



ANCOM BERHAD

(Company No. 8440-M)

Incorporated in Malaysia

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2009

A1. Basis of preparation

This Interim Financial Report ("Report") is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134 - Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Interim Financial Report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 May 2009. These Explanatory Notes provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2009.

The significant accounting policies adopted by the Group in this Report are consistent with those used in the Audited Financial Statements of the Group for the financial year ended 31 May 2009.

A2. Audit Report of the Preceding Audited Financial Statements

The audit report for the Group's Audited Financial Statements for the financial year ended 31 May 2009 was not qualified.

A3. Seasonal or Cyclical Factors

The interim business operations of the Group were not materially affected by any seasonal or cyclical factors.

A4. Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows

The Group's assets, liabilities, equity, net income or cash flows were not affected by items that are material and unusual because of their nature, size or incidence in the current period.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

A6. Changes in Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayments of debt and equity securities for the current quarter and financial year-to-date.

A total of 2,711,027 Treasury Shares are held at a total cost of RM2.07 million were by the Company at the end of the first quarter.

A7. Dividend Paid

In September 2009, the Company declared a final dividend of 1.5 sen, less income tax, in respect of the financial year ended 31 May 2009. This final dividend is subject to the approval of the Company's shareholders at the annual general meeting in November 2009.

A8. Segmental Results

3-Month Ended 31 August 09	Investment Holdings RM'000	Agricultural Chemicals RM'000	Industrial Chemicals RM'000	Oil & Gas Engineering Services RM'000	Logistic RM'000	Media RM'000	Information Technology RM'000	Polymer RM'000	Engineering RM'000	Building Products RM'000	Elimination RM'000	Consolidated RM'000
Revenue	68	25,819	303,769	-	12,082	8,569	3,163	31,957	10,732	-	-	396,159
External sales	478	-	98	-	1,469	2,648	486	2	-	-	(5,181)	-
Inter-segment Sales	546	25,819	303,867	-	13,551	11,217	3,649	31,959	10,732	-	(5,181)	396,159
Results												
Segment results	(3,288)	3,670	17,513	1,795	2,642	(2,294)	(50)	3,633	(69)	(32)		23,520
Unallocated corporate expenses												(4,674)
Operating profits												18,846
Finance cost												(2,656)
Share of results of associated companies												-
Profit before tax												16,190
Tax expense												(4,547)
Profit for the period												11,643

A8. Segmental Results (cont.)

3-Month Ended 31 August 08	Investment Holdings RM'000	Agricultural Chemicals RM'000	Industrial Chemicals RM'000	Oil & Gas Engineering Services RM'000	Logistic RM'000	Media RM'000	Information Technology RM'000	Polymer RM'000	Engineering RM'000	Building Products RM'000	Elimination RM'000	Consolidated RM'000
Revenue	31	32,306	528,109	1,937	11,594	7,610	3,573	36,073	15,321	1,502		638,056
External sales												
Inter-segment	383	5,954	86	-	1,626	19	1,729	-	-	-	(9,797)	-
Sales												
Total	414	38,260	528,195	1,937	13,220	7,629	5,302	36,073	15,321	1,502	(9,797)	638,056
Results												
Segment results	(2,330)	3,350	25,313	12	2,089	(1,227)	232	2,871	1,105	157		31,572
Unallocated corporate expenses												(5,788)
Operating profits												
Finance cost												25,784
Share of results of associated companies												(4,829)
Profit before tax												(153)
Tax expense												20,802
Profit for the period												(6,816)
												13,986

A9. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendments, from the Audited Financial Statements for the financial year ended 31 May 2009.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

A10. Events Subsequent to the Reporting Period

The trading in securities of in subsidiary, Tamco Corporate Holdings Berhad ("Tamco") was suspended with effect from 10 September 2009 pursuant to paragraph 2.1 of Guidance Note 20 of the ACE Market Listing Requirements and Rule 8.16(4) of the Listing Requirements of Bursa Securities for the ACE Market until further notice.

Tamco has subsequently submitted the written representation to Bursa Securities on 9 September 2009 together with the steps it intends to take as part of its regularisation plan.

On 8 October 2009, Bursa Securities granted Tamco an extension of time until 30 January 2010 to submit the regularisation plan to Securities Commission and/or other relevant authorities for approval subject to the following conditions:-

- a) Tamco to appoint a sponsor and announce the appointment of sponsor by 16 November 2009; and
- b) Tamco to make the requisite announcement pursuant to paragraph 3.1(d) of Guidance Note 3/2006 by 16 November 2009.

A11. Effects of Changes in Composition of the Group

During the first quarter,

- (i) Synergy Point Sdn Bhd ("SPSB") and Synergy Concepts Sdn Bhd ("SCSB"), had each held their respective extraordinary general meetings on 1 June 2009 at which it was resolved that SPSB and SCSB be wound-up voluntarily.

SPSB and SCSB are both wholly-owned subsidiary companies of Synergy Trans-Link Sdn Bhd, a 75.2%-owned subsidiary of the Company. SPSB and SCSB have ceased their ship operating business after disposing their respective vessels earlier and are currently dormant.

The liquidation of SPSB and SCSB is not expected to have a material effect on the consolidated earnings and net assets of the Ancom Group for the financial year ending 31 May 2010;

- (ii). Ancom Energy & Services Sdn Bhd ("AES"), 50.2%-owned subsidiary, completed the disposal of 21,400,000 ordinary shares of RM1 each and 10,500,000 8% non-cumulative redeemable and convertible preference shares representing its entire interest of 96.6% in Akra Engineering Sdn Bhd ("Akra") for cash consideration of RM2,848,000 ("Akra Disposal")

The Akra Disposal does not have any material effect on the consolidated earnings and net assets of the Ancom Group for the financial year ending 31 May 2010;

- (iii). Ancom completed the disposal of 6,395,000 ordinary shares of RM1.00 each representing its entire interest of 81.21% in OrganiGro Sdn Bhd ("OrganiGro") for cash consideration of RM1 ("OrganiGro Disposal").

The OrganiGro Disposal does not have any material effect on the consolidated earnings and net assets of the Ancom Group for the financial year ending 31 May 2010.

Save for those disclosed above, there were no material changes in the composition of the Group during the first quarter.

A12. Changes in Contingent Liabilities or Contingent Assets Since the Last Annual Balance Sheet Date

The Group's contingent liabilities stood at RM17.7 million as at 31 August 2009.

B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group's Performance

The Group recorded revenue of RM396.2 million in the current quarter against RM RM638.1 million reported in the previous year corresponding quarter, representing a decrease of approximately 37.9%. Profit before tax ("PBT") stood at RM16.2 million compared to RM20.8 million reported in the previous year's corresponding quarter. The sales and earnings declined during the quarter as a result of reduced demand and lower prices experienced in the Industrial Chemicals Division caused by the weak global economy.

B2. Material Change in the Results for the Current Quarter as Compared with the Immediate Preceding Quarter

For the current quarter under review, the Group recorded a turnover of RM396.2 million and a PBT of RM16.2 million, compared to sales of RM317.8 million and a PBT of RM7.2 million for continuing operations in the immediate quarter. The higher turnover and PBT was mainly contributed by the Industrial Chemicals division which has shown improvement from the immediate preceding quarter.

B3. Prospects

Barring unforeseen circumstances, the Directors are of the opinion that the Group's performance for the financial year ending 31 May 2010 is expected to be satisfactory.

B4. Variance from Profit Forecasts and Profit Guarantees

Not applicable as the Company did not provide any profit forecast and profit guarantee in respect of the current financial year.

B5. Taxation

<u>Continuing Operations</u>	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year quarter 31 Aug 09 RM'000	Preceding year quarter 31 Aug 08 RM'000	Current year-to-date 31 Aug 09 RM'000	Preceding year-to-date 31 Aug 08 RM'000
Current taxation				
- Malaysian	4,327	7,074	4,327	7,074
- Foreign	220	1,325	220	1,325
- Over provision in prior years	-	(191)	-	(191)
	4,547	8,208	4,547	8,208
Transfer from deferred taxation	-	(1,392)	-	(1,392)
	4,547	6,816	4,547	6,816

The effective income tax rate of the Group is higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes and tax losses incurred by certain subsidiaries were not available for set-off against taxable profits in other companies with the Group.

B6. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties in the current quarter and financial year-to-date.

B7. Quoted Investments

There were no purchases and disposals of marketable securities for the current quarter and financial year-to-date.

The details of the Group's investments in quoted securities as at 31 Aug 2009 were as follows:

	As At 31 Aug 09 RM'000	As At 31 May 09 RM'000
At cost	<u>5,438</u>	<u>3,857</u>
At carrying value/book value	<u>4,918</u>	<u>4,647</u>
At market value	<u>3,144</u>	<u>2,599</u>

B8. Utilisation of proceeds

Not applicable as the Company has not raised any proceeds from any of its corporate exercises.

B9. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

B10. Off Balance Sheet Financial Instruments

The Group did not issue any financial instruments involving off balance sheet risk during the financial year-to-date.

B11. Changes in Pending Material Litigation

There were no material litigation pending as at the date of this Report.

B12. Dividend

The Directors do not recommend the payment of any dividend for the current quarter. There were no dividends declared or recommended in the previous corresponding quarter.

B13. Group's Borrowings

	As At 31 Aug 09 RM'000	As At 31 May 09 RM'000
<u>Short Term Borrowings</u>		
- Secured		
Ringgit Malaysia	42,347	44,789
Singapore Dollars	2,324	2,711
Vietnam Dong	11,458	3,869
	<u>56,129</u>	<u>51,369</u>

- Unsecured		
Ringgit Malaysia	98,179	129,918
United States Dollars	395	330
Hongkong Dollar	18	18
Indonesian Rupiah	2,078	1,894
	<u>100,670</u>	<u>132,160</u>
<u>Long Term Borrowings</u>		
- Secured		
Ringgit Malaysia	35,337	34,413
Singapore Dollars	311	144
Vietnam Dong	2,899	2,884
	<u>38,547</u>	<u>37,441</u>
- Unsecured		
Indonesian Rupiah	43	45
	<u>43</u>	<u>45</u>
Total Borrowings	<u>195,389</u>	<u>221,015</u>

B14. Earnings Per Share

Basic earnings per share

The calculation of basic earnings per share was based on the net profit attributable to ordinary equity holders of the parent for the current quarter of RM2,445,000 (31.08.2009: net profit of RM9,631,000) as reported in the condensed income statements of the Group, divided by the weighted average number of ordinary shares in issue during the current quarter of 216,215,000 (31.08.09: 216,783,000)

Fully diluted earnings per share

Not applicable as the Company does not have dilutive ordinary shares in issue as at the balance sheet date.

By Order of the Board

Wong Wei Fong
Choo Se Eng
Secretaries

Petaling Jaya
27 October 2009