE-YEAR **HIGHLIGHTS**

	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
Revenue	**1,222,086**	1,366,030	1,742,062	1,502,688	670,300
Profit before taxation	**40,013**	10,376	58,269	45,986	26,233
Net profit for the year	**35,158**	10,618	47,480	38,957	18,113
Effective percentage rate of tax	**12.1%**	-2.3%	18.5%	15.3%	31.0%
Net profit attributable to equity holders of the Company	**35,114**	14,706	47,763	39,258	18,232
ASSETS					
Property, plant and equipment	**50,652**	60,211	62,064	58,240	60,482
Prepaid lease payments	**23,375**	18,490	18,806	19,121	19,435
Investments	**3,580**	3,580	8,204	8,082	4,352
Other non-current assets	**114,940**	109,933	89,863	93,344	31,495
Current assets	**365,522**	326,323	490,299	428,385	234,988
TOTAL ASSETS	**558,069**	518,537	669,236	607,172	350,752
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	**194,338**	194,338	194,338	194,338	176,671
Reserves	**(11,138)**	(4,577)	(14,218)	(9,613)	(1,821)
Retained earnings/(Accumulated losses)	**90,100**	59,393	63,096	18,880	(11,034)
Less: Treasury shares, at cost	**(8,444)**	(12,851)	(24,917)	-	-
	264,856	236,303	218,299	203,605	163,816
Minority interests	**4,046**	4,383	8,510	4,691	5,318
Total equity	**268,902**	240,686	226,809	208,296	169,134
Non-current liabilities	**19,209**	38,439	51,681	66,896	11,279
Current liabilities	**269,958**	239,412	390,746	331,980	170,339
TOTAL EQUITY AND LIABILITIES	**558,069**	518,537	669,236	607,172	350,752
Shareholders' interest					
Earnings per share - sen	**18.8**	8.2	25.2	21.2	10.3
Dividend per share - sen	**2.4**	11.6	2.5	7.0	4.5
Net assets per share - sen	**140.6**	127.5	123.4	104.8	92.7
Depreciation & amortisation	**8,407**	8,198	7,779	8,994	11,849
Finance cost	**5,459**	8,101	9,612	9,897	3,660

BOARD OF **DIRECTORS**

DATUK IR (DR) MOHAMED AL AMIN ABDUL MAJID
Aged 55, Malaysian
Non-Independent Executive Chairman

Joined the Board on 30 July 2003 as a Non-Executive Chairman and was re-designated as Executive Chairman on 1 February 2010.

Datuk Al Amin graduated with a Diploma in Technology from Oxford College of Further Education and holds a Bachelor of Science degree in Civil Engineering from the University of Aston, Birmingham, United Kingdom and has recently been awarded the Honorary Doctorate Degree of Doctor of Science by the University.

Datuk Al Amin began his career as a project engineer with the Perak State Development Corporation in 1979. Two years later, he was appointed as the Executive Director of its subsidiary, Maju Bangun Sdn Bhd. In 1982, he set up his own business and is currently a director of several private companies which are involved in a range of businesses such as construction, investment, distributorship, general trading and project management. He is currently the Chairman of the Chemical Industries Council of Malaysia ("CICM") and the Small & Medium Industries Development Corporation ("SMIDEC") and a Corporate Member of Institute of Engineers Malaysia ("MIEM").

Datuk Al Amin is currently the Executive Chairman of Country View Berhad and a director of MCIS Zurich Insurance Berhad and Ancom Berhad.

DATO' JOHARI RAZAK
Aged 55, Malaysian
Non-Independent Non-Executive Deputy Chairman

Joined the Board on 12 October 1999 and was later appointed Executive Vice Chairman on 29 January 2002. He was re-designated as Non-Executive Deputy Chairman on 6 December 2004. He is currently a member of the Audit Committee.

Dato' Johari graduated with a Bachelor of Law degree from the University of Kent, United Kingdom. He was called to the Bar of England and Wales at Lincoln's Inn in 1976 and was admitted as an advocate and solicitor of the High Court of Malaya in 1977. He practiced law with Messrs Shearn Delamore & Co from 1979 and was a partner of the firm from 1991 to 1994. He rejoined the firm in 2007 and is currently a partner of the firm. Currently, he is also an Adjunct Professor of Law of University Teknologi Mara.

Dato' Johari is currently the Non-Executive Chairman of Ancom Berhad, Chairman of Daiman Development Berhad and a director of Hong Leong Industries Berhad, Daiman Golf Berhad, Deutsche Bank (Malaysia) Berhad and British American Tobacco (Malaysia) Berhad.

DATO' SIEW KA WEI
Aged 54, Malaysian
Group Managing Director

Joined the Board on 12 October 1999. He became the Group Managing Director on 29 January 2002.

Dato' Siew graduated 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. He has extensive working experience in the field of petrochemicals locally and internationally for more than 30 years. He was the Chairman of the Malaysian Chapter of the Young Presidents Organisation ("YPO"), an international grouping of more than 10,500 chief executive officers and leaders of major companies and organisations over the world. He became a director of the International Board of Directors of YPO in 2000 and served until 2003 during which he was the Chairman of YPO's Global Leadership Congress held in Beijing, China.

Dato' Siew is currently the Group Managing Director of Ancom Berhad and the Deputy Chairman of Ancom Logistics Berhad (formerly known as Tamco Corporate Holdings Berhad).

Dato' Siew is a substantial shareholder of the Company.

LIM HOCK CHYE
Aged 55, Malaysian
Independent Non-Executive Director

Joined the Board on 1 August 2005 and is currently the Chairman of the Remuneration and Nomination Committee and a member of the Audit Committee.

Mr Lim gained his LLB (Hons) degree from 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. Prior to that, he was a Deputy Editor with the Star Newspaper, where he wrote for the Business Section.

He was one of the pioneer consultants with the Malaysian Minority Shareholder Watchdog Group, an initiative set up by the Ministry of Finance in 2002 to protect minority shareholders' interest and promote good corporate governance and practices. He was also a panel speaker for Rating Agency of Malaysia and Bursatra Sdn Bhd on Continuing Education Programmes for directors of public listed companies. He continues to lecture on promotion of good corporate governance within Corporate Malaysia.

Currently, he is a director of Ancom Logistics Berhad (formerly known as Tamco Corporate Holdings Berhad), Silver Bird Group Berhad and TSM Global Berhad and the Group Director of Strategic Planning & Corporate Affairs of HELP University College, Kuala Lumpur.

EDMOND CHEAH SWEE LENG
Aged 56, Malaysian
Independent Non-Executive Director

Joined the Board on 26 August 2005 and is currently the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

Mr Cheah is a Chartered Accountant by profession and is a member of the Malaysian Institute of Accountants and the Association of Chartered Accountants, England & Wales. He is also a Certified Financial Planner.

He was previously an Audit Manager with a professional accounting firm in London; the manager in charge of Portfolio Investment in a merchant bank in Malaysia and subsequently in charge of the corporate planning & investment division in a public listed company; the Chief Executive Officer/Executive Director and a member of the Investment Committee of Public Mutual Berhad, the largest private unit trust management company in Malaysia; a Council Member and Chairman of the Secretariat of the Federation of Malaysia Unit Trust Managers ("FMUTM"); a Task Force Member on Islamic Finance for the Labuan Offshore Financial Services Authority ("LOFSA") and a member of the Securities Market Consultative Panel for Bursa Malaysia Securities Berhad.

He is currently a member of the Board of Governors and the Past President of the Financial Planning Association of Malaysia ("FPAM"), the Honorary Treasurer of the Society for the Prevention of Cruelty to Animals ("SPCA") and an investment committee member and director of MAAKL Mutual Berhad. He is also the Chairman of Adventa Berhad and a director of Ancom Berhad.

Notes:

1) There is no family relationship between the directors and/or major shareholders of the Company.
2) Save for Dato' Johari Razak and Dato' Siew Ka Wei who have interest in certain related party transactions as disclosed in page 96 of this Annual Report, none of the Directors has any financial interest in any business arrangement involving the Group.
3) The attendance and securities holdings of the Directors are respectively disclosed in page 13 and page 32 of this Annual Report.
4) None of the Directors has been convicted of any offence, other than traffic offences, if any, within the past ten (10) years.

On behalf of the Board of Directors ("the Board"), I am pleased to present to you the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended 31 May 2010 ("FY 2010").

CHAIRMAN'S STATEMENT

FINANCIAL PERFORMANCE

Following the global financial crisis and economic downturn in late-2008 and early-2009, the global economy is showing signs of recovery supported by growth stimulus measures and accommodative monetary policy which enhanced private demand and global trade condition.

For the current year under review, the Group achieved sales of RM1,222.1 million, a decrease of 10.5% from RM1,366.0 million recorded in the previous financial year ended 31 May 2009 ("FY 2009"). This was mainly due to lower contribution from the Industrial Chemical Division, with revenue decreasing by 12.1%. Nevertheless, due to the combination of the improved market conditions which improved our product margins coupled with the successful cost containment efforts, the Group recorded a consolidated profit before tax of RM40.0 million in FY 2010, compared to RM10.4 million achieved in FY 2009.

After including tax benefits and accounting for minority interests, the profit attributable to shareholders was RM35.1 million (FY 2009: RM14.7 million).

The basic earnings per share was higher at 18.83 sen compared with 8.18 sen for FY 2009. Net assets per share attributable to equity holders of the parents as at 31 May 2010 was RM1.41 compared to RM1.27 as at 31 May 2009.

REVIEW OF OPERATIONS

Polymer Division

The Polymer Division achieved higher level of sales and profitability in FY 2010 compared to FY 2009. The Division's sales of RM122.5 million and profit before tax of RM16.8 million recorded in FY 2010 represents an increase of 9.9% and 314.4% respectively over the sales and earnings in FY 2009, mainly due to overall improved performance across the Division coupled with various cost optimisation initiatives undertaken by the Division.

Industrial Chemical Division

The Industrial Chemical Division achieved lower sales of RM1,099.5 million for FY 2010 compared to RM1,250.3 million recorded last financial year. Nevertheless, the Division recorded a higher PBT of RM37.5 million, compared with RM26.4 million achieved in FY 2009.

The increase in earnings during the year under review was a result of the improved market conditions which allowed us to increase the selling prices of our products and thus improve our margins when compared with last financial year.

Building Products Division

As mentioned in my last year's report, in line with the Group's desire to focus more on the Polymer Division and Industrial Chemical Division which it has strategically defined as its core businesses, the Group has decided to cease production in PT Indomalay Ekatana Roofing Industries ("IRI"), the Division's manufacturing unit in Indonesia, on 29 May 2009. IRI has commenced its members' voluntary winding-up process on 26 October 2009. As at the date of the Report, the winding up process has not been completed.

DIVIDENDS

The Board is recommending a final dividend in the form of distribution of one (1) treasury share for every thirty-two (32) existing ordinary shares of RM1.00 each held, of which fraction of a treasury share is to be disregarded. This shall be subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

In the last financial year, a final dividend, in the form of distribution of one (1) treasury share for every sixty (60) existing ordinary shares of RM1.00 each held, of which fraction of a treasury share is to be disregarded, was approved by the Company's shareholders in the last annual general meeting held in November 2009 and distributed on 15 January 2010.

PROSPECTS FOR NEXT FINANCIAL YEAR

Various economic indicators continue to show improvement ahead, though there are downside risks to the recovery. This includes the sovereign debt crisis in Europe and slow recovery in the United States which has led to doubts on the sustainability of the global economic recovery. These developments have raised uncertainties over the potential impact on the international financial system and global economic activities. Furthermore, continued tightening measures policies by China have heightened uncertainty among global investors.

In view of the above, the Group will undertake the necessary measures to ensure that it remains competitive and will continue to seek ways to enhance sales growth, to strengthen our operational and productivity efficiency in order to improve profitability of its business despite the challenges ahead.

Barring unforeseen circumstances, the Group's performance for the next financial year is expected to be satisfactory.

CHANGE IN BOARDROOM

On 1 February 2010, I have been re-designated from Non-Executive Chairman to Executive Chairman.

APPRECIATION

On behalf of the Board, I would like to express our heartfelt appreciation to the management and employees for their loyalty, dedication and commitment throughout the year. The Board would also like to extend our sincere thanks and gratitude to all our valued shareholders, customers, suppliers, business partners, bankers and all regulatory authorities who have continued to support and place their confidence in the Group. I would also like to take this opportunity to thank my fellow Board members for their invaluable advice and support.

Datuk Ir (Dr) Mohamed Al Amin Abdul Majid
Chairman

Petaling Jaya, Selangor Darul Ehsan
28 September 2010

STATEMENT ON
CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors ("the Board") hereby states its commitment to maintain a high standard of corporate governance and upholding the fundamental duty of safeguarding the assets of the Company and its subsidiaries ("Group") and to enhance shareholders' value and financial performance of the Group. It is fully dedicated to ensuring that the principles of good corporate governance and the best practices as set out in the Malaysian Code on Corporate Governance issued by the Finance Committee ("Code") are adhered to.

Pursuant to paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board is pleased to present its Statement on Corporate Governance to indicate how the Group has applied the principles and best practices of the Code.

THE BOARD OF DIRECTORS

Composition

As at 31 May 2010, the Board comprises five (5) members, of whom the Chairman and Group Managing Director are Executive Directors and the remaining three (3) are Non-Executive Directors. Two (2) of the Non-Executive Directors are Independent Directors. The composition of the Board is in compliance with the Listing Requirements which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors.

All Board members are persons of calibre and credibility with extensive expertise and wealth of experience in legal, accounting, economics, corporate finance, marketing and business practices to augment the Group's continued growth and success.

The equal proportion of Independent Non-Executive Directors on the Board provides for an effective check and balance on the functions of the Board. The Non-Executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings or form any other relationship with the Company, which enables them to exercise independent judgement in the discharge of their duties and responsibilities in the best interests of the Company.

The Board is satisfied with the composition of the Board during the financial year. The Board is also of the view that it has the right mix of skill, experience and knowledge to deal with the strategic direction, investment and management of the Group.

The profile of the Directors is set out in pages 6 to 8 of this Annual Report.

Duties and responsibilities

The roles of the Executive Chairman and the Group Managing Director are distinct and separate with individual responsibilities and clearly defined duties, power and authorities. In addition to his executive role in the Company, the Chairman is also responsible for the orderly conduct of the Board. The Group Managing Director is accountable for the day-to-day management of the Group's business operations and implementation of the Board's decisions and policies. At the quarterly Board meetings, the Group Managing Director provides the Board with an update on the Group's key strategic initiatives and key operational issues.

All Directors are required to disclose their direct and indirect interests in the Company, its subsidiaries and related companies. They are also obligated to declare whether they or any person(s) connected to them have potential or actual conflict of interest in any transaction, contract or proposal with the Company, its subsidiaries and related companies. Any Director who has interests in such transactions, contracts or proposals will abstain from all Board deliberations and ensure that he and any person(s) connected to him will abstain on the voting in respect of his/their direct and indirect shareholdings.

The principal responsibilities of the Board include the following:

- Formulating and reviewing the business direction and objectives of the Group

  The Board plays an active role in formulating the Group's overall business direction and in reviewing the Group's business and financial performances at regular intervals.

- Overseeing the conduct of business of the Group to evaluate whether the business is being properly managed

  The Board would appraise the Group's actual business and financial performances against the results of the corresponding period last year as well as the forecasts at the quarterly Board meetings. The key matters reserved for the Board's approval include the significant corporate proposals involving acquisitions and disposals of companies or restructuring of the Group's businesses, new issue of securities and acquisitions and disposals of significant assets and expenditure above a certain amount.

  Board Committees, such as the Audit Committee and Remuneration and Nomination Committee ("R&N Committee"), are entrusted with specific responsibilities to oversee the affairs of the Company with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR"). At each Board meeting, the Chairman of the respective Board Committees would report to the Board on the key matters discussed by the Board Committees at their respective meetings. Minutes of the Board Committees meetings are enclosed together with the Board papers for the Directors' attention.

  The activities of the Audit Committee and R&N Committee are detailed under the Board Committees section of this Statement.

- Identifying principal risks and ensuring the implementation of appropriate risk management framework

  The Board, through the Audit Committee, conducts periodic reviews on the risk management framework to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group.

- Reviewing the adequacy and integrity of the Group's internal control system and management information system

  The Group has implemented certain authority levels, control procedures, reporting mechanisms and internal audit function that are subject to periodic reviews by the Board.

Meetings and supply of information

The Board meets at least once in every quarter to deliberate and consider a variety of matters including the review and approval of the interim financial results of the Group.

At the end of each calendar year, the Company Secretaries would draw a proposed timetable for all the Board and Board Committees meetings, including the annual general meeting, to be held in the next calendar year, to ease the Directors in planning their attendance at these meetings. The proposed timetable would be revised in accordance with feedback received from the Directors to allow a maximum number of Directors to attend the meetings.

Prior to the meetings, the Directors were provided with the agenda, financial reports and any other documents required for the consideration of the Board, well in advance of each meeting or via circular resolutions. These documents were comprehensive and covered both qualitative and quantitative factors of the matters at hand so that informed decisions could be made. Minutes were kept to record the proceedings at the Board meetings, the deliberations on the matters at hand and the decisions made thereto. The minutes are then circulated to the Directors for their review prior to confirmation at the subsequent Board meeting.

Invitations to attend the Board meetings have occasionally been extended to senior management staff and/or professional advisers to provide the Board with their explanations on certain items tabled or to furnish clarification on issues raised by the Board.

All Directors have unrestricted access to information of the Group and may engage independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate, at the Company's expense. The Board also have access to the advice and services of the two (2) Company Secretaries, who are responsible for ensuring that all Board procedures are followed and that applicable laws and regulations are complied with. The Company Secretaries are required to attend the Board meetings.

The decisions of the Board are decided by a simple majority of votes of the Directors present at the Board meetings. In the event of an equality of votes, the Chairman shall have a second or casting vote except where two (2) Directors form a quorum and only two (2) Directors are present or only two (2) Directors are competent to vote on the question at issue.

During the financial year, all the Board decisions were approved by the Board unanimously without any dissenting votes from any of the Directors.

Attendance

The Board held four (4) Board meetings during the financial year. The attendance record of the Directors is as follows:

Name of Directors	**Attendance**	
	No.	**%**
Datuk Ir (Dr) Mohamed Al Amin Abdul Majid	4	100
Dato' Johari Razak	3	75
Dato' Siew Ka Wei	3	75
Dato' Mohd Ismail bin Che Rus *(resigned on 20 July 2009)*	N/A	N/A
Lim Hock Chye	4	100
Edmond Cheah Swee Leng	4	100

All Directors have attained the minimum attendance during the financial year as required under the Listing Requirements. All Board meetings held during the financial year were attended by the Company Secretaries.

Training and education

All Directors have attended the Directors' Mandatory Accreditation Programme and are aware of the requirements of the Continuing Education Programme prescribed by the Listing Requirements.

In addition to the updates on relevant guidelines and statutory and regulatory requirements provided by the Company Secretaries and the management from time to time, the Directors have on their own initiative requested to attend courses, according to their individual needs as a Director or as members of a Board Committee on which they serve, and to enhance their skills and knowledge and keep abreast with the relevant changes in laws, regulations and business environment.

The following are the training programmes attended by the Directors:

- Latest Trends & Developments in Corporate Governance, Internal Audit Detection and Prevention;
- Accounting & Financial Management : Effective Use of Consolidated Financial Statement;
- Business Continuation Planning;
- Understanding & Minimising the Risk of Accounting Manipulation;
- Understanding Financial & Accounting Reports;
- Update on Regulatory Issues, Risk Management, Directors Remuneration and Nomination and Investors Relation;
- Audit Committee Unique Competency Requirements;
- Corporate Practices & Governance for Company's Directors;
- Leadership in Challenging Times & Making Corporate Board More Effective;
- Compensation and Nomination Committee;
- Best Practices of Boardroom Affairs;
- Modern Internal Auditing for Directors, Audit Committee, Senior Management and Auditors;
- New Framework for Listing and Equity Fund Raising and Key Changes to the Listing Requirements;
- Financial Institutions Directors Education Programme; and
- Directors Continuing Education Programme 2009

The Board is of the opinion that the Directors have attended adequate training. The Directors will continue to attend seminars and further training which they consider as relevant and useful in the changing environment in order to effectively discharge their duties as Directors.

Re-election

The Articles of Association ("Articles") of the Company provide that at every Annual General Meeting ("AGM") of the Company, one-third (1/3) of the Directors who are longest in office and those Directors appointed during the financial year shall retire from office and be eligible for re-election. The Articles also provide that all Directors, including the Executive Chairman and the Group Managing Director, shall retire from office once in every three (3) years but shall be eligible for re-election. Both the Executive Chairman and the Group Managing Director do not have a service contract where the notice period for termination is more than one (1) year.

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

The R&N Committee is tasked with making recommendations to the Board on the re-election of Directors who retire pursuant to the Articles. To assist shareholders in making decision in the re-election of Directors, sufficient information such as personal profile, attendance at Board and Board Committee meetings and shareholding in the Company of the Directors standing for re-election were furnished in the Annual Report. In accordance with this process, Datuk Ir (Dr) Mohamed Al Amin Abdul Majid and Dato' Siew Ka Wei retired by rotation at the 39th AGM held on 26 November 2009 and were re-elected to the Board by the Company's shareholders.

Board committees

In accordance with the best practices of the Code, the Board has established the following Board Committees to delegate specific duties and responsibilities:

Audit Committee
The composition, TOR and other information relating to the Audit Committee are set out in the Audit Committee Report on pages 19 to 23 of this Annual Report.

R&N Committee
The Board has combined the functions of the Remuneration Committee and Nomination Committee into one R&N Committee which was established on 24 September 2001.

The R&N Committee is responsible for reviewing and assessing the effectiveness of the Board as a whole and the Board Committees and for assessing the performance of the Executive Directors. It is also responsible for reviewing the required mix of skills and experience and core competencies which the Non-Executive Directors should bring to the Board and for proposing and recommending to the Board candidates for all Directorships. In making its recommendation, the R&N Committee would consider the candidates' skill, knowledge, expertise and experience, professionalism, integrity and in the case of Independent Non-Executive Directors – the candidates' ability to discharge such responsibilities and functions expected from them.

The R&N Committee also assume the task of recommending to the Board the remuneration package for the Executive Directors in all its forms, drawing from outside advice as necessary at the Company's expense, taking into consideration the Executive Directors' responsibilities, contributions and performances, as well as the market rate for similar positions in comparable companies. The R&N Committee is also responsible for recommending the remuneration of the Non-Executive Directors, including Directors' fee, after taking into account comparison with payment by similar companies, to the Board for its endorsement.

It is the ultimate responsibility of the Board as a whole to decide the appointment and remuneration for the Directors. The Directors' fees would be submitted to the shareholders for approval at the AGM of the Company.

During the financial year, the members of the R&N Committee were as follows:

Lim Hock Chye *(Chairman)*
Dato' Mohd Ismail bin Che Rus *(resigned on 20 July 2009)*
Edmond Cheah Swee Leng

During the financial year, the R&N Committee had one (1) meeting which was attended by all members. During the meeting, the R&N Committee reviewed and assessed the composition of the Board and the Board Committees and was satisfied that the Board composition was in compliance with the Code and that the Board and Board Committees were effective in discharging their respective responsibilities. The R&N Committee also made recommendations to the Board on the re-election of the retiring Directors and the payment of Directors' fees for subsequent approval by the shareholders at the forthcoming AGM. Minutes were kept to record the proceedings at the R&N Committee meetings, the deliberations on the matters at hand and the decisions made thereto. The minutes were then circulated to the Committee members for their review prior to confirmation at the subsequent R&N Committee meeting.

The R&N Committee was of the view that the mix of Executive and Non-Executive Directors on the Board was appropriate and did not recommend the Board to make any new appointment during the financial year.

The R&N Committee had not engaged a consultant to do a comparative study on the Directors' remuneration for the current financial year. The R&N Committee would take into consideration the members' personal experience as well as the market practices in deciding the amount of remuneration to be paid to the Non-Executive Directors.

DIRECTORS' REMUNERATION

Directors' fees

For the last financial year, the Chairman and the Non-Executive Directors of the Board received RM70,000 and RM50,000 respectively as directors' fee per annum. In addition to this, the members of the Audit Committee received RM15,000 each while the members of the R&N Committee received RM5,000 each per annum. These were as recommended by the R&N Committee and approved by the shareholders at the last year's AGM.

The Non-Executive Directors also received attendance allowances of RM416 and RM972 for local and outstation Directors respectively, for each Board and Board Committees meeting attended as recommended by the R&N Committee.

During the financial year, the R&N Committee has recommended the same amount of directors' fee for the Non-Executive Directors. However, in view of the heavier burden of the Board Committee members in discharging their added responsibilities, the R&N Committee recommended that the members of the Audit Committee receive an increased fee of RM30,000 each while the members of the R&N Committee receive a higher fee of RM20,000 each per annum. The attendance allowances for the Non-Executive Directors would remain unchanged. For the Directors who resigned during the year, the directors' fee would be pro-rated according to the length of their term served on the Board. Upon the Chairman's re-designation to Executive Chairman, the fee was pro-rated up to the date of his re-designation and his remuneration thereafter consisted of monthly salary, contribution to the Employees Provident Fund and benefits-in-kind and was determined based on the performance of the Group in the financial year.

The Board has endorsed the R&N Committee's recommendation of the directors' fee for the current financial year and will propose the same for the approval of the Company's shareholders at the forthcoming AGM.

The R&N Committee also reviewed the remuneration of the Executive Chairman and the Group Managing Director and made recommendations on the same for the Board's approval. Both the Executive Chairman and the Group Managing Director did not participate in the Board deliberation on their remuneration at the Board meeting.

The Group Managing Director's remuneration for the financial year ended 31 May 2010 consisted of monthly salary, bonus and contribution to the Employees Provident Fund and was determined based on the performance of the Group in the financial year.

Subject to the approval of the Company's shareholders on the Directors' fees for the current financial year, the details of the remuneration paid or payable to the Directors by the Group during the financial year are disclosed in Note 8 to the financial statements on page 62 of this Annual Report.

SHAREHOLDERS

Investor relations and shareholders' communication

The Board recognises the importance of transparency and accountability to its shareholders, stakeholders and other investors through proper, timely and adequate dissemination of information on the Group's performance, business activities, financial performance, material information and corporate events through an appropriate channel of communication. The annual reports, interim results and other announcements, circulars to shareholders and press releases are the primary modes of communication utilised by the Company.

The Company has also established a website at www.nylex.com where shareholders, stakeholders and other investors can have access to the Company's latest annual report, quarterly interim financial reports, announcements, circulars to shareholders and press releases, as well as the Company's current share price. Shareholders and investors are able to pose questions and queries to the Company via the website and these questions and queries would be attended to by the Company's senior management.

In addition, the Board also encourages shareholders, stakeholders and other investors to communicate with the Company through other channels. Following the resignation of Dato' Mohd Ismail bin Che Rus, Senior Independent Non-Executive Director, on 20 July 2009, the Board has decided not to appoint a Director to whom any queries or concerns may be conveyed as shareholders and investors are now able to convey their views and queries through the Company's website or via post at Lot 16, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, fax at 603-55108291 or e-mail at corp@nylex.com.

General meeting

General meetings remain the principal forum for dialogue between the Company and its shareholders. The notice of meeting is sent to the shareholders, together with any relevant circulars, within the prescribed deadlines and advertised in an English newspaper.

The Company would hold its general meetings at venues that are easily accessible by the shareholders and at a time convenient to the shareholders to encourage them to attend the meetings. The shareholders are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns to the Board at these meetings.

The Company held its 39th AGM at the Hilton Petaling Jaya at Jalan Barat, Petaling Jaya on 26 November 2009. The Notice of AGM, Annual Report and the related circular were sent to the shareholders in accordance with the regulatory and statutory provisions. The Notice of AGM was also advertised in a national English newspaper within the prescribed deadlines. All the Directors and a total of 220 shareholders and proxies attended the AGM.

During the AGM, the Group Managing Director gave a briefing on the performance for the financial year 2009 and his view and insights on the future prospects of the Group's businesses. There was active participation by the shareholders in the discussions. The Chairman, when presenting the agenda items for voting, also gave a brief description of the items to be voted and shareholders were invited to give their views and comments before voting commenced.

The shareholders approved all the resolutions put forth at the AGM and the results of the AGM were announced to the shareholders via the Bursa Link on the same day at the conclusion of the AGM.

Minutes were kept to record the proceedings of the AGM and shareholders may inspect the minutes in accordance with the provisions of the Companies Act, 1965.

The Notice for the forthcoming 40th AGM of the Company, which will be held on 24 November 2010, is on pages 101 to 104 of this Annual Report.

ACCOUNTS AND AUDIT

Financial reporting

The Board takes responsibility in ensuring that the quarterly interim financial reports of the Group and the annual audited financial statements of the Group and of the Company give a true and fair view of the state of affairs of the Group and of the Company, and are drawn up in accordance with the provisions of the Companies Act, 1965, the Listing Requirements, the applicable approved Financial Reporting Standards in Malaysia and any other statutory or regulatory requirements.

The Group's annual audited financial statements are reviewed by the Audit Committee together with the external auditors and the management of the Company. The quarterly interim financial reports are reviewed by the Audit Committee and the management. Thereafter, the Audit Committee will recommend to the Board to approve same prior to their release to Bursa Malaysia Securities Berhad within the stipulated time frame.

A statement by the Board on its responsibilities for preparing the annual audited financial statements is set out on page 28 of this Annual Report.

Internal Control

The Board acknowledges its overall responsibility in ensuring that a sound system of internal control is maintained throughout the Group, covering not only financial controls but also operational and compliance controls as well as risk management. The Board recognises that risks cannot be totally eliminated and the system of internal control instituted is designed to minimise and manage, rather than eliminate, these risks to safeguard shareholders' investments and the Group's assets.

The Audit Committee, which has been empowered to assist the Board in discharging its duties in relation to internal control, seeks the regular assurance on the continuity and effectiveness of the internal control system through independent reviews conducted by the internal and external auditors. In addition, Deloitte Enterprise Risk Services Sdn Bhd has been appointed as the Group's internal auditors to review the internal control system during the financial year. The internal auditors report to the Audit Committee who shall determine their remuneration.

The report of the Audit Committee is separately set out on pages 19 to 23 of this Annual Report while the scope and results of the internal audit review by the Audit Committee are detailed in the Statement on Internal Control on pages 24 to 25 of this Annual Report.

Relationship with auditors

The Company has established a formal, transparent and appropriate relationship with the Group's auditors, both external and internal. The Audit Committee acts as an independent channel of communication for the auditors to convey their objective views and professional advice on the Group's financial and operational activities.

As per the TOR, the Audit Committee has been explicitly accorded the power to appoint and decide on the remuneration and the resignation or dismissal of the external auditors. The appointment of the external auditors is subject to the approval of the Company's shareholders at the AGM. The external auditors have an obligation to bring any significant matter relating to the financial audit of the Group to the Audit Committee. They are invited to attend the Audit Committee's meetings when necessary.

The external auditors attended three (3) meetings with the Audit Committee whereas the internal auditors were present at four (4) Audit Committee meetings held in the financial year ended 31 May 2010.

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and will continually improve on its corporate governance practices and structure to achieve an optimal governance framework.

AUDIT COMMITTEE REPORT

INTRODUCTION

The Board of Directors ("the Board") is pleased to present its Audit Committee Report for the financial year ended 31 May 2010.

TERMS OF REFERENCE

Composition

The Audit Committee shall be appointed by the Board from amongst its members. The Audit Committee shall comprise of at least three (3) members, all of whom must be non-executive directors, with a majority of them being independent directors as defined in the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

All members of the Audit Committee shall be financially literate and at least one of them shall be a member of the Malaysian Institute of Accountants ("MIA") or a person who fulfils the requirements under Paragraph 15.09(1)(c)(ii) and (iii) of the Listing Requirements. No alternate director shall be appointed as a member of the Audit Committee.

The Chairman of the Audit Committee shall be elected at the first Audit Committee meeting held after each annual general meeting of the Company, from amongst its members and he shall be an independent non-executive director. The Chairman so elected shall hold office until the commencement of the first Audit Committee meeting held after each annual general meeting of the Company.

If a member of the Audit Committee resigns or for any reason ceases to be a member which result in the number of members less than the required number of three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of members. All members of the Audit Committee including the Chairman shall hold office until otherwise determined by the Board or until they cease to be a director of the Company.

One of the Company Secretaries shall be the Secretary of the Audit Committee.

Objectives

The objectives of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to internal control, corporate accounting and reporting practices of the Company and its subsidiaries ("Group"), particularly in:

1. maintaining a good corporate governance standard as well as a sound system of internal control;
2. facilitating the effective discharge of its stewardship responsibilities in respect of strategic business operations and related controls;
3. identifying principal risks and ensuring the implementation of appropriate risk management framework; and
4. reviewing the adequacy and integrity of the system of internal control and management information system.

Functions

1) The duty of the Audit Committee shall include the following:

   (a) EXTERNAL AUDIT

      (i) To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;

(ii) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(iii) To review the quarterly and year-end financial statements of the Group, focusing particularly on –

- changes in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(iv) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary); and

(v) To review the external auditors' management letter and management's responses.

(b) INTERNAL AUDIT

(i) In relation to the internal audit function –

- to determine the scope and ensure that the internal audit function is independent of the activities it audits;
- to approve the annual internal audit plan;
- to review the competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- to review results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function; and
- to ensure that the internal audit function reports directly to the Audit Committee. However, on a day to day basis, the Audit Committee may select a representative to liaise with the internal auditors.

(ii) To consider any related party transactions that may arise within the Company and the Group;

(iii) To consider the major findings of internal investigations and management's response; and

(iv) To consider other topics as defined by the Board.

2) The representatives of the internal and external auditors should normally attend the Audit Committee meetings. Invitees may attend the Audit Committee meetings upon the invitation of the Audit Committee. The Audit Committee shall convene meetings with the external auditors, internal auditors or both, without the attendance of other directors and employees of the Company and of the Group whenever it deems necessary.

3) The Chairman of the Audit Committee should engage on a continuous basis with senior management such as the Chairman, the Group Managing Director and other senior operating staff and the internal and external auditors in order to be kept informed of matters affecting the Company and the Group.

4) In discharging the functions as stated in (1) above, the Audit Committee shall have, at the cost of the Company:

(a) the explicit authority to investigate any matter within its Terms of Reference;
(b) all the resources that are required to perform its duties;
(c) full and unrestricted access to any information pertaining to the Company and the Group;
(d) direct communication channels with the external auditors and the internal auditors; and
(e) the authority to obtain independent professional and other advices and to secure the attendance of the advisers if it considers necessary.

Meeting

The Audit Committee shall meet every quarterly or at other frequencies as directed by the Board and at any time upon the request of any members of the Audit Committee, the external auditors or the internal auditors and/or at the Chairman's discretion.

The quorum for each meeting shall be two (2) members, all of whom must be independent directors. Agenda shall be sent to all Audit Committee members and any other persons who may be required to attend the meeting at least seven (7) days prior to the meeting unless such requirement is waived by the Audit Committee members at the meeting.

Decision of the Audit Committee shall be by majority of vote. In the case of equality of vote, the Chairman, or if he is absent, the Chairman of the meeting elected from amongst the Audit Committee members attending the meeting, shall have a second and casting vote.

Minutes

The minutes of each Audit Committee meeting, after the same have been affirmed by the subsequent Audit Committee meeting and signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceedings thereat.

The minutes shall be kept by the Secretary and are subject to inspection by the Audit Committee members and the Board upon request.

Copies of the minutes shall be distributed to the Audit Committee members and the Board for information.

MEMBERS AND MEETINGS

During the financial year, the Audit Committee comprised of the following members:

- Edmond Cheah Swee Leng
  Chairman, Independent Non-Executive Director, member of MIA

- Dato' Mohd Ismail Bin Che Rus
  Member, Independent Non-Executive Director (resigned on 20 July 2009)

- Lim Hock Chye
  Member, Independent Non-Executive Director

- Datuk Ir (Dr) Mohamed Al Amin Abdul Majid
  Member, Non-Independent Executive Chairman (appointed on 10 September 2009 and resigned on 1 February 2010)

- Dato' Johari Razak
  Member, Non-Independent Non-Executive Deputy Chairman (appointed on 27 April 2010)

The composition of the Audit Committee during the financial year complied with the Terms of Reference of the Audit Committee.

During the financial year, the Audit Committee held five (5) meetings and the attendance record of each member is as follows:

Members	Attendance No.	Attendance %
Edmond Cheah Swee Leng	5	100
Dato' Mohd Ismail Bin Che Rus *(resigned on 20 July 2009)*	N/A	N/A
Lim Hock Chye	5	100
Datuk Ir (Dr) Mohamed Al Amin Abdul Majid *(resigned on 1 February 2010)*	2	100
Dato' Johari Razak *(appointed on 27 April 2010)*	N/A	N/A

As per the Terms of Reference, the Chairman of the Audit Committee should engage on a continuous basis with senior management of the Company in order to be kept informed of matters affecting the Company and the Group. In this respect, the Audit Committee has decided that this would be carried out in the form of Audit Committee/Management meeting whenever the situation warrants such a meeting.

During the financial year, four (4) Audit Committee/Management meetings were held which were attended by the Audit Committee members and the senior management of the Group to discuss the operational issues in the Group.

SUMMARY OF ACTIVITIES

During the financial year under review, the Audit Committee carried out its duties in accordance with its Terms of Reference. The activities undertaken were as follows:

Financial results

- Review of the quarterly interim financial reports with the management before recommending them for the Board's approval; and
- Review of the annual audited financial statements with the external auditors prior to submission to the Board for approval.

The reviews above were to ensure, inter-alia, that the quarterly interim financial reports and the annual audited financial statements complied with the provisions of the Companies Act, 1965, the Listing Requirements, the approved Financial Reporting Standards and other statutory and regulatory requirements.

Internal and external audits

- Review of the internal auditors' and external auditors' annual audit plans with the internal auditors and external auditors, respectively;
- Review of the quarterly internal audit reports with the internal auditors, and the management letter from the external auditors to ensure that the internal control system was in place and was effective to achieve its objectives. Weaknesses noted in the internal audit or non-compliance of the internal control system were reviewed to determine their possible impact on the effectiveness of the internal control system and their possible financial impact on the Group's financial results and the going concern assumptions;
- Review of the management's responses and remedial actions to be undertaken by the management in relation to the weaknesses and non-compliances noted above and the follow-up actions undertaken by the management thereof; and
- Review of the external auditors' remuneration and made recommendation to the Board for acceptance and for their reappointment.

Related party transactions

- Review and approval of the related party transactions entered into by the Company and the Group.

Employees share option scheme

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

During the Board Meeting, the Chairman of the Audit Committee briefed the Board on the matters discussed at the Audit Committee meeting and the major issues raised in respect of the internal audit and internal control. The Chairman also briefed the Board on the discussion on the quarterly interim financial reports, the annual audited financial statements and the recommendations of the Audit Committee thereon to the Board to adopt the quarterly interim financial reports and the annual audited financial statements.

INTERNAL AUDIT FUNCTION

The Audit Committee is aware that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness and adequacy of the internal control system.

In this regard, the Board has outsourced the internal audit function of the Group to an independent professional consulting firm, Deloitte Enterprise Risk Services Sdn Bhd, for the financial year ended 31 May 2010 for a fee of RM80,000. The outsourced internal audit function reports to the Audit Committee and indirectly assists the Board in monitoring and managing risks and the Group's system of internal control.

During the financial year, the internal auditors carried out the internal audit function based on approved internal audit plan.

Amongst the responsibilities of the internal auditors were:

(i) to assist the Board in reviewing the adequacy, integrity and effectiveness of the Group's internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, preserving the quality of assets and the integrity of management information system and consequently to determine the future requirements for internal control system and to co-develop a prioritised action plan;

(ii) to perform a risk assessment of the Group's business operation and to identify the business processes within the Group that internal audit should focus on; and

(iii) to allocate audit resources to areas within the Group that provide the Audit Committee and the management with efficient and effective level of audit coverage.

At the Audit Committee meeting, the internal auditors presented the quarterly internal audit reports to the Audit Committee for review and discussion. The quarterly internal audit reports, which highlighted internal control weaknesses in the business operations and the internal auditors' assessment of the magnitude of the financial effects arising from the weaknesses noted, also contained the internal auditors' recommendations on the corrective actions to overcome the internal control weaknesses and the management's responses to the findings and the recommendations thereof. Target was set for the appropriate corrective actions to be effected and the internal auditors would report their findings from the follow-up reviews in their internal audit progress reports, to the Audit Committee.

CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties in accordance with the Terms of Reference as established above during the financial year under review.

Please refer to pages 24 to 25 of this Annual Report for the Statement on Internal Control.

STATEMENT ON **INTERNAL CONTROL**

INTRODUCTION

This Statement of Internal Control by the Board of Directors ("the Board") is made pursuant to Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad. It outlines the nature and scope of internal control of Nylex (Malaysia) Berhad and its subsidiaries ("the Group") during the financial year under review.

BOARD RESPONSIBILITY

In accordance with Principle D II in Part 1 of the Malaysian Code on Corporate Governance, the Board is committed to maintaining a system of internal control in financial, operational and compliance as well as risk management to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interests;
- Identify and manage risks affecting the Group;
- Ensure compliance with regulatory requirements; and
- Ensure operational results are closely monitored and substantial variances are promptly explained.

The Board acknowledges its responsibility for the Group's overall system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. However, it should be noted that, due to the limitations that are inherent in any system of internal control, such a system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. Furthermore, consideration is given to the cost of implementation as compared to the expected benefits to be derived from the implementation of the internal control system.

KEY ELEMENTS OF INTERNAL CONTROL

Key elements of internal control that the Board has established in reviewing the adequacy and integrity of the system of internal control are described below.

There is a continuous process for identifying, evaluating and managing significant risks faced by the Group, which has been in place for the financial year under review and up to the date of approval of this annual report and financial statements. The process is regularly reviewed by the Board and accords with the guidelines for directors on internal control, the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

The Board has in place an organisation structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.

The Group's internal audit function is outsourced to a public accounting firm of international standing. The internal audit function facilitates the Board in its review and evaluation of the adequacy and integrity of the Group's internal control system.

Internal audits are carried out according to the annual audit plan approved by the Audit Committee. The resulting reports from the audits undertaken are presented to the Audit Committee at its regular meetings. The Audit Committee meets to review, discuss and direct actions on matters pertaining to reports which, among other matters, include findings relating to the adequacy and integrity of the internal control system of the Group. After the Audit Committee has deliberated on the reports, these are then forwarded to the operational management for attention and necessary actions. The operational management is responsible for ensuring that recommended corrective actions on reported weaknesses are taken within the required time frame.

The Audit Committee in its advisory capacity is established with specific terms of reference which include the overseeing and monitoring of the Group's financial reporting system and the review of the effectiveness of the Group's system of internal control periodically.

CONCLUSION

The Board is of the opinion that the system of internal control that has been instituted throughout the Group was satisfactory and has not resulted in any material losses that would require disclosure in the Group's annual report for the financial year ended 31 May 2010. As the development of a sound system of internal control is an on-going process, the Board and the management maintain an on-going commitment in continuing to take appropriate measures to strengthen the internal control environment of the Group to safeguard shareholders' investments and the Group's assets.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("the Board") is pleased to present the Corporate Social Responsibility ("CSR") Statement for the financial year ended 31 May 2010.

The Board understands the need for transparent business practices that are based on ethical values and respect for the community, its employees, the environment, its shareholders and other stakeholders. In that respect, the Company and its subsidiaries ("the Group") have carried out certain activities during the financial year, which focuses on four main focal 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 Majlis Perbandaran Shah Alam. Other wastes or materials such as papers, plastics and wood are re-used, where possible, or sent to recycling centres.

The Group employs Alam Sekitar Malaysia Sdn Bhd to carry out quarterly stack gas emission tests to ensure compliance with the Environmental Quality Act, 1974 ("EQA"). The Group also strives to use eco-friendly chemicals in its products.

One of the subsidiaries is also implementing the following initiatives:

- ISO 14000 – a standard for environmental management systems to reduce the environmental footprint of a business and to decrease pollution and waste;
- REACH – a new regulation on chemicals and their safe use to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances; and
- ROHS – a restriction on the use of certain hazardous substances in electrical and electronic equipment.

Workplace

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

- Proactive measures are taken to reduce employees' exposure to the noise in the high noise level areas, such as providing ear plugs and soundproofing the affected areas where possible. Annual Employee Audiometric Hearing tests are also conducted to ensure employees' hearing is in good condition;
- Ensure that Personal Protective Equipment which are registered with the Department of Occupational Safety and Health are used;
- Carry out scheduled safety drills such as fire and evacuation, chemical leakage, storage tank leakage and falling ill on site drills to ensure that employees are well trained to handle emergency situations; and
- Training on safety, product handling, first aid, fire fighting and succession planning, inspection of fire fighting equipment and fire and chemical handling drills are carried out on a regular basis.

Management and Supervisory Development programmes which provide career advancement opportunities were also organised by the Company for potential employees.

During the financial year, a subsidiary launched four Safety Campaigns, for its employees, which covered various topics on employee safety.

Community

Consistent with one of the important focal area of CSR which is to be responsible to the community in which the Group operates, the Group makes it a point to provide industrial training or factory visits to undergraduates or technical students from local and international institutions. During the financial year, industrial training was provided for four (4) students; two (2) from Universiti Teknologi Mara and one (1) each from Politeknik Sultan Salahuddin Abdul Aziz Shah and University of Malaya.

Employees are encouraged to volunteer in community projects such as tree planting and blood donation campaigns. In February 2010, twenty seven (27) employees of the Company participated in a blood donation campaign which was organised to collect blood for Hospital Tengku Ampuan Rahimah, Klang, Selangor Darul Ehsan.

A subsidiary in Singapore also adopted the Singapore Children's Society as its official charity partner for 3 years beginning from year 2009.

Marketplace

Last but not least, the Group also recognises its duty to be socially responsible to its customers, suppliers, shareholders and other stakeholders. Hence, with effect from January 2007, Material Safety Data Sheets were developed on the Group's products range for customers to ensure safe and proper usage and handling of our products.

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

Safety briefing and training for customers on the handling of phosphoric acid are also conducted by a subsidiary on a regular basis. During the financial year, the subsidiary carried out two safety briefing and training sessions for its Sabah based customers in the palm oil refineries.

DIRECTORS' RESPONSIBILITIES STATEMENT
ON FINANCIAL STATEMENTS

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

Pursuant to paragraph 15.26(a) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Directors are required to issue a Statement explaining their responsibilities in the preparation of the annual audited financial statements.

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 2010 and the income statement of the Company and of the Group for the financial year ended on that date. The Directors are also responsible for ensuring that the financial statements comply with the Companies Act, 1965, the Listing Requirements and other statutory and regulatory requirements.

In preparing the financial statements for the financial year ended 31 May 2010, the Directors have:

- adopted the appropriate accounting policies, which are consistently applied;
- made judgements and estimates that are reasonable and prudent;
- adopted all applicable accounting standards, material departures, if any, will be disclosed and explained in the financial statements; and
- prepared the financial statements on the assumption that the Company and the Group will operate as a going concern.

The Directors have provided the auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they considered appropriate to enable them to give their audit report on the financial statements.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors of Nylex (Malaysia) Berhad ("Nylex") have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2010.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries comprise the following:

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

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

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

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

RESULTS

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

	Group RM'000	Company RM'000
Profit from operations	45,472	13,961
Finance costs	(5,459)	(2,675)
Profit before taxation	40,013	11,286
Taxation	(4,855)	1,705
Net profit for the year	35,158	12,991
Attributable to:		
Equity holders of the Company	35,114	12,991
Minority interests	44	-
	35,158	12,991

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

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

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

At the 39th Annual General Meeting held on 26 November 2009, the shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase up to 10% of its own ordinary shares. During the financial year, the Company did not purchase any of its ordinary shares pursuant to Section 67A of the Companies Act, 1965 ("Act").

On 15 January 2010, the Company distributed a total of 3,082,596 treasury shares, being payment of the final dividend for the financial year ended 31 May 2009.

As at 31 May 2010, a total of 5,905,861 treasury shares at a total cost of RM8,443,828 were held by the Company.

DIVIDENDS

During the financial year, the Company paid dividend in the form of distribution of 3,082,596 treasury shares, as defined under Section 67A (3A) (b) of the Act, amounting to RM4,407,496 in respect of the financial year ended 31 May 2009, on 15 January 2010.

Subject to the approval by the Company's shareholders at the forthcoming annual general meeting, the Directors have recommended a final dividend in the form of distribution of one (1) treasury share for every thirty-two (32) existing ordinary shares of RM1.00 each held, of which fraction of a treasury share is to be disregarded.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 May 2011.

DIRECTORS

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

Datuk Ir (Dr) Mohamed Al Amin Abdul Majid (*re-designated to Executive Chairman on 1 February 2010*)
Dato' Johari Razak (*Non-Executive Deputy Chairman*)
Dato' Siew Ka Wei (*Group Managing Director*)
Lim Hock Chye
Edmond Cheah Swee Leng

In accordance with Article 109 of the Company's Articles of Association, Lim Hock Chye and Edmond Cheah Swee Leng retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

DIRECTORS' REPORT *(cont'd)*

DIRECTORS' INTERESTS

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

	No. of Ordinary Shares of RM1.00 Each				
	Balance at 1.6.2009	**Acquired**	**Share dividend received**	**Disposed**	**Balance at 31.5.2010**
The Company					
Direct interest					
Dato' Johari Razak	125,292	-	2,088	-	127,380
Dato' Siew Ka Wei	1,451,735	-	24,193	-	1,475,928
Deemed interest					
Dato' Siew Ka Wei	94,804,480	8,400	1,579,714	(29,700)	96,362,894
Holding company, Ancom Berhad					
Direct interest					
Dato' Johari Razak	465,427	-	-	-	465,427
Dato' Siew Ka Wei	14,586,765	-	-	-	14,586,765
Deemed interest					
Dato' Siew Ka Wei	19,421,848	-	-	(23,000)	19,398,848

	No. of Ordinary Shares of RM0.20 Each			
	Balance at 1.6.2009	**Acquired**	**Disposed**	**Balance at 31.5.2010**
Related company, Ancom Logistics Berhad (formerly known as Tamco Corporate Holdings Berhad)				
Direct interest				
Dato' Johari Razak	23,271	-	-	23,271

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors, or the fixed salary received in his capacity as a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or by a related corporation with a Director; or with a firm of which the Director is a member; or with a company in which the Director has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

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

 (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

 (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

 (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(e) At the date of this report, there does not exist:

 (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

 (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT *(cont'd)*

OTHER STATUTORY INFORMATION *(cont'd)*

(f) In the opinion of the Directors:

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

HOLDING COMPANY

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

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

Significant events during the year and subsequent to the balance sheet date are disclosed in Note 37 to the financial statements.

AUDITORS

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

Signed for and on behalf of the Board in accordance with a resolution of the Directors dated 28 September 2010.

Datuk Ir (Dr) Mohamed Al Amin Abdul Majid
Director

Dato' Siew Ka Wei
Director

STATEMENT **BY DIRECTORS**

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Datuk Ir (Dr) Mohamed Al Amin Abdul Majid and Dato' Siew Ka Wei, being two of the Directors of Nylex (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 38 to 94 are drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed for and on behalf of the Board in accordance with a resolution of the Directors dated 28 September 2010.

Datuk Ir (Dr) Mohamed Al Amin Abdul Majid

Dato' Siew Ka Wei

STATUTORY **DECLARATION**

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Dato' Siew Ka Wei, being the Director primarily responsible for the financial management of Nylex (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 94 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Dato' Siew Ka Wei
at Kuala Lumpur Wilayah Persekutuan on 28 September 2010

Before me,

Dato' Siew Ka Wei

R. Vasugi Ammal, PJK (No. W480)
Pesuruhjaya Sumpah
Malaysia

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF NYLEX (MALAYSIA) BERHAD (INCORPORATED IN MALAYSIA)

Report of the Financial Statements

We have audited the financial statements of Nylex (Malaysia) Berhad, which comprise the balance sheets as at 31 May 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 38 to 94.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Act in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

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

Other matters

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

Ernst & Young
AF:0039
Chartered Accountants

Kua Choh Leang
No. 2716/01/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia
28 September 2010

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

		Group		Company	
		2010	2009	**2010**	2009
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Revenue	3	**1,222,086**	1,366,030	**86,154**	85,866
Cost of sales	3	**(1,080,791)**	(1,234,473)	**(71,278)**	(73,732)
Gross profit		**141,295**	131,557	**14,876**	12,134
Other income	4	**1,430**	2,817	**20,206**	44,688
Selling and distribution expenses		**(49,431)**	(64,211)	**(4,900)**	(6,401)
Administrative expenses		**(44,724)**	(43,593)	**(12,486)**	(15,596)
Other expenses		**(3,098)**	(7,278)	**(3,735)**	(1,897)
Profit from operations		**45,472**	19,292	**13,961**	32,928
Finance costs	5	**(5,459)**	(8,101)	**(2,675)**	(5,326)
Share of results of associates		**-**	(815)	**-**	-
Profit before taxation	6	**40,013**	10,376	**11,286**	27,602
Taxation	9	**(4,855)**	242	**1,705**	4,304
Net profit for the year		**35,158**	10,618	**12,991**	31,906
Attributable to:					
Equity holders of the Company		**35,114**	14,706	**12,991**	31,906
Minority interests		**44**	(4,088)	**-**	-
		35,158	10,618	**12,991**	31,906
Earnings per share (sen)	10	**18.8**	8.2		
Net dividends per ordinary share (sen)	11	**2.4**	10.5		

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

BALANCE SHEETS
AS AT 31 MAY 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**50,652**	60,211	**27,165**	35,058
Prepaid lease payments	13	**23,375**	18,490	**12,194**	7,108
Investments in subsidiaries	14	**-**	-	**198,514**	200,927
Other investments	16	**3,580**	3,580	**80**	80
Intangible assets	17	**25**	199	**-**	162
Goodwill arising on consolidation	18	**90,485**	93,160	**-**	-
Deferred tax assets	29	**24,430**	16,574	**17,979**	11,709
		192,547	192,214	**255,932**	255,044
Current assets					
Inventories	19	**114,266**	90,175	**22,416**	20,142
Receivables	20	**184,212**	162,351	**15,958**	14,795
Marketable securities	21	**1,158**	790	**-**	-
Tax recoverable		**1,636**	5,372	**33**	4,968
Amount owing by group companies	22	**61**	54	**26,182**	41,885
Short-term deposits with licensed banks	32	**15,235**	33,774	**7,100**	4,800
Cash and bank balances	32	**48,954**	33,807	**6,531**	9,961
		365,522	326,323	**78,220**	96,551
TOTAL ASSETS		**558,069**	518,537	**334,152**	351,595
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	25	**194,338**	194,338	**194,338**	194,338
Reserves	26	**(11,138)**	(4,577)	**805**	805
Retained earnings	27	**90,100**	59,393	**56,380**	47,796
Less: Treasury shares, at cost	28	**(8,444)**	(12,851)	**(8,444)**	(12,851)
		264,856	236,303	**243,079**	230,088
Minority interests		**4,046**	4,383	**-**	-
Total equity		**268,902**	240,686	**243,079**	230,088
Non-current liabilities					
Deferred tax liabilities	29	**1,663**	1,888	**-**	-
Borrowings	24	**14,094**	32,777	**11,947**	29,847
Provision for retirement benefits	31	**3,452**	3,774	**3,228**	3,561
		19,209	38,439	**15,175**	33,408
Current liabilities					
Payables	23	**120,413**	124,862	**24,360**	18,873
Amount owing to group companies	22	**2,224**	7,560	**12,144**	23,561
Borrowings	24	**144,046**	104,662	**39,394**	45,665
Provision for taxation		**3,275**	2,328	**-**	-
		269,958	239,412	**75,898**	88,099
Total liabilities		**289,167**	277,851	**91,073**	121,507
TOTAL EQUITY AND LIABILITIES		**558,069**	518,537	**334,152**	351,595

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

		← Attributable to Equity Holders of the Company →							
		← Non-distributable →							
	Note	**Share capital RM'000**	**Share premium RM'000**	**Translation reserve RM'000**	**Retained earnings RM'000**	**Treasury shares RM'000**	**Total RM'000**	**Minority interests RM'000**	**Total equity RM'000**
Balance as at 1 June 2008		194,338	805	(15,023)	63,096	(24,917)	218,299	8,510	226,809
Currency translation differences, representing net income/(expense) recognised directly in equity		-	-	9,641	-	-	9,641	(91)	9,550
Net profit for the year		-	-	-	14,706	-	14,706	(4,088)	10,618
Total recognised income and expense for the year		-	-	9,641	14,706	-	24,347	(4,179)	20,168
Dividends	11	-	-	-	(18,409)	12,530	(5,879)	-	(5,879)
Repurchase of shares		-	-	-	-	(464)	(464)	-	(464)
Additional interests in subsidiary *		-	-	-	-	-	-	52	52
		-	-	9,641	(3,703)	12,066	18,004	(4,127)	13,877
Balance as at 31 May 2009		194,338	805	(5,382)	59,393	(12,851)	236,303	4,383	240,686
Currency translation differences, representing net (expense)/income recognised directly in equity		-	-	(6,561)	-	-	(6,561)	11	(6,550)
Net profit for the year		-	-	-	35,114	-	35,114	44	35,158
Total recognised income and expense for the year		-	-	(6,561)	35,114	-	28,553	55	28,608
Dividends	11	-	-	-	(4,407)	4,407	-	-	-
Dividends paid to minority shareholders of subsidiary		-	-	-	-	-	-	(392)	(392)
		-	-	(6,561)	30,707	4,407	28,553	(337)	28,216
Balance as at 31 May 2010		**194,338**	**805**	**(11,943)**	**90,100**	**(8,444)**	**264,856**	**4,046**	**268,902**

* Being transaction costs paid by minority interests on acquisition of a subsidiary in prior years.

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

COMPANY STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

	Note	← Non-distributable → Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000
Balance as at 1 June 2008		194,338	805	34,299	(24,917)	204,525
Net profit for the year, representing total recognised income and expense for the year		-	-	31,906	-	31,906
Dividends	11	-	-	(18,409)	12,530	(5,879)
Repurchase of shares		-	-	-	(464)	(464)
Balance as at 31 May 2009		194,338	805	47,796	(12,851)	230,088
Net profit for the year, representing total recognised income and expense for the year		-	-	12,991	-	12,991
Dividends	11	-	-	(4,407)	4,407	-
Balance as at 31 May 2010		**194,338**	**805**	**56,380**	**(8,444)**	**243,079**

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

CONSOLIDATED **CASH FLOW STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

	2010 RM'000	2009 RM'000
Cash Flows From Operating Activities		
Profit before taxation	**40,013**	10,376
Adjustments for:		
Depreciation of property, plant and equipment	**7,903**	7,678
Interest expense	**5,459**	8,101
Amortisation of:		
Prepaid lease payments	**330**	316
Development expenditure	**12**	13
Rights	**162**	191
(Reversal of impairment)/impairment of investments	**(368)**	2,876
Bad debts written-off/(recovered)	**2**	(27)
Write-down of inventories	**1,853**	1,244
Allowance for doubtful debts	**2,540**	592
Unrealised loss/(gain) on foreign exchange	**2,366**	(1,597)
Provision for/(write-back of) retirement benefits	**270**	(169)
Dividend income	**(1)**	(104)
Interest income	**(666)**	(921)
Gain on disposal of property, plant and equipment (net)	**(375)**	(185)
Share of results of associates	**-**	815
Operating profit before working capital changes	**59,500**	29,199
Working Capital Changes		
Receivables	**(27,994)**	126,544
Inventories	**(30,075)**	47,213
Payables	**452**	(87,137)
Group companies	**(7,887)**	2,801
Cash (used in)/generated from operations	**(6,004)**	118,620
Income taxes paid	**(7,969)**	(14,460)
Retirement benefits paid	**(595)**	(605)
Net Cash (Used In)/Generated From Operating Activities	**(14,568)**	103,555

CONSOLIDATED **CASH FLOW STATEMENT**
FOR THE FINANCIAL YEAR ENDED 31 MAY 2010 *(cont'd)*

	2010 RM'000	2009 RM'000
Net Cash (Used In)/Generated From Operating Activities	**(14,568)**	103,555
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	**1,347**	406
Purchase of property, plant and equipment	**(5,010)**	(6,050)
Acquisition of additional interest in a subsidiary	**(1,733)**	-
Acquisition of marketable securities	**-**	(32)
Disposal of quoted investment	**-**	3,809
Transaction costs paid by minority interests arising from acquisition of subsidiary in prior year	**-**	52
Interest received	**666**	921
Dividend received from:		
- quoted shares	**-**	78
- marketable securities	**1**	26
Net Cash Used In Investing Activities	**(4,729)**	(790)
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	**-**	(5,879)
Dividends paid to minority shareholders of a subsidiary	**(392)**	-
Repayment of hire-purchase creditors	**(98)**	(164)
Drawdown of term loan and advances	**61,281**	70,012
Repayment of term loan and advances	**(39,349)**	(161,997)
Purchase of Company's own shares	**-**	(464)
Interest paid	**(5,459)**	(8,101)
Net Cash Generated From/(Used In) Financing Activities	**15,983**	(106,593)
Net Decrease in Cash and Cash Equivalents	**(3,314)**	(3,828)
Effects of Exchange Rate Changes	**(1,615)**	5,254
Cash and Cash Equivalents at beginning of year	**67,251**	68,379
Effects of Exchange Rate Changes	**1,721**	(2,554)
	68,972	65,825
Cash and Cash Equivalents at end of year (Note 32)	**64,043**	67,251

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

COMPANY **CASH FLOW STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

	2010 RM'000	2009 RM'000
Cash Flows From Operating Activities		
Profit before taxation	**11,286**	27,602
Adjustments for:		
Depreciation of property, plant and equipment	**4,246**	4,360
Interest expense	**2,675**	5,326
Amortisation of:		
Prepaid lease payments	**129**	116
Rights	**162**	191
Impairment of investments	**2,413**	189
Write-down of inventories	**865**	-
Allowance for doubtful debts	**-**	12
Unrealised loss/(gain) on foreign exchange	**1,126**	(1,171)
Provision/(write-back) for retirement benefits	**262**	(244)
Dividend income	**(19,499)**	(42,803)
Interest income	**(76)**	(56)
Gain on disposal of property, plant and equipment	**(76)**	(19)
Operating profit/(loss) before working capital changes	**3,513**	(6,497)
Working Capital Changes		
Receivables	**(1,164)**	12,802
Inventories	**(3,139)**	4,594
Payables	**5,470**	(3,512)
Group companies	**3,160**	12,549
Cash generated from operations	**7,840**	19,936
Income taxes refunded	**4,952**	-
Retirement benefits paid	**(595)**	(381)
Net Cash Generated From Operating Activities	**12,197**	19,555

COMPANY **CASH FLOW STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2010 *(cont'd)*

	2010 RM'000	2009 RM'000
Net Cash Generated From Operating Activities	**12,197**	19,555
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	**107**	130
Purchase of property, plant and equipment	**(1,599)**	(2,052)
Disposal of quoted investment	**-**	3,809
Interest received	**76**	56
Dividend income	**14,934**	15,570
Net Cash Generated From Investing Activities	**13,518**	17,513
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	**-**	(5,879)
Repayment of hire-purchase creditors	**(65)**	(149)
Drawdown of term loan and advances	**894**	6,800
Repayment of term loan and advances	**(25,000)**	(21,400)
Purchase of Company's own shares	**-**	(464)
Interest paid	**(2,675)**	(5,326)
Net Cash Used In Financing Activities	**(26,846)**	(26,418)
Net (Decrease)/Increase in Cash and Cash Equivalents	**(1,131)**	10,650
Cash and Cash Equivalents at beginning of year	**14,761**	4,111
Cash and Cash Equivalents at end of year (Note 32)	**13,630**	14,761

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 ("Bursa Securities"). The registered office of the Company is located at Unit C508, Block C, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, while the principal place of business is located at Lot 16, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan.

The Company is principally involved in investment holding and the manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting and other plastic products, including geotextiles and prefabricated sub-soil drainage systems. The principal activities of the subsidiaries are indicated in Note 38. There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 September 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

(b) Standards and interpretations issued but not yet effective

(i) Applicable FRSs, amendments to FRSs and interpretations that are not yet effective and not adopted

Effective for financial periods beginning on or after 1 July 2009
FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010
FRS 7: Financial Instruments - Disclosures
FRS 101: Presentation of Financial Statements (revised)
FRS 123: Borrowing Costs
FRS 139: Financial Instruments - Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and
FRS 127: Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
Amendments to FRS 132: Financial Instruments - Presentation
Amendments to FRS 139: Financial Instruments - Recognition and Measurement,
FRS 7: Financial Instruments - Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 Group and Treasury Share Transactions

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(b) Standards and interpretations issued but not yet effective *(cont'd)*

(i) Applicable FRSs, amendments to FRSs and interpretations that are not yet effective and not adopted *(cont'd)*

Effective for financial periods beginning on or after 1 March 2010
Amendments to FRS 132: Financial Instruments - Presentation

Effective for financial periods beginning on or after 1 July 2010
FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held For Sale and Discontinued Operations
Amendments to FRS 138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

Effective for financial periods beginning on or after 1 January 2011
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 2: Share-based Payment - Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7: Financial Instruments - Improving Disclosures about Financial Instruments
IC Interpretation 4: Determining Whether An Arrangement contains a Lease
IC Interpretation 18: Transfers of Assets from Customers

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application:

(a) FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(b) Standards and interpretations issued but not yet effective *(cont'd)*

(i) Applicable FRSs, amendments to FRSs and interpretations that are not yet effective and not adopted *(cont'd)*

(a) FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended) *(cont'd)*

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

(b) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the statements of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and of the Company.

(c) FRS 139: Financial Instruments - Recognition and Measurement, FRS 7: Financial Instruments - Disclosures and Amendments to FRS 139: Financial Instruments - Recognition and Measurement, FRS 7: Financial Instruments - Disclosures

The new Standard on FRS 139: Financial Instruments - Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments - Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments - Disclosures.

FRS 7: Financial Instruments - Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and of the Company's exposure to risks, enhanced disclosure regarding components of the Group's and of the Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(b) Standards and interpretations issued but not yet effective *(cont'd)*

(ii) FRSs, amendments to FRSs and interpretations that are not applicable and not adopted

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

IC Interpretation 13: Customer Loyalty Programme

IC Interpretation 14: FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 July 2010

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 17: Distribution of Non-cash Assets to Owners

(c) Significant accounting judgements and estimates

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

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

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 May 2010 was RM90,485,000 (2009: RM93,160,000). Further details are disclosed in Note 18.

(ii) Income tax

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

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

(iii) Depreciation of property, plant and equipment

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

(d) Subsidiaries and basis of consolidation

(i) Subsidiaries

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

(ii) Basis of consolidation

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

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

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

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

(e) Associates

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

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

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

(f) Property, plant and equipment and depreciation

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

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

	%
Buildings and improvements	**1.0 - 5.0**
Plant and machinery	**6.7 - 33.3**
Furniture and fittings	**10.0 - 33.3**
Office equipment	**10.0 - 33.3**
Motor vehicles	**15.0 - 25.0**

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

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

(g) Investments in subsidiaries and associates

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

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

(h) Inventories

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

(i) Provision for liabilities

Provision for liabilities is recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(j) Intangible assets

(i) Goodwill

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

(ii) Research and development expenditure

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

(iii) Rights

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

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

(k) Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

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

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(k) Employee benefits *(cont'd)*

(iii) Retirement benefits obligation

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

(l) Taxation

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

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

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

(m) Foreign currencies

(i) Functional and presentation currency

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

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

(ii) Foreign currency transactions

Transactions in foreign currencies are initially converted into RM at rates of exchange ruling at the date of the transactions. At each balance sheet date, foreign currency monetary items are translated into RM at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

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

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(iii) Foreign operations

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

(iii) Foreign operations *(cont'd)*

The principal average rates and closing rates were as follows:

	Average Rate		Closing Rate	
	2010	2009	**2010**	2009
RM1.00 =				
Foreign currency				
Australian Dollar	**0.3366**	0.3789	**0.3618**	0.3603
Chinese Renminbi	**2.0073**	1.9709	**2.0935**	1.9593
Hong Kong Dollar	**2.2803**	2.2366	**2.3890**	2.2170
Indonesian Rupiah (1,000 units)	**2.8117**	2.9996	**2.8130**	2.9430
Singapore Dollar	**0.4145**	0.4169	**0.4289**	0.4134
United States Dollar	**0.2939**	0.2878	**0.3066**	0.2860
Vietnamese Dong (1,000 units)	**5.2017**	4.8875	**5.6860**	4.8440

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

(n) Revenue recognition

(i) Sale of goods and services

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

(ii) Interest income

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

(iii) Dividend income

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

(o) Impairment of assets

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

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(o) Impairment of assets *(cont'd)*

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

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

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

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

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

(p) Leases

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

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(p) Leases *(cont'd)*

(i) Finance leases

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

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

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

(ii) Operating leases

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

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

(q) Financial instruments

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

(i) Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

(ii) Other non-current investments

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

(iii) Marketable securities

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

(iv) Receivables

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

(v) Payables

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

(vi) Interest-bearing borrowings

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

(vii) Equity instruments

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

When issued shares of the Company are repurchased, the consideration paid, including any attributable transactions costs, is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, reissuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares are shown as movement in equity.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

(viii) Derivative financial instruments

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

Forward foreign exchange contracts:
Forward foreign exchange contracts are used to hedge foreign exposures as a result of receipts and payments in foreign currency. Any exchange gains and losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

3. REVENUE AND COST OF SALES

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

4. OTHER INCOME

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Interest income	**666**	921	**76**	56
Dividend income on equity investments				
- shares quoted outside Malaysia	**-**	78	**-**	78
- marketable securities	**1**	26	**-**	-
- subsidiaries	**-**	-	**19,499**	42,725
Gain on disposal of property, plant and equipment	**375**	185	**76**	19
Realised gain on foreign exchange	**-**	-	**519**	629
Unrealised gain on foreign exchange	**-**	1,597	**-**	1,171
Reversal of impairment of investment	**368**	-	**-**	-
Sundry income	**20**	10	**36**	10
	1,430	2,817	**20,206**	44,688

5. FINANCE COSTS

Bank borrowings	**5,104**	7,826	**2,036**	3,610
Advances from subsidiaries	**-**	-	**639**	1,716
Others	**355**	275	**-**	-
	5,459	8,101	**2,675**	5,326

6. PROFIT BEFORE TAXATION

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
This was arrived at after charging/(crediting):				
Amortisation of prepaid lease payments (Note 13)	**330**	316	**129**	116
Amortisation of development expenditure (Note 17)	**12**	13	**-**	-
Amortisation of rights (Note 17)	**162**	191	**162**	191
Auditors' remuneration				
- Current	**354**	375	**75**	75
- Under provision in prior year	**15**	1	**-**	-
Bad debts written-off/(recovered)	**2**	(27)	**-**	-
Depreciation of property, plant and equipment (Note 12)	**7,903**	7,678	**4,246**	4,360
Hire of equipment	**240**	82	**-**	-
Allowance for doubtful debts	**2,540**	592	**-**	12
Write-down of inventories	**1,853**	1,244	**865**	-
Realised loss on foreign exchange	**782**	1,367	**-**	-
Unrealised loss on foreign exchange	**2,366**	-	**1,126**	-
Rent of premises	**1,254**	1,306	**24**	72
Impairment of investments	**-**	2,876	**2,413**	189
Staff costs (Note 7)	**42,127**	47,146	**15,647**	22,695

7. STAFF COSTS

Wages and salaries	**39,226**	40,623	**14,278**	19,133
EPF and social security costs	**2,277**	4,107	**982**	2,253
Provision for/(write-back of) retirement benefits (Note 31)	**270**	(169)	**262**	(244)
Termination benefits	**-**	1,932	**-**	1,418
Other staff related expenses	**354**	653	**125**	135
	42,127	47,146	**15,647**	22,695

Included in staff costs of the Group and of the Company are Executive Directors' remuneration amounting to RM4,003,000 (2009: RM3,032,000) and RM1,083,000 (2009: RM2,912,000) respectively as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

(a) Total remuneration

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Executive Directors				
Salaries	**1,080**	720	**960**	600
Bonuses	**2,500**	2,000	**-**	2,000
EPF	**415**	312	**115**	312
	3,995	3,032	**1,075**	2,912
Benefit-in-kind	**8**	-	**8**	-
	4,003	3,032	**1,083**	2,912
Non-Executive Directors				
Fees	**325**	382	**325**	382
Allowances	**14**	22	**14**	22
	339	404	**339**	404
Total	**4,342**	3,436	**1,422**	3,316

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

	No. of Directors	
	2010	2009
Executive Directors		
RM450,001 to RM500,000	**1**	-
RM3,000,001 to RM3,050,000	**-**	1
RM3,550,001 to RM3,600,000	**1**	-
	2	1
Non-Executive Directors		
Less than RM50,000	**1**	2
RM50,001 to RM100,000	**3**	5
	4	7

9. TAXATION

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Current income tax:				
- Malaysian income tax	**(8,745)**	(13,383)	**(4,565)**	(5,108)
- Foreign tax	**(4,225)**	253	**-**	-
	(12,970)	(13,130)	**(4,565)**	(5,108)
Over/(under) provision in prior years:				
- Malaysian income tax	**169**	(3,130)	**-**	(2,988)
- Foreign tax	**16**	-	**-**	-
	(12,785)	(16,260)	**(4,565)**	(8,096)
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	**6,501**	11,351	**5,149**	7,224
Relating to changes in tax rates	**(384)**	(213)	**-**	-
Over provision in prior years	**1,813**	5,364	**1,121**	5,176
	7,930	16,502	**6,270**	12,400
	(4,855)	242	**1,705**	4,304

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the prevailing rate of the respective jurisdictions.

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

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Profit before taxation	**40,013**	10,376	**11,286**	27,602
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	**(10,003)**	(2,594)	**(2,822)**	(6,901)
Effect of different tax rates in other countries	**834**	308	**-**	-
Effect of changes in tax rates	**(384)**	(213)	**-**	-
Effect of other tax incentives	**4,972**	4,718	**4,700**	4,700
Income not subject to tax	**115**	313	**309**	5,592
Expenses not deductible for tax purposes	**(1,600)**	(3,534)	**(1,604)**	(1,276)
Deferred tax assets not recognised	**(787)**	(990)	**-**	-
Over provision of deferred tax in prior years	**1,813**	5,364	**1,121**	5,176
Over/(under) provision of tax expense in prior years	**185**	(3,130)	**-**	(2,988)
Tax expense for the year	**(4,855)**	242	**1,705**	4,304

10. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company of RM35,114,000 (2009: RM14,706,000) by the weighted average number of ordinary shares in issue during the financial year of 186,506,432 shares (2009: weighted average of 179,850,688 shares).

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

11. DIVIDENDS

	Amount		**Net dividends per ordinary share**	
	2010	2009	**2010**	2009
	RM'000	RM'000	**sen**	sen
Final dividend - Nil (2009: final dividend of 4.5 sen per share less tax in respect of financial year ended 31 May 2008, paid on 16 January 2009)	**-**	5,879	**-**	3.4
Final dividend in the form of distribution of one (1) treasury share for every sixty (60) ordinary shares held in respect of financial year ended 31 May 2009, on 15 January 2010 (2009: final tax-exempt dividend in the form of distribution of one (1) treasury share for every twenty (20) ordinary shares held in respect of financial year ended 31 May 2008, distributed on 16 January 2009)	**4,407**	12,530	**2.4**	7.1
	4,407	18,409	**2.4**	10.5

Subject to the approval by the Company's shareholders at the forthcoming annual general meeting, the Directors have recommended a final dividend in the form of distribution of one (1) treasury share for every thirty-two (32) existing ordinary shares of RM1.00 each held, of which fraction of a treasury share is to be disregarded.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 May 2011.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture & fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 May 2010									
Cost or valuation									
At 1 June 2009									
Cost	250	353	17,161	132,139	1,435	5,628	4,193	5,261	**166,420**
Valuation	-	-	5,020	-	-	-	-	-	**5,020**
	250	353	22,181	132,139	1,435	5,628	4,193	5,261	**171,440**
Additions	-	-	-	887	17	3,195	882	79	**5,060**
Disposals	(250)	(353)	-	(1,614)	(5)	(172)	(563)	-	**(2,957)**
Reclassification	-	-	-	46	-	-	-	(46)	**-**
Reclassification to prepaid lease payments (Note 13)	-	-	-	-	-	-	-	(5,215)	**(5,215)**
Exchange differences	-	-	-	(438)	(5)	(25)	(2)	-	**(470)**
At 31 May 2010	**-**	**-**	**22,181**	**131,020**	**1,442**	**8,626**	**4,510**	**79**	**167,858**
Representing:									
At cost	-	-	17,161	131,020	1,442	8,626	4,510	79	**162,838**
At valuation	-	-	5,020	-	-	-	-	-	**5,020**
At 31 May 2010	**-**	**-**	**22,181**	**131,020**	**1,442**	**8,626**	**4,510**	**79**	**167,858**
Accumulated depreciation									
At 1 June 2009	-	39	8,077	95,350	1,029	3,976	2,758	-	**111,229**
Depreciation charge for the year, recognised in the income statement (Note 6)	-	4	703	5,664	94	939	499	-	**7,903**
Disposals	-	(43)	-	(1,241)	(5)	(160)	(536)	-	**(1,985)**
Exchange differences	-	-	-	81	(5)	(17)	-	-	**59**
At 31 May 2010	**-**	**-**	**8,780**	**99,854**	**1,113**	**4,738**	**2,721**	**-**	**117,206**
Net carrying amount									
At cost	-	-	11,444	31,166	329	3,888	1,789	79	**48,695**
At valuation	-	-	1,957	-	-	-	-	-	**1,957**
At 31 May 2010	**-**	**-**	**13,401**	**31,166**	**329**	**3,888**	**1,789**	**79**	**50,652**

12. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Group	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture & fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 May 2009									
Cost or valuation									
At 1 June 2008									
Cost	250	353	17,161	125,471	1,450	5,485	4,732	8,462	163,364
Valuation	-	-	5,020	-	-	-	-	-	5,020
	250	353	22,181	125,471	1,450	5,485	4,732	8,462	168,384
Additions	-	-	-	2,052	41	120	589	3,326	6,128
Disposals	-	-	-	(1,759)	-	(61)	(1,124)	-	(2,944)
Reclassification	-	-	-	6,635	(70)	70	-	(6,635)	-
Exchange differences	-	-	-	(260)	14	14	(4)	108	(128)
At 31 May 2009	250	353	22,181	132,139	1,435	5,628	4,193	5,261	171,440
Representing:									
At cost	250	353	17,161	132,139	1,435	5,628	4,193	5,261	166,420
At valuation	-	-	5,020	-	-	-	-	-	5,020
At 31 May 2009	250	353	22,181	132,139	1,435	5,628	4,193	5,261	171,440
Accumulated depreciation									
At 1 June 2008	-	31	7,375	91,600	915	3,246	3,153	-	106,320
Depreciation charge for the year, recognised in the income statement (Note 6)	-	7	702	5,505	110	774	580	-	7,678
Disposals	-	-	-	(1,699)	-	(50)	(974)	-	(2,723)
Exchange differences	-	1	-	(56)	4	6	(1)	-	(46)
At 31 May 2009	-	39	8,077	95,350	1,029	3,976	2,758	-	111,229
Net carrying amount									
At cost	250	314	12,021	36,789	406	1,652	1,435	5,261	58,128
At valuation	-	-	2,083	-	-	-	-	-	2,083
At 31 May 2009	250	314	14,104	36,789	406	1,652	1,435	5,261	60,211

12. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Company	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture & fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work- in-progress RM'000	Total RM'000
At 31 May 2010							
Cost or valuation							
At 1 June 2009							
Cost	10,398	103,406	729	3,997	1,848	5,257	**125,635**
Valuation	5,020	-	-	-	-	-	**5,020**
	15,418	103,406	729	3,997	1,848	5,257	**130,655**
Additions	-	735	10	25	750	79	**1,599**
Disposals	-	(212)	-	(85)	(359)	-	**(656)**
Reclassification	-	42	-	-	-	(42)	**-**
Reclassification to prepaid lease payments (Note 13)	-	-	-	-	-	(5,215)	**(5,215)**
At 31 May 2010	**15,418**	**103,971**	**739**	**3,937**	**2,239**	**79**	**126,383**
Representing:							
At cost	10,398	103,971	739	3,937	2,239	79	**121,363**
At valuation	5,020	-	-	-	-	-	**5,020**
At 31 May 2010	**15,418**	**103,971**	**739**	**3,937**	**2,239**	**79**	**126,383**
Accumulated depreciation							
At 1 June 2009	6,386	84,301	677	2,858	1,375	-	**95,597**
Depreciation charge for the year, recognised in the income statement (Note 6)	385	3,212	12	484	153	-	**4,246**
Disposals	-	(196)	-	(85)	(344)	-	**(625)**
At 31 May 2010	**6,771**	**87,317**	**689**	**3,257**	**1,184**	**-**	**99,218**
Net carrying amount							
At cost	6,690	16,654	50	680	1,055	79	**25,208**
At valuation	1,957	-	-	-	-	-	**1,957**
At 31 May 2010	**8,647**	**16,654**	**50**	**680**	**1,055**	**79**	**27,165**

12. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Company	Leasehold buildings RM'000	Plant and machinery RM'000	Furniture & fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work- in-progress RM'000	Total RM'000
At 31 May 2009							
Cost or valuation							
At 1 June 2008							
Cost	10,398	103,226	723	4,022	2,322	5,227	125,918
Valuation	5,020	-	-	-	-	-	5,020
	15,418	103,226	723	4,022	2,322	5,227	130,938
Additions	-	1,881	6	25	98	42	2,052
Disposals	-	(1,713)	-	(50)	(572)	-	(2,335)
Reclassification	-	12	-	-	-	(12)	-
At 31 May 2009	15,418	103,406	729	3,997	1,848	5,257	130,655
Representing:							
At cost	10,398	103,406	729	3,997	1,848	5,257	125,635
At valuation	5,020	-	-	-	-	-	5,020
At 31 May 2009	15,418	103,406	729	3,997	1,848	5,257	130,655
Accumulated depreciation							
At 1 June 2008	6,001	82,684	654	2,430	1,691	-	93,460
Depreciation charge for the year, recognised in the income statement (Note 6)	385	3,271	23	475	206	-	4,360
Disposals	-	(1,654)	-	(47)	(522)	-	(2,223)
At 31 May 2009	6,386	84,301	677	2,858	1,375	-	95,597
Net carrying amount							
At cost	6,949	19,105	52	1,139	473	5,257	32,975
At valuation	2,083	-	-	-	-	-	2,083
At 31 May 2009	9,032	19,105	52	1,139	473	5,257	35,058

12. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

(a) Leasehold buildings were revalued in 1985 based on the valuation reports of an independent firm of professional valuers. The valuation was arrived at on an open market value basis. These assets continue to be stated on the basis of their 1985 valuation as allowed by the transitional provisions in respect of International Accounting Standard No.16 (Revised), Property, Plant & Equipment adopted by Malaysian Accounting Standards Board.

The net book value of assets stated at 1985 valuation had they been stated at cost would have been approximately RM304,668 (2009: RM351,987) in respect of both the Group and the Company.

(b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM5,060,000 (2009: RM6,128,000) of which RM50,000 (2009: RM78,000) were acquired by means of finance lease arrangements.

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

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Motor vehicles	**95**	388	**-**	321

13. PREPAID LEASE PAYMENTS

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
At 1 June				
Cost	**11,382**	11,582	**-**	-
Valuation	**7,108**	7,224	**7,108**	7,224
	18,490	18,806	**7,108**	7,224
Reclassification from property, plant and equipment (Note 12)	**5,215**	-	**5,215**	-
Amortisation during the year (Note 6)	**(330)**	(316)	**(129)**	(116)
At 31 May	**23,375**	18,490	**12,194**	7,108
Net carrying amount				
At cost	**16,302**	11,382	**5,121**	-
At valuation	**7,073**	7,108	**7,073**	7,108
	23,375	18,490	**12,194**	7,108
Analysed as:				
Long-term leasehold land	**22,150**	17,786	**12,194**	7,108
Short-term leasehold land	**1,225**	704	**-**	-
	23,375	18,490	**12,194**	7,108

13. PREPAID LEASE PAYMENTS *(cont'd)*

(a) Leasehold land was revalued in 1985 based on the valuation reports of an independent firm of professional valuers. The valuation was arrived at on an open market value basis. These assets continue to be stated on the basis of their 1985 valuation as allowed by the transitional provisions in respect of International Accounting Standard No.16 (Revised), Property, Plant & Equipment adopted by Malaysian Accounting Standards Board.

The net book value of assets stated at 1985 valuation had they been stated at cost would have been approximately RM242,556 (2009: RM247,708) in respect of both the Group and the Company.

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010	2009
	RM'000	RM'000
Unquoted shares - at cost	**207,984**	207,984
Less: Accumulated impairment losses	**(9,470)**	(7,057)
	198,514	200,927

Details of the subsidiaries are disclosed in Note 38.

Acquisition of additional interest in a subsidiary

On 6 July 2009, the Company's wholly-owned subsidiary, Perusahaan Kimia Gemilang Sdn Bhd ("PKG"), entered into a conditional capital transfer agreement with Long Thanh Chemicals Company Ltd ("LTCC") for the acquisition of the remaining 49% interest in Perushaan Kimia Gemilang (Vietnam) Company Ltd ("PKG Vietnam") from LTCC for US$500,000.

The above transaction was completed on 30 November 2009 and with effect from the same date, PKG Vietnam became a wholly-owned subsidiary of PKG.

15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Investment in unquoted associates				
- At cost	**1,116**	1,116	**-**	-
- Share of post-acquisition results	**(1,116)**	(1,116)	**-**	-
	-	-	**-**	-

15. INVESTMENTS IN ASSOCIATES *(cont'd)*

The summarised financial statements of the associates are as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	**4,997**	7,457
Non-current assets	**420**	635
Total assets	**5,417**	8,092
Current liabilities	**6,193**	8,481
Total liabilities	**6,193**	8,481
Results		
Revenue	**137,482**	183,839
Loss for the year	**(386)**	(3,107)

Share of net assets/liabilities

No further results of the associates were equity accounted as the share of post acquisition results equals that of costs. As at 31 May 2010, the amount of losses not recognised in the Group's income statement for the financial year was RM116,000 and the cumulative losses not recognised in the balance sheets was RM233,000.

Details of the associates are disclosed in Note 39.

16. OTHER INVESTMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares at cost	**3,580**	3,580	**80**	80

17. INTANGIBLE ASSETS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Development expenditure				
At 1 June	**37**	50	**-**	-
Amortisation during the year (Note 6)	**(12)**	(13)	**-**	-
At 31 May	**25**	37	**-**	-

17. INTANGIBLE ASSETS *(cont'd)*

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Rights				
At 1 June	**162**	353	**162**	353
Amortisation during the year (Note 6)	**(162)**	(191)	**(162)**	(191)
At 31 May	**-**	162	**-**	162
Total	**25**	199	**-**	162

18. GOODWILL ARISING ON CONSOLIDATION

	Group	
	2010	2009
	RM'000	RM'000
At 1 June	**93,160**	88,464
Additional investment in a subsidiary (Note 14)	**1,733**	-
Exchange differences	**(4,408)**	4,696
At 31 May	**90,485**	93,160

Impairment test of goodwill

(i) Allocation of goodwill

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

	Polymer	Industrial Chemical	Total
	RM'000	**RM'000**	**RM'000**
31 May 2010	**116**	**90,369**	**90,485**
31 May 2009	111	93,049	93,160

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

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

18. GOODWILL ARISING ON CONSOLIDATION *(cont'd)*

(ii) Key assumptions used in value-in-use calculations *(cont'd)*

There remains a risk that the ability to achieve management's business plan will be adversely affected due to unforeseen changes in the respective economies in which the CGUs operate and/or global economic conditions. In computing the value-in-use for each CGU, the management has applied a discount rate of 11.09% and average growth rates of 4%.

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

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

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

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

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

19. INVENTORIES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Cost				
Finished goods	**17,454**	16,898	**-**	-
Work-in-progress	**1,175**	929	**-**	-
Raw materials and consumable stores	**6,402**	6,549	**372**	365
Inventory-in-transit	**254**	2,801	**-**	-
	25,285	27,177	**372**	365
Net realisable value				
Finished goods	**69,979**	51,436	**9,281**	7,715
Work-in-progress	**3,414**	3,694	**3,414**	3,656
Raw materials and consumable stores	**15,588**	7,868	**9,349**	8,406
	88,981	62,998	**22,044**	19,777
	114,266	90,175	**22,416**	20,142

20. RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**179,423**	158,429	**15,815**	14,740
Allowance for doubtful debts	**(4,726)**	(2,105)	**(422)**	(422)
	174,697	156,324	**15,393**	14,318
Other receivables	**6,143**	4,370	**287**	368
Deposits	**389**	368	**21**	17
Prepayments	**2,983**	1,289	**257**	92
	9,515	6,027	**565**	477
	184,212	162,351	**15,958**	14,795

The Group's normal trade credit term ranges from 30 - 90 days. Other credit terms are assessed and approved on a case-by-case basis. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

21. MARKETABLE SECURITIES

	Group	
	2010	2009
	RM'000	RM'000
Shares quoted in Malaysia, at cost	**1,581**	1,581
Less: Accumulated impairment losses	**(423)**	(791)
	1,158	790
Market value of quoted shares	**1,158**	790

22. AMOUNT OWING BY/TO GROUP COMPANIES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Amount owing by group companies:				
Trade				
Related companies	**58**	54	**-**	-
	58	54	**-**	-

22. AMOUNT OWING BY/TO GROUP COMPANIES *(cont'd)*

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Amount owing by group companies: *(cont'd)*				
Non-trade				
Subsidiaries	**-**	-	**26,182**	41,885
Holding company	**3**	-	-	-
	3	-	**26,182**	41,885
	61	54	**26,182**	41,885
Amount owing to group companies:				
Trade				
Related companies	**944**	1,576	**23**	-
Non-trade				
Related companies	**1,280**	4,322	**-**	14
Subsidiaries	**-**	-	**12,121**	21,882
Holding company	**-**	1,662	**-**	1,665
	1,280	5,984	**12,121**	23,561
	2,224	7,560	**12,144**	23,561

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

Related companies refer to companies within Ancom.

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

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

(ii) non-trade balances which arose mainly from intercompany advances which bore interest at rates ranging from 2.7% to 4.1% (2009: 2.7% to 3.8%) per annum, interest-free advances by/to other related companies, expenses paid on behalf and other intercompany charges which are negotiated on a basis determined within the Group.

23. PAYABLES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**88,091**	88,623	**11,224**	8,559
Other payables	**16,469**	18,845	**7,508**	3,046
Accruals	**15,853**	17,394	**5,628**	7,268
	120,413	124,862	**24,360**	18,873

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

24. BORROWINGS

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Short-term borrowings				
Secured				
Bank overdrafts (Note 32)	**146**	-	**-**	-
Trust receipts	**36,555**	1,507	**-**	-
Revolving credits	**780**	1,696	**-**	-
Term loan	**18,830**	15,066	**17,900**	14,400
Unsecured				
Bank overdrafts (Note 32)	**-**	330	**-**	-
Short-term loan and advances	**87,707**	85,980	**21,494**	31,200
Hire-purchase creditors (Note 30)	**28**	83	**-**	65
	144,046	104,662	**39,394**	45,665
Long-term borrowings				
Secured				
Term loans	**14,041**	32,731	**11,947**	29,847
Unsecured				
Hire-purchase creditors (Note 30)	**53**	46	**-**	-
	14,094	32,777	**11,947**	29,847
Total borrowings	**158,140**	137,439	**51,341**	75,512
Maturity of borrowings				
Within one year	**144,046**	104,662	**39,394**	45,665
More than 1 year and less than 2 years	**12,916**	18,805	**11,947**	17,900
More than 2 years and less than 5 years	**1,178**	13,972	**-**	11,947
	158,140	137,439	**51,341**	75,512

The borrowings bore interest at rates ranging from 2.5% to 14.85% (2009: 2.5% to 8.0%) per annum.

The short-term secured bank overdraft, trust receipts and revolving credits together with the long-term secured term loan of RM2,094,000 and short-term secured term loan of RM930,000 are for foreign subsidiaries and secured by the mortgage of tank farms, assignment of insurance policies covering stock in trade in favour of the bank and/or corporate guarantees by their shareholders.

The short-term secured term loan of RM17,900,000 and the long-term secured term loan of RM11,947,000 are secured by assignment of dividends received or receivable from a subsidiary of the Company.

25. SHARE CAPITAL

	Group / Company			
	Number of ordinary shares of RM1.00 each		Amount	
	2010	2009	**2010**	2009
	'000	'000	**RM'000**	RM'000
Authorised:				
At 1 June/31 May	**300,000**	300,000	**300,000**	300,000
Issued and fully paid:				
At 1 June/31 May	**194,338**	194,338	**194,338**	194,338

Of the total 194,337,860 (2009: 194,337,860) issued and paid-up ordinary shares of RM1.00 each as at 31 May 2010, 5,905,861 (2009: 8,988,457) shares are held as treasury shares by the Company. Consequently, as at 31 May 2010, the number of ordinary shares in issue after deduction of the treasury shares is 188,431,999 (2009: 185,349,403) ordinary shares of RM1.00 each.

26. RESERVES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable:				
Share premium	**805**	805	**805**	805
Translation reserves	**(11,943)**	(5,382)	**-**	-
	(11,138)	(4,577)	**805**	-

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

27. RETAINED EARNINGS

As at 31 May 2010, the Company has tax-exempt income accounts of approximately RM16,130,000 (2009: RM27,344,000) of which the Company can distribute tax-exempt dividends of up to the same amount, subject to the agreement of the Inland Revenue Board.

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

The Company did not elect for the irrevocable option to disregard the Section 108 tax credit balances. Accordingly, during the transitional period, the Company may utilise the credit in 108 balance and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained earnings as at 31 May 2010.

28. TREASURY SHARES

	Group/Company			
	Number of ordinary shares of RM1.00 each		Amount	
	2010	2009	**2010**	2009
	'000	'000	**RM'000**	RM'000
At 1 June	**8,988**	17,439	**12,851**	24,917
Repurchase of shares	**-**	375	**-**	464
Distribution of share dividend	**(3,082)**	(8,826)	**(4,407)**	(12,530)
At 31 May	**5,906**	8,988	**8,444**	12,851

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

29. DEFERRED TAX

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
At 1 June	**(14,686)**	1,840	**(11,709)**	691
Recognised in the income statement (Note 9)	**(7,930)**	(16,502)	**(6,270)**	(12,400)
Exchange differences	**(151)**	(24)	**-**	-
At 31 May	**(22,767)**	(14,686)	**(17,979)**	(11,709)
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(24,430)**	(16,574)	**(17,979)**	(11,709)
Deferred tax liabilities	**1,663**	1,888	**-**	-
	(22,767)	(14,686)	**(17,979)**	(11,709)

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Total RM'000
At 1 June 2009	6,788	6,788
Recognised in the income statement	(1,207)	(1,207)
Exchange differences	(8)	(8)
At 31 May 2010	**5,573**	**5,573**
At 1 June 2008	7,236	7,236
Recognised in the income statement	(451)	(451)
Exchange differences	3	3
At 31 May 2009	6,788	6,788

29. DEFERRED TAX *(cont'd)*

Deferred tax assets of the Group

	Retirement benefit obligations RM'000	Provision for liabilities RM'000	Tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 June 2009	(946)	(4,560)	(15,968)	(21,474)
Recognised in the income statement	84	(1,574)	(5,233)	(6,723)
Exchange differences	(1)	(8)	(134)	(143)
At 31 May 2010	**(863)**	**(6,142)**	**(21,335)**	**(28,340)**
At 1 June 2008	(1,144)	(1,659)	(2,593)	(5,396)
Recognised in the income statement	196	(2,900)	(13,347)	(16,051)
Exchange differences	2	(1)	(28)	(27)
At 31 May 2009	(946)	(4,560)	(15,968)	(21,474)

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Total RM'000
At 1 June 2009	4,559	4,559
Recognised in the income statement	(982)	(982)
At 31 May 2010	**3,577**	**3,577**
At 1 June 2008	4,767	4,767
Recognised in the income statement	(208)	(208)
At 31 May 2009	4,559	4,559

Deferred tax assets of the Company

	Retirement benefit obligations RM'000	Provision for liabilities RM'000	Tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 June 2009	(890)	(2,694)	(12,684)	(16,268)
Recognised in the income statement	83	73	(5,644)	(5,288)
At 31 May 2010	**(807)**	**(2,421)**	**(18,328)**	**(21,556)**
At 1 June 2008	(1,046)	(1,175)	(1,855)	(4,076)
Recognised in the income statement	156	(1,519)	(10,829)	(12,192)
At 31 May 2009	(890)	(2,694)	(12,684)	(16,268)

30. HIRE-PURCHASE AND FINANCE LEASE PAYABLES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Minimum lease payments				
Not later than one year	**36**	89	**-**	66
Later than one year and not later than two years	**48**	23	**-**	-
Later than two years and not later than five years	**18**	36	**-**	-
	102	148	**-**	66
Future finance charges	**(21)**	(19)	**-**	(1)
Present value of finance lease liabilities	**81**	129	**-**	65
Present value of finance lease liabilities				
Not later than one year	**28**	83	**-**	65
Later than one year and not later than two years	**39**	18	**-**	-
Later than two years and not later than five years	**14**	28	**-**	-
	81	129	**-**	65
Analysed as:				
Due within 12 months (Note 24)	**28**	83	**-**	65
Due after 12 months (Note 24)	**53**	46	**-**	-
	81	129	**-**	65

The hire-purchase and lease liabilities bore flat interest rates at the balance sheet date of 6.00% to 8.00% (2009: 3.30% to 8.00%) per annum.

31. PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
At 1 June	**3,774**	4,534	**3,561**	4,186
Benefits paid	**(595)**	(605)	**(595)**	(381)
Expense/(income) recognised in the income statements (Note 7)	**270**	(169)	**262**	(244)
Exchange fluctuation	**3**	14	**-**	-
At 31 May	**3,452**	3,774	**3,228**	3,561

32. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Cash and bank balances	**48,954**	33,807	**6,531**	9,961
Short-term deposits with licensed banks	**15,235**	33,774	**7,100**	4,800
	64,189	67,581	**13,631**	14,761
Bank overdrafts (Note 24)	**(146)**	(330)	**-**	-
Cash and cash equivalents	**64,043**	67,251	**13,631**	14,761

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

	Group		Company	
	2010	2009	**2010**	2009
	Days	Days	**Days**	Days
Short-term deposits with licensed banks	**125**	81	**8**	6

The average interest rate of deposits as at the end of the financial year is 3.00% (2009: 2.59%).

33. COMMITMENTS

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Capital commitments				
Approved and contracted				
- property, plant and equipment	**647**	275	**602**	237

34. CONTINGENT LIABILITIES

There are no contingent liabilities for the Group and the Company for the financial year ended 31 May 2010 (2009: Nil).

35. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Sales to related company and associate:	(i)				
- Ancom Crop Care Sdn Bhd		**147**	153	**-**	-
- Ancom Kimia Sdn Bhd		**9,158**	23	**-**	-
Purchases from subsidiary and associate:	(i)				
- Ancom Kimia Sdn Bhd		**99,546**	148,675	**-**	-
- Perusahaan Kimia Gemilang Sdn Bhd		**-**	-	**378**	350
Freight/transport charges paid to related company:	(i)				
- Pengangkutan Cogent Sdn Bhd		**2,817**	3,841	**117**	101
Storage rental paid to related companies:	(i)				
- Ancom-ChemQuest Terminals Sdn Bhd		**2,532**	2,487	**-**	-
- Sinsenmoh Transportation Pte Ltd		**713**	433	**-**	-
Interest paid to subsidiaries:	(ii)				
- Malaysian Roofing Industries Sdn Bhd		**-**	-	**158**	183
- Perusahaan Kimia Gemilang Sdn Bhd		**-**	-	**481**	1,533
Gross dividend from subsidiaries:					
- Fermpro Sdn Bhd		**-**	-	**-**	4,240
- Kumpulan Kesuma Sdn Bhd		**-**	-	**574**	410
- Malaysian Roofing Industries Sdn Bhd		**-**	-	**1,218**	-
- Nycon Manufacturing Sdn Bhd		**-**	-	**-**	570
- Nylex Specialty Chemicals Sdn Bhd		**-**	-	**4,617**	5,027
- Perusahaan Kimia Gemilang Sdn Bhd		**-**	-	**12,922**	32,310
- Wedon Sdn Bhd		**-**	-	**168**	168

(i) The Directors are of the opinion that the sales, purchases, freight/transport and storage charges to/from subsidiaries, associates and related companies are entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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

The outstanding balances as at 31 May 2010 are disclosed in Note 22.

35. RELATED PARTY DISCLOSURES *(cont'd)*

(b) Transaction with other related party

The Company has paid professional fees of RM126,100 to Messrs. Shearn Delamore & Co., a firm of which one of the Directors of the Company is a Partner, for the provision of legal services to the Company. The amount charged is comparable to market prices and no balance with the firm was outstanding as at 31 May 2010.

(c) Compensation of key management personnel

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

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

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Fees	**337**	394	**325**	382
Wages and salaries	**20,140**	17,863	**5,398**	5,989
EPF and social security costs	**590**	1,502	**162**	716
Other emoluments	**210**	243	**33**	33
	21,277	20,002	**5,918**	7,120

Included in the total remuneration of key management personnel are:

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Directors' remuneration (Note 8)	**4,342**	3,436	**1,422**	3,316

36. FINANCIAL INSTRUMENTS

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

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

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

36. FINANCIAL INSTRUMENTS *(cont'd)*

(i) Financial risk management objective and policy

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

(ii) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt. The investments in financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

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

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

	Group		**Company**	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Financial assets				
Fixed rate	**3,097**	16,344	**401**	-
Floating rate	**42,433**	31,473	**7,100**	4,800
Interest free	**207,670**	186,539	**246,864**	267,648
	253,200	234,356	**254,365**	272,448
Financial liabilities				
Fixed rate	**81**	129	**8,719**	19,235
Floating rate	**158,080**	137,312	**51,341**	75,447
Interest free	**122,616**	132,420	**27,785**	23,264
	280,777	269,861	**87,845**	117,946

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

	Group		**Company**	
	2010	2009	**2010**	2009
	%	%	**%**	%
Financial assets				
Fixed rate	**4.37**	3.89	**4.10**	-
Floating rate	**2.75**	2.39	**1.70**	1.30
Financial liabilities				
Fixed rate	**7.19**	5.67	**3.45**	3.60
Floating rate	**4.53**	4.84	**3.73**	3.25

36. FINANCIAL INSTRUMENTS *(cont'd)*

(iii) Foreign exchange risk

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

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

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

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

	Functional currency of group companies				
	Ringgit Malaysia RM'000	Indonesian Rupiah RM'000	United States Dollar RM'000	Vietnamese Dong RM'000	Total RM'000
At 31 May 2010					
Receivables					
United States Dollar	5,903	3,401	-	-	9,304
Singapore Dollar	1,470	-	2,046	-	3,516
Japanese Yen	299	-	-	-	299
Hong Kong Dollar	-	-	148	-	148
	7,672	**3,401**	**2,194**	**-**	**13,267**
Cash and bank balances					
United States Dollar	9,091	4,261	-	11	13,363
Singapore Dollar	9	-	354	-	363
	9,100	**4,261**	**354**	**11**	**13,726**
Borrowings					
United States Dollar	-	-	-	9,951	9,951
Singapore Dollar	-	-	146	-	146
	-	**-**	**146**	**9,951**	**10,097**

36. FINANCIAL INSTRUMENTS *(cont'd)*

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

	Functional currency of group companies				
	Ringgit Malaysia RM'000	**Indonesian Rupiah RM'000**	**United States Dollar RM'000**	**Vietnamese Dong RM'000**	**Total RM'000**
At 31 May 2010					
Payables					
Ringgit Malaysia	-	-	327	-	327
United States Dollar	5,690	2,347	-	41	8,078
Singapore Dollar	95	-	2,740	-	2,835
Euro	-	8	-	-	8
	5,785	**2,355**	**3,067**	**41**	**11,248**
At 31 May 2009					
Receivables					
United States Dollar	7,944	1,569	-	-	9,513
Singapore Dollar	1,298	-	1,830	-	3,128
Japanese Yen	178	-	-	-	178
Pound Sterling	103	-	-	-	103
Hong Kong Dollar	-	-	160	-	160
Euro	52	-	-	-	52
	9,575	1,569	1,990	-	13,134
Cash and bank balances					
United States Dollar	5,211	1,218	-	3	6,432
Singapore Dollar	3,983	-	367	-	4,350
Hong Kong Dollar	-	-	48	-	48
	9,194	1,218	415	3	10,830
Borrowings					
United States Dollar	-	330	-	-	330
Payables					
Ringgit Malaysia	-	-	333	-	333
United States Dollar	9,304	6,934	-	-	16,238
Singapore Dollar	-	-	3,614	-	3,614
	9,304	6,934	3,947	-	20,185

36. FINANCIAL INSTRUMENTS *(cont'd)*

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

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

	Group/Company	
	Maturity	
	Less than 1 year RM'000	Notional amount RM'000
At 31 May 2010		
Forward contract used to hedge trade receivables		
United States Dollar	**2,439**	**2,439**
Forward contract used to hedge future sales		
United States Dollar	**5,072**	**5,072**
At 31 May 2009		
Forward contract used to hedge trade receivables		
United States Dollar	808	808
Forward contract used to hedge future sales		
United States Dollar	1,835	1,835

(iv) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group maintains available banking facilities at a reasonable level to its overall debt position.

(v) Credit risk

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

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

36. FINANCIAL INSTRUMENTS *(cont'd)*

(vi) Fair values

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

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
At 31 May 2010					
Investment in subsidiaries	14	**-**	**-**	**198,514**	**#**
Non-current unquoted shares	16	**3,580**	**#**	**80**	**#**
Hire-purchase and finance lease payables	30	**81**	**81**	**-**	**-**
Forward foreign exchange contracts	36(iii)	**-**	**7,401**	**-**	**7,401**
At 31 May 2009					
Investment in subsidiaries	14	-	-	200,927	#
Non-current unquoted shares	16	3,580	#	80	#
Hire-purchase and finance lease payables	30	129	129	65	65
Forward foreign exchange contracts	36(iii)	-	2,172	-	2,172

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

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

(i) Hire purchase and finance lease creditors

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

(ii) Forward foreign exchange contracts

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

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

Acquisition of additional interest in a subsidiary

On 6 July 2009, the Company's wholly-owned subsidiary, Perusahaan Kimia Gemilang Sdn Bhd ("PKG"), entered into a conditional capital transfer agreement with Long Thanh Chemicals Company Ltd ("LTCC") for the acquisition of the remaining 49% interest in Perushaan Kimia Gemilang (Vietnam) Company Ltd ("PKG Vietnam") from LTCC for US$500,000.

The above transaction was completed on 30 November 2009 and with effect from the same date, PKG Vietnam became a wholly-owned subsidiary of PKG.

38. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of company	Country of incorporation	Effective % ownership in 2010 %	2009 %	Principal activities
Direct subsidiaries				
Nycon Manufacturing Sdn Bhd	Malaysia	**100**	100	Manufacture and marketing of rotomoulded plastic products including bulk chemical containers, road barriers, playground equipment and disposal bins.
Malaysian Roofing Industries Sdn Bhd	Malaysia	**70**	70	Dormant.
Nylex Polymer Marketing Sdn Bhd	Malaysia	**100**	100	Trading of polyurethane ("PU") and polyvinyl chloride ("PVC") synthetic leather, films and sheets.
* PT Nylex Indonesia	Indonesia	**100**	100	Manufacture, marketing and distribution of PU and PVC leathercloth.
Perusahaan Kimia Gemilang Sdn Bhd	Malaysia	**100**	100	Trading in petrochemicals and industrial chemicals.
Fermpro Sdn Bhd	Malaysia	**100**	100	Manufacture and marketing of ethanol, carbon dioxide and other related chemical products.
Kumpulan Kesuma Sdn Bhd	Malaysia	**100**	100	Manufacture and marketing of sealants and adhesive products.

38. SUBSIDIARIES *(cont'd)*

Name of company	Country of incorporation	Effective % ownership in 2010 %	2009 %	Principal activities
Direct subsidiaries *(cont'd)*				
Wedon Sdn Bhd	Malaysia	**100**	100	Marketing of sealants and adhesive products.
Nylex Specialty Chemicals Sdn Bhd	Malaysia	**100**	100	Manufacture and sale of phosphoric acid.
Speciality Phosphates (Malaysia) Sdn Bhd	Malaysia	**51**	51	Manufacture and sale of chemicals.
* CKG Chemicals Pte Ltd	Singapore	**100**	100	Trading and distribution of industrial chemicals and gasoline blending components.
Indirect subsidiaries				
* PT Indomalay Ekatana Roofing Industries	Indonesia	**49**	49	Ceased operations on 29 May 2009.
* Dynamic Chemical Trading Pte Ltd	Singapore	**90**	90	Trading in industrial chemicals.
Perusahaan Kimia Gemilang (Vietnam) Company Ltd.	Vietnam	**100**	51	Building tank farms and other facilities for the storage of industrial chemicals, importation and distribution of industrial chemicals.
* PT PKG Lautan Indonesia	Indonesia	**51**	51	Importation and distribution of industrial chemicals.

* The financial statements of these subsidiaries are audited by firms other than Ernst & Young.

39. ASSOCIATES

Details of associates are as follows:

Name of company	Country of incorporation	Effective % ownership in 2010 %	2009 %	Principal activities
Ancom Kimia Sdn Bhd	Malaysia	**30**	30	Distribution of petrochemicals and industrial chemicals.

40. SEGMENT INFORMATION

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

(a) Business segments

The Group comprises the following main business segments:

Polymer - Manufacture and marketing of polyurethane and vinyl-coated fabrics, calendered film and sheeting, and other plastic products, including geotextiles and prefabricated sub-soil drainage systems, and rotomoulded plastic products.

Industrial chemical - Trading, manufacture and sale of petrochemical and industrial chemical products.

2010	Polymer RM'000	Industrial Chemical RM'000	Building Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	122,544	1,099,542	-	-	1,222,086
Inter-segment sales	5	378	-	(383)	-
Total revenue	122,549	1,099,920	-	(383)	1,222,086
Results					
Segment results	16,648	40,379	(286)	-	56,741
Unallocated corporate expenses					(11,269)
Profit from operations					45,472
Finance cost					(5,459)
Profit before taxation					40,013
Taxation					(4,855)
Net profit for the year					35,158
Minority interests					(44)
Net profit after minority interests					35,114
Assets					
Segment assets	109,138	325,848	7,395	(34,849)	407,532
Goodwill on consolidation					90,485
Unallocated corporate assets					60,052
Consolidated total assets					558,069

40. SEGMENT INFORMATION *(cont'd)*

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

2010	**Polymer RM'000**	**Industrial Chemical RM'000**	**Building Products RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Liabilities					
Segment liabilities	27,671	111,974	217	(34,849)	105,013
Borrowings					158,140
Unallocated corporate liabilities					26,014
Consolidated total liabilities					289,167
Other information					
Capital expenditure	4,045	264	-	-	4,309
Unallocated corporate capital expenditure					751
Depreciation and amortisation	5,904	2,456	-	-	8,360
Unallocated corporate depreciation and amortisation					47
Reversal of impairment losses	-	(368)	-	-	(368)
Non-cash expenses other than depreciation, amortisation and impairment losses	691	4,598	194	-	5,483
Unallocated corporate non-cash expenses other than depreciation, amortisation and impairment losses					1,172
2009					
Revenue					
External sales	111,532	1,250,306	4,192	-	1,366,030
Inter-segment sales	6	350	-	(356)	-
Total revenue	111,538	1,250,656	4,192	(356)	1,366,030
Results					
Segment results	4,376	30,146	(1,309)	-	33,213
Unallocated corporate expenses					(13,921)
Profit from operations					19,292
Finance cost					(8,101)
Share of results of associates					(815)
Profit before taxation					10,376
Taxation					242
Net profit for the year					10,618
Minority interests					4,088
Net profit after minority interests					14,706

40. SEGMENT INFORMATION *(cont'd)*

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

2009	Polymer RM'000	Industrial Chemical RM'000	Building Products RM'000	Eliminations RM'000	Consolidated RM'000
Assets					
Segment assets	110,038	306,046	9,275	(70,433)	354,926
Goodwill on consolidation					93,160
Unallocated corporate assets					70,451
Consolidated total assets					518,537
Liabilities					
Segment liabilities	31,895	136,163	652	(62,063)	106,647
Borrowings					137,439
Unallocated corporate liabilities					33,765
Consolidated total liabilities					277,851
Other information					
Capital expenditure	2,131	3,997	-	-	6,128
Depreciation and amortisation	5,794	2,300	82	-	8,176
Unallocated corporate depreciation and amortisation					22
Impairment losses	-	379	-	-	379
Unallocated corporate impairment losses					2,497
Non-cash expenses other than depreciation, amortisation and impairment losses	476	(205)	740	-	1,011
Unallocated corporate non-cash expenses other than depreciation, amortisation and impairment losses					(1,153)

40. SEGMENT INFORMATION *(cont'd)*

(b) Geographical Segments

	Total revenue from external customers (Based on location of customers)		Segment assets (Based on location of assets)		Capital expenditure (Based on location of assets)	
	2010	2009	**2010**	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Malaysia	**471,938**	465,610	**201,517**	181,738	**4,795**	2,600
Singapore	**419,452**	556,453	**145,047**	135,396	**7**	19
Indonesia	**90,586**	60,465	**42,342**	25,538	**156**	242
Vietnam	**59,428**	56,152	**18,626**	12,254	**102**	3,267
Philippines	**50,862**	88,156	**-**	-	**-**	-
Sri Lanka	**26,236**	25,266	**-**	-	**-**	-
Australia	**17,351**	37,880	**-**	-	**-**	-
Japan	**14,874**	12,232	**-**	-	**-**	-
New Zealand	**13,970**	4,264	**-**	-	**-**	-
China	**12,410**	13,246	**-**	-	**-**	-
Bangladesh	**10,783**	11,860	**-**	-	**-**	-
Africa	**7,484**	7,942	**-**	-	**-**	-
Thailand	**6,690**	7,517	**-**	-	**-**	-
Middle East	**5,602**	3,893	**-**	-	**-**	-
Pakistan	**4,984**	3,932	**-**	-	**-**	-
Hong Kong	**2,793**	5,529	**-**	-	**-**	-
India	**2,056**	1,896	**-**	-	**-**	-
Mauritius	**1,284**	762	**-**	-	**-**	-
Taiwan	**907**	263	**-**	-	**-**	-
Nepal	**899**	1,237	**-**	-	**-**	-
Europe	**518**	135	**-**	-	**-**	-
South America	**472**	893	**-**	-	**-**	-
Cambodia	**308**	-	**-**	-	**-**	-
United States of America	**115**	361	**-**	-	**-**	-
Brunei	**51**	17	**-**	-	**-**	-
Myanmar	**33**	33	**-**	-	**-**	-
Korea	**-**	36	**-**	-	**-**	-
Consolidated	**1,222,086**	1,366,030	**407,532**	354,926	**5,060**	6,128

ADDITIONAL INFORMATION

IN COMPLIANCE WITH PART A, APPENDIX 9C OF THE
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

DISCLOSURE ON THE REMUNERATION OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MAY 2010

The remuneration of directors for the financial year ended 31 May 2010 is set out in Note 8 to the financial statements, on page 62 of this Annual Report.

UTILISATION OF PROCEEDS

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

SHARE BUY-BACK

The details of the Company's shares repurchased, resold, cancelled or retained as treasury shares are disclosed in the Directors' Report on page 31 and Note 28 to the Financial Statement on page 78 of this Annual Report.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any depository receipt programme.

IMPOSITION OF SANCTIONS/PENALTIES

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

NON-AUDIT FEES

There was no non-audit fees paid to the external auditors for the financial year ended 31 May 2010.

PROFIT ESTIMATE, FORECAST OR PROJECTION

There is no material variance between the audited results for the financial year ended 31 May 2010 and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projection for the financial year.

PROFIT GUARANTEES

Based on the audited accounts of CKG Chemicals Pte Ltd ("CKG") for the financial years ended 31 December 2006 to 2009, there is a shortfall of S$55,378 in the profit guarantee given by the vendor of CKG in connection with the Company's acquisition of 100% equity interest in CKG. This shortfall has already been fully paid by the vendor to the Company.

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

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

ADDITIONAL INFORMATION

IN COMPLIANCE WITH PART A, APPENDIX 9C OF THE
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD *(cont'd)*

REVALUATION OF LANDED PROPERTIES

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

RECURRENT RELATED PARTY TRANSACTIONS ("RRPT")

The aggregate value of RRPT made during the financial year, pursuant to the shareholders' mandate obtained at the last annual general meeting of the Company are as follows:

Related party	Nature of transaction	Value of RRPT (RM'000)	Interested directors, major shareholders and connected person
Ancom-Chemquest Terminals Sdn Bhd	Storage rental, handling and pipeline charges	2,532	Ancom Berhad Dato' Siew Ka Wei Dato' Johari Razak
Pengangkutan Cogent Sdn Bhd	Transport charges	2,817	
Sinsenmoh Transportation Pte Ltd	Storage rental, handling and transport charges	713	

LIST OF **PROPERTIES**

AS AT 31 MAY 2010

Location / Address	Title	Age of Building (Years)	Land Area (sq.m.)	Existing Use	Date of Acquisition / Revaluation	Tenure	Net Book Value as at 31.05.10 (RM'000)
a) **Proprietor: Nylex (Malaysia) Berhad**							
Lot 16 Persiaran Selangor Section 15 40200 Shah Alam Selangor Darul Ehsan	HS (D) 256546	39	30,224	Office building and factory.	26 Nov 1985	Leasehold, expiring on 29 June 2108.	21,468
	HS (D) 256546	30	12,140	Warehouse, factory and vacant land.	26 Nov 1985	Leasehold, expiring on 29 June 2108.	
b) **Proprietor: Perusahaan Kimia Gemilang Sdn Bhd**							
PT 4228 Mukim of Kapar Daerah Klang Selangor Darul Ehsan	HS (M) 6259	19	28,491	Office building and factory.	01 July 2004	Leasehold, expiring on 09 June 2086.	6,469
c) **Proprietor: Fermpro Sdn Bhd**							
Lot 1113 Mukim of Chuping Perlis Indera Kayangan	HS (M) 748	22	16,190	Office building and factory.	01 July 2004	Leasehold, expiring on 22 November 2046.	1,878
Plot 3 & 4, PT 924A Mukim of Chuping Perlis Indera Kayangan	HS (M) 1804	-	24,280	Spent molasses treatment pond.	01 July 2004	Leasehold, expiring on 07 February 2059.	1,062
PT 2978 Mukim of Chuping Perlis Indera Kayangan	HS (M) 1803	8	8,100	Office building and factory.	01 July 2004	Leasehold, expiring on 07 February 2059.	446
d) **Proprietor: Nylex Specialty Chemicals Sdn Bhd**							
Lot 593 Persiaran Raja Lumu Pandamaran Industrial Estate Port Klang Selangor Darul Ehsan	HS (M) 5507	35	8,093	Office building and factory.	01 March 2005	Leasehold, expiring on 01 September 2074.	2,104
Lot 624 Persiaran Raja Lumu Pandamaran Industrial Estate Port Klang Selangor Darul Ehsan	HS (M) 6588	33	8,298	Office building and warehouse.	01 March 2005	Leasehold, expiring on 19 February 2076.	3,349

The above buildings are in good condition.

ANALYSIS OF **SHAREHOLDINGS**
AS AT 4 OCTOBER 2010

No. of holders of each class of equity securities

Class of securities	:	Ordinary shares of RM1.00 each
Total no. issued	:	194,337,860
No. of holders	:	14,093
Voting rights	:	One vote per ordinary share on a poll
	:	One vote per shareholder on a show of hands

Distribution schedule

Holdings	No. of holders	Total holdings	%
Less than 100 shares	1,706	37,461	0.02
100 to 1,000 shares	6,497	2,535,871	1.34
1,001 to 10,000 shares	4,628	14,447,485	7.67
10,001 to 100,000 shares	1,121	30,525,069	16.20
100,001 to less than 5% of issued shares	137	50,094,754	26.59
5% and above of issued shares	4	90,791,359	48.18
	14,093	188,431,999	100.00
Treasury Shares	-	5,905,861	-
	14,093	194,337,860	100.00

Substantial holders

	Direct		Indirect	
	No. of shares	**%**	**No. of shares**	**%**
1. Dato' Siew Ka Wei	1,475,928	0.78	96,362,894 (1)	51.14
2. Ancom Berhad	50,911,207	27.02	39,879,649 (2)	21.16
3. Rhodemark Development Sdn Bhd	39,879,649	21.16	-	-

Note:
1 Deemed interested through his direct and indirect interest in Ancom Berhad, Rhodemark Development Sdn Bhd, Siew Nim Chee & Sons Sendirian Berhad, Silver Dollars Sdn Bhd, Datin Young Ka Mun and Quek Lay Kheng.
2 Deemed interested by virtue of its direct interest in Rhodemark Development Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Directors' holdings

	Direct		Indirect	
	No. of shares	**%**	**No. of shares**	**%**
1. Dato' Johari Razak	127,380	0.07	-	-
2. Dato' Siew Ka Wei	1,475,928	0.78	96,362,894 (1)	51.14

Note:
1 Deemed interested through his direct and indirect interest in Ancom Berhad, Rhodemark Development Sdn Bhd, Siew Nim Chee & Sons Sendirian Berhad, Silver Dollars Sdn Bhd, Datin Young Ka Mun and Quek Lay Kheng.

ANALYSIS OF **SHAREHOLDINGS**
AS AT 4 OCTOBER 2010 *(cont'd)*

Thirty largest shareholders

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

	Name	No. of shares	%
1.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rhodemark Development Sdn Bhd (001)	39,879,649	21.16
2.	Ancom Berhad	19,933,836	10.58
3.	EB Nominees (Tempatan) Sendirian Bhd Pledged Securities Account for Ancom Berhad (SS2)	18,010,000	9.56
4.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ancom Berhad	12,967,874	6.88
5.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siew Nim Chee & Sons Sendirian Berhad	4,186,166	2.22
6.	ECML Nominees (Asing) Sdn Bhd Plato Capital Investment Fund	2,237,319	1.19
7.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank NA, Singapore (Julius Baer)	2,040,807	1.08
8.	CIMSEC Nominees (Tempatan) Sdn Bhd Bank of Singapore Limited for Ng Kok Hin	1,952,000	1.03
9.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Grace Yeoh Cheng Geok	1,825,425	0.97
10.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Grace Yeoh Cheng Geok (MM1166)	1,563,618	0.83
11.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Gim Leong (E-KLC)	1,167,255	0.62
12.	Lee See Jin	1,160,803	0.62
13.	Terengganu Incorporated Sdn Bhd	1,076,573	0.57
14.	Cheung Kwong Kwan	1,067,500	0.57
15.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Kong Hiok (KLC/ECM)	998,788	0.53
16.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C – NR)	777,839	0.41
17.	Lim Chui Kui @ Lim Chooi Kui	719,417	0.38
18.	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Ng Kok Hin	710,223	0.38
19.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Hooi Keat (CEB)	705,000	0.37
20.	HDM Nominees (Tempatan) Sdn Bhd HDM Capital Sdn Bhd for Siew Ka Wei	675,290	0.36
21.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeap Gek @ Yeap Poh Chim	593,700	0.32
22.	ECML Nominees (Tempatan) Sdn Bhd Plato Capital Sdn Bhd for Heah Sieu Lay (Pledged)	582,550	0.31
23.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Chu Yong	540,000	0.29
24.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Happy GMP System Sdn Bhd (E-KLC)	535,739	0.28
25.	Lim Soon Heng	492,000	0.26

ANALYSIS OF **SHAREHOLDINGS**

AS AT 4 OCTOBER 2010 *(cont'd)*

Thirty largest shareholders *(cont'd)*

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

	Name	No. of shares	%
26.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Silver Dollars Sdn Bhd (01-00198-000)	480,647	0.26
27.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chay Yew Meng (CEB)	469,700	0.25
28.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Siew Nim Chee & Sons Sdn Bhd (01-00801-000)	453,566	0.24
29.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	450,383	0.24
30.	Hasnan bin Mohd Yunus	450,000	0.24
	Total	**118,703,667**	**63.00**

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of the Company will be held at Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 24 November 2010 at 10.00 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements, Reports of the Directors and the Auditors thereon for the financial year ended 31 May 2010; **[Please refer Explanatory Note 1]**

2. To approve the payment of final dividend for the financial year ended 31 May 2010, in the form of distribution of one (1) treasury share for every thirty-two (32) existing ordinary shares of RM1.00 each held in the Company, fraction of a treasury share to be disregarded; **[Resolution 1]**

3. To approve Directors' fees for the financial year ended 31 May 2010; **[Resolution 2]**

4. To re-elect the following Directors who retire pursuant to Article 109 of the Company's Articles of Association:
   4.1 Lim Hock Chye; **[Resolution 3]**
   4.2 Edmond Cheah Swee Leng; **[Resolution 4]**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **[Resolution 5]**

AS SPECIAL BUSINESS

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

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

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

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

"THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature and with those related parties as specified in Section 2.4 of Part A of the Circular to Shareholders/Statement dated 2 November 2010 subject to the following:

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

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

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

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

8. Proposed Renewal Of Shareholders' Mandate On Share Buy-Back ("Proposed Share Buy-Back") **[Resolution 8]**

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

9. Other Ordinary Business

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

By order of the Board,

CHOO SE ENG
STEPHEN GEH SIM WHYE
Secretaries

Petaling Jaya
2 November 2010

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

EXPLANATORY NOTES

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

2. **Resolution 6**
   This resolution, if passed, will renew the general mandate giving authority to the Directors to issue and allot new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company ("Share Issue Mandate") for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the Shareholders at a general meeting, expire at the next annual general meeting.

   As at the date of this Notice, no new shares were issued pursuant to the Share Issue Mandate obtained at the 39th Annual General Meeting held on 26 November 2009 and which will lapse at the conclusion of this Annual General Meeting.

   The Share Issue Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment projects, acquisitions and/or working capital.

3. **Resolution 7**

   This resolution, if passed, will authorise the Company and its subsidiaries to enter into recurring transactions of a revenue or trading nature with its related parties as defined in the Listing Requirements of Bursa Malaysia Securities Berhad. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the Shareholders at a general meeting, expire at the next annual general meeting. Detailed information on the Proposed RRPT Mandate is set out in the Circular to Shareholders in relation to Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature dated 2 November 2010 which is despatched together with this Annual Report.

4. **Resolution 8**

   This resolution, if passed, will enable the Company to purchase and/or hold up to 10% of its own shares. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the Shareholders at a general meeting, expire at the next annual general meeting. Detailed information on the Proposed Share Buy-Back is set out in the Statement in relation to Proposed Renewal of Shareholders' Mandate on Share Buy-Back dated 2 November 2010 which is despatched together with this Annual Report.

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

Proxy Form

CDS A/C No.	
No. of shares held	

I/We ____
(Full Name in Block Letters)

of ____
(Full Address)

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

No.	Full Name in Block Letters	Full Address	Proportion of Shareholdings[3]
1			%
2			%
			100 %

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 40th Annual General Meeting of the Company to be held at Kristal Ballroom 1, 1st Floor, West Wing, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 24 November 2010, at 10.00 a.m. or any adjournment thereof and to vote as indicated below:

Item	**Agenda**	**Resolution**	**For**	**Against**
1.	To receive the audited financial statements and reports thereon.			
2.	To approve the payment of final dividend.	1		
3.	To approve the payment of Directors' fees.	2		
4.	To re-elect the following Directors who retire pursuant to Article 109 of the Company's Articles of Association: 4.1 Lim Hock Chye	3		
	4.2 Edmond Cheah Swee Leng	4		
5.	To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.	5		
6.	To approve the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965.	6		
7.	To approve the renewal of recurring related party transaction mandate.	7		
8.	To approve the renewal of share buy-back mandate.	8		

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

Dated this .... day of 2010

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

Telephone no.
during office hours : ....

Notes:
1. *A member entitled to attend and vote is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company.*
2. *In the case of a corporate shareholder, the instrument appointing a proxy shall be under its Common Seal or its attorney.*
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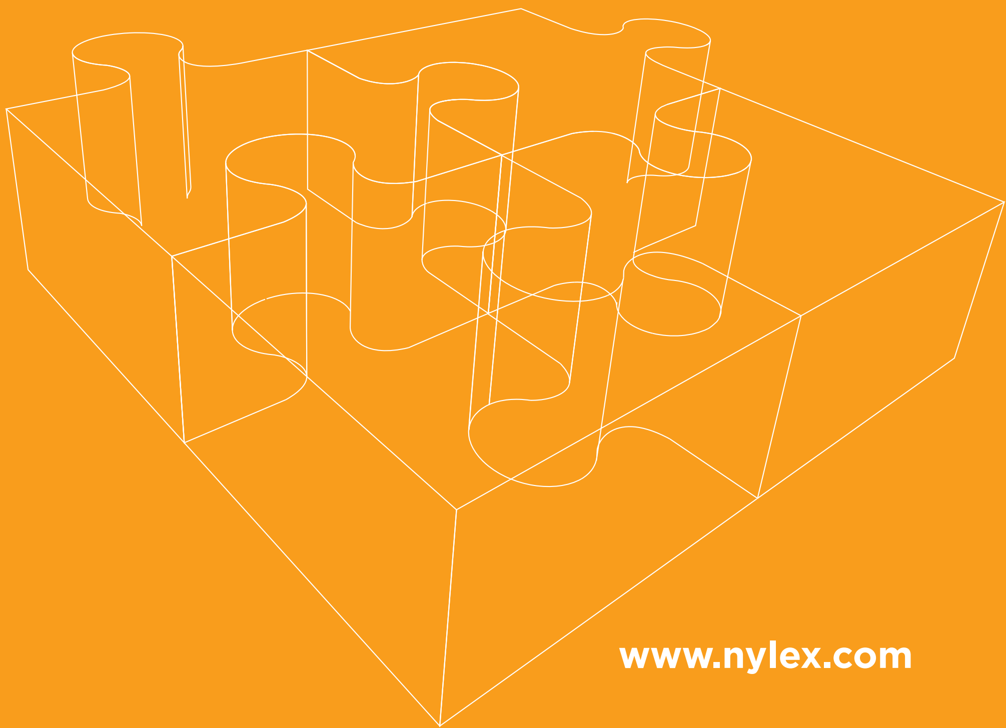
AFFIX STAMP

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

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

Then fold here

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



ANNUAL REPORT 2010

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