



ANCOM BERHAD

(Company No. 8440-M)

Incorporated in Malaysia

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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.

As at 30 November 2009, a total of 2,711,027 Treasury Shares at a total cost of RM2.07 million were held by the Company.

A7. Dividend Paid

The Company has not declared / paid any dividend for the current financial year-to-date.

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 has been approved by the shareholders on 26 November 2009 and is payable on 25 February 2010.

A8. Segmental Results

6-Month Ended 30 November 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	163	50,184	573,187	-	24,566	19,057	4,420	62,677	24,670	-	-	758,924
External sales	9,961	-	189	-	3,045	4,370	513	3	-	-	(18,081)	-
Inter-segment Sales	10,124	50,184	573,376	-	27,611	23,427	4,933	62,680	24,670	-	(18,081)	758,924
Results												
Segment results	(5,381)	7,256	28,009	1,795	5,881	(8,740)	(179)	7,438	(349)	(219)	-	35,511
Unallocated corporate expenses												(7,398)
Operating profits												
Finance cost												28,113
Share of results of associated companies												(5,206)
Profit before tax												
Tax expense												22,907
Profit for the period												(7,407)
												15,500

A8. Segmental Results (cont.)

6-Month Ended 30 November 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												
External sales	50	58,339	837,866	3,859	22,877	14,497	9,147	63,703	33,492	2,638		1,046,468
Inter-segment Sales	21,194	5,969	86	-	3,029	1,513	2,464	-	-	-	(34,255)	-
Total	21,244	64,308	837,952	3,859	25,906	16,010	11,611	63,703	33,492	2,638	(34,255)	1,046,468
Results												
Segment results	(5,050)	4,299	20,866	(510)	25,145	(5,842)	600	1,508	1,362	(668)		41,710
Unallocated corporate expenses												(9,996)
Operating profits												
Finance cost												31,714
Share of results of associated companies												(9,343)
Profit before tax												
Tax expense												(938)
Profit for the period												
												21,433
												(7,951)
												13,482

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

Pursuant to the extension of time granted by Bursa Malaysia Securities Berhad ("Bursa Securities") to submit the Proposed Restructuring Scheme as announced on 8 October 2009, Ancom Logistics Berhad (Formerly known as "Tamco Corporate Holdings Berhad") has :-

- (a) On 16 November 2009, announced the proposal to undertake a regularisation plan of its financial condition and to ensure continued listing. The details of the Proposed Restructuring Scheme are set out in the announcement released on the same date.
- (b) On 15 December 2009 appointed Maybank Investment Bank as the sponsor to comply with the conditions imposed by Bursa Malaysia Securities Berhad ("Bursa Securities")

Save for those disclosed above, there were no material events subsequent to the end of the current period up to the date of this report that have not been reflected in the financial statements for the current period.

A11. Effects of Changes in Composition of the Group

During the financial year-to-date, the Group

- (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.

- (iv) Point Cast (S) Pte Ltd and RBL Pte Ltd, both subsidiaries of the Group which are dormant, have submitted applications to the Accounting and Corporate Regulatory Authority (“ACRA”) of Singapore to strike out their names from the Register of ACRA.

The striking out 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 for the current quarter and financial year-to-date.

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

The Group’s contingent liabilities stood at RM19.1 million as at 30 November 2009.

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

B1. Review of Group’s Performance

For the six months period, the Group recorded revenue of RM758.9 million, a decrease of approximately 27.5% as compared to RM1,046.5 million reported in the previous year corresponding period. Profit before tax (“PBT”) stood at RM22.9 million compared to RM21.4 million reported in the previous year’s corresponding period. Despite the lower sales, the earnings increased for the period under review as a result of the improved market conditions which led to the increase in selling prices and improved margins in the Industrial Chemicals division as compared to the corresponding period of the last financial year.

For the current quarter under review, the Group achieved sales of RM362.8 million, a decline of 11.2% from RM408.4 million recorded in the same period last year. The Group recorded a profit before tax (“PBT”) of RM6.7 million, compared to PBT of RM0.6 million achieved in the corresponding quarter last year. The improvement in PBT despite the decrease in sales was mainly from the Industrial Chemicals division as noted above.

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 RM362.8 million and a PBT of RM6.7 million, compared to sales of RM396.2 million and a PBT of RM16.2 million in the immediate preceding quarter. The lower sales recorded in the current quarter were mainly due to the slightly weaker demand and keener competition in the Industrial Chemicals division when compared to 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	Preceding year	Current	Preceding
	quarter	quarter	year-to-date	year-to-date
	30 Nov 09	30 Nov 08	30 Nov 09	30 Nov 08
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Malaysian	4,422	3,423	8,749	10,497
- Foreign	2,581	(2,132)	2,801	(807)
- Over provision in prior years	-	298	-	107
	7,003	1,589	11,550	9,797
Transfer from deferred taxation	(4,143)	(454)	(4,143)	(1,846)
	2,860	1,135	7,407	7,951

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 30 Nov 2009 were as follows:

	As At	As At
	30 Nov 09	31 May 09
	RM'000	RM'000
At cost	<u>5,438</u>	<u>3,857</u>
At carrying value/book value	<u>4,910</u>	<u>4,647</u>
At market value	<u>3,049</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. Financial Instruments with Off Balance Sheet Risk

There were no financial instruments with off balance sheet risk as at the date of this report.

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 for the current financial year-to-date.

B13. Group's Borrowings

	As At 30 Nov 09 RM'000	As At 31 May 09 RM'000
<u>Short Term Borrowings</u>		
- Secured		
Ringgit Malaysia	54,891	44,789
Singapore Dollars	3,239	2,711
Vietnam Dong	11,954	3,869
	<u>70,084</u>	<u>51,369</u>
- Unsecured		
Ringgit Malaysia	105,066	129,918
United States Dollars	-	330
Hongkong Dollar	1,962	18
Indonesian Rupiah	19	1,894
	<u>107,047</u>	<u>132,160</u>
<u>Long Term Borrowings</u>		
- Secured		
Ringgit Malaysia	31,985	34,413
Singapore Dollars	313	144
Vietnam Dong	3,003	2,884
	<u>35,301</u>	<u>37,441</u>
- Unsecured		
Indonesian Rupiah	38	45
	<u>38</u>	<u>45</u>
Total Borrowings	<u>212,470</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 RM358,000 (30.11.2008: net loss of RM484,000) and net profit of RM2,803,000 (30.11.2008: net profit of RM9,147,000) for the financial year-to-date 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 shares (30.11.08: 216,443,000 shares) and financial year-to-date of RM216,215,000 shares (30.11.2008: RM216,610,000)

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
26 January 2010