

ANCOM BERHAD (Company No. : 8440-M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2010**

	Individual quarter ended		Financial year ended	
	31-05-2010	31-05-2009	31-05-2010	31-05-2009
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Operating revenue	373,513	317,788	1,506,162	1,650,935
Cost of sales	(321,213)	(267,605)	(1,305,619)	(1,479,475)
Gross profit	52,300	50,183	200,543	171,460
Other income	10,438	3,764	14,511	34,245
Distribution costs	(14,637)	(20,076)	(65,082)	(82,191)
Administrative expenses	(29,405)	(14,437)	(90,883)	(72,500)
Other operating expenses	(10,299)	(9,529)	(13,485)	(19,110)
Finance costs	(2,538)	(2,735)	(10,098)	(15,761)
Share of results of associates	(365)	-	(365)	(1,053)
Profit before taxation	5,494	7,170	35,141	15,090
Tax expense	(1,520)	1,437	(12,188)	(6,383)
Net profit from continuing operations	3,974	8,607	22,953	8,707
Discontinued operations				
Net loss from discontinued operations	-	(25,498)	-	(25,498)
Net profit/(loss)	3,974	(16,891)	22,953	(16,791)
Attributable to:				
Equity holders of the Company	(266)	(5,252)	1,492	(6,648)
Minority interests	4,240	(11,639)	21,461	(10,143)
	3,974	(16,891)	22,953	(16,791)
Earnings per ordinary share attributable to equity holders of the Company				
	Sen	Sen	Sen	Sen
Basic:				
Profit/(loss) from continuing operations	(0.12)	1.83	0.69	1.19
Profit/(loss) from discontinued operations	-	(4.26)	-	(4.26)
Basic earnings per ordinary share	(0.12)	(2.43)	0.69	(3.07)
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

The Condensed Financial Statements should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2009

ANCOM BERHAD (Company No. : 8440-M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MAY 2010

	31-05-2010	31-05-2009
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	173,266	180,802
Prepaid lease payment for land	50,157	46,927
Investment properties	360	369
Investment in associates	6,240	5,417
Other investments	10,573	10,482
Intangible assets	17,528	6,534
Goodwill on consolidation	74,143	79,432
Deferred tax assets	21,952	16,957
	354,219	346,920
Current assets		
Inventories	132,311	110,917
Marketable securities	1,158	790
Receivables	291,165	265,167
Amount owing by associates	2,283	3,977
Current tax assets	5,156	16,094
Other investments	5,058	25,531
Short term deposits with licensed banks	34,737	50,069
Cash and cash equivalents	73,987	61,090
	545,855	533,635
TOTAL ASSETS	900,074	880,555
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to equity holders of the Company		
Share capital	218,956	218,956
Reserves	103,313	109,905
Less : Treasury Shares, at cost	(2,073)	(2,073)
	320,196	326,788
Minority interests	115,054	107,763
TOTAL EQUITY	435,250	434,551
LIABILITIES		
Non-current liabilities		
Borrowings	25,122	37,305
Deferred tax liabilities	11,665	14,924
Other long-term provisions	3,452	3,774
	40,239	56,003
Current liabilities		
Payables	198,406	196,857
Amounts owing to associates	1,586	4,444
Borrowings	218,219	183,710
Current tax payables	6,374	4,990
	424,585	390,001
Total Liabilities	464,824	446,004
TOTAL EQUITY AND LIABILITIES	900,074	880,555
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.48	1.51

The Condensed Financial Statements should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2009

ANCOM BERHAD (Company No. : 8440-M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2010**

	Attributable to equity holders of the Company												
	Share capital RM'000	Warrants RM'000	Share Premium RM'000	Merger reserve RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Foreign			Capital		Minority interests RM'000	Total equity RM'000
							exchange reserve RM'000	Treasury shares RM'000	redemption reserve RM'000	Retained Profits RM'000	Total RM'000		
At 1 June 2009	218,956	-	4,332	155	24,039	48	(3,363)	(2,073)	4,987	79,707	326,788	107,763	434,551
Foreign currency translations	-	-	-	-	-	-	(4,876)	-	-	-	(4,876)	(8,641)	(13,517)
Arising from acquisitions of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Income/(expense) recognised directly in equity	-	-	-	-	-	-	(4,876)	-	-	-	(4,876)	(8,641)	(13,517)
Profit for the financial year	-	-	-	-	-	-	-	-	-	1,492	1,492	21,461	22,953
Total recognised income and expense for the financial year	-	-	-	-	-	-	(4,876)	-	-	1,492	(3,384)	12,820	9,436
Disposal of subsidiaries	-	-	-	-	(775)	-	-	-	-	-	(775)	(3,649)	(4,424)
Dividends paid to minority interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,880)	(1,880)
Dividends in respect of financial year ended 31 May 2010: Interim dividend	-	-	-	-	-	-	-	-	-	(2,433)	(2,433)	-	(2,433)
Balance at 31 May 2010	218,956	-	4,332	155	23,264	48	(8,239)	(2,073)	4,987	78,766	320,196	115,054	435,250

ANCOM BERHAD (Company No. : 8440-M)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2010 (Continued)**

	Attributable to equity holders of the Company											Total equity RM'000	
	Share capital RM'000	Warrants RM'000	Share Premium RM'000	Merger reserve RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Foreign exchange reserve RM'000	Treasury shares RM'000	Capital redemption reserve RM'000	Retained Profits RM'000	Total RM'000		Minority interests RM'000
Balance at 1 June 2008	202,338	1,945	4,000	155	24,039	48	(7,734)	(1,408)	4,987	125,125	353,495	152,151	505,646
Foreign currency translations	-	-	-	-	-	-	4,371	-	-	-	4,371	(3,507)	864
Arising from acquisitions of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	(2,049)	(2,049)	(15)	(2,064)
Income/(expense) recognised directly in equity	-	-	-	-	-	-	4,371	-	-	(2,049)	2,322	(3,522)	(1,200)
Loss for the financial year	-	-	-	-	-	-	-	-	-	(6,648)	(6,648)	(10,143)	(16,791)
Total recognised income and expense for the financial year	-	-	-	-	-	-	4,371	-	-	(8,697)	(4,326)	(13,665)	(17,991)
Capital repayment of a subsidiary to minority interests	-	-	-	-	-	-	-	-	-	-	-	(49,728)	(49,728)
Changes in equity interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	101	101
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(1,497)	(1,497)
Repurchase of shares	-	-	-	-	-	-	-	(665)	-	-	(665)	-	(665)
Transfer upon expiry of warrants exercise period	-	(1,613)	-	-	-	-	-	-	-	1,613	-	-	-
Ordinary shares issued pursuant to conversion of warrants	16,618	(332)	332	-	-	-	-	-	-	-	16,618	-	16,618
Dividends paid to minority interests or subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(9,912)	(9,912)
Dividends in respect of financial year ended 31 May 2009:													
Interim dividend	-	-	-	-	-	-	-	-	-	(8,021)	(8,021)	-	(8,021)
Final dividend-in-specie	-	-	-	-	-	-	-	-	-	(27,471)	(27,471)	27,471	-
Dilution from final dividend-in-specie	-	-	-	-	-	-	-	-	-	(2,842)	(2,842)	2,842	-
Balance at 31 May 2009	218,956	-	4,332	155	24,039	48	(3,363)	(2,073)	4,987	79,707	326,788	107,763	434,551

The Condensed Financial Statements should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2009

ANCOM BERHAD (Company No : 8440-M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2010**

	Financial year ended	
	31-05-2010	31-05-2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	35,141	15,090
Adjustments for non-cash items	22,838	13,913
Operating profit before working capital changes	57,979	29,003
Net changes in working capital	(66,457)	62,066
Net cash generated from operating activities	(8,478)	91,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash generated from/(used in) investing activities	(9,663)	(69,323)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	18,959	(218,197)
Net increase / (decrease) in cash and cash equivalents	818	(196,451)
Cash and cash equivalents at the beginning of the financial year	93,704	295,209
Effect of exchange rate changes	(4,879)	(5,054)
	88,825	290,155
Cash and cash equivalents at the end of the financial year	89,643	93,704

Cash and cash equivalents include the following:

	RM'000	RM'000
Cash and bank balances	73,987	61,090
Bank overdrafts	(7,190)	(7,751)
Short term deposits	34,737	50,069
	101,534	103,408
Less : Short term deposits pledged to banks	(11,891)	(9,704)
	89,643	93,704

The Condensed Financial Statements should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2009



ANCOM BERHAD
(Company No. 8440-M)
Incorporated in Malaysia

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2010

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.

As at 31 May 2010, 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.

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 was paid on 25 February 2010.

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Explanatory Notes to the Interim Financial Report for the Quarter Ended 31 May 2010

A8. Segmental Results

Financial year ended 31 May 2010	Continuing operations										Discontinued operations	
	Investment holdings RM'000	Agricultural and Industrial Chemicals RM'000	Oil and Gas Services RM'000	Logistics RM'000	Information Technology RM'000	Media RM'000	Polymer RM'000	Engineering RM'000	Building Products RM'000	Elimination RM'000	Total RM'000	Switchgear, system integration and trading RM'000
Revenue												
External revenue	-	1,214,973	-	47,706	20,506	49,144	122,544	51,288	-	1,506,161	-	1,506,161
Inter-segment revenue	19,148	2,427	-	5,863	712	5,217	-	-	(33,367)	-	-	-
Total revenue	19,148	1,217,400	-	53,569	21,218	54,361	122,544	51,288	-	1,506,161	-	1,506,161
Segment results	(16,680)	57,222	-	8,868	420	(8,384)	16,648	(935)	(286)	56,873	-	56,873
Unallocated corporate expenses										(11,269)	-	(11,269)
Operating profits										45,604	-	45,604
Finance costs										(10,098)	-	(10,098)
Share of results of associates										(365)	-	(365)
Profit before taxation										35,141	-	35,141
Tax expense										(12,188)	-	(12,188)
Net profit										22,953	-	22,953
31 May 2009												
Revenue												
External revenue	154	1,372,905	6,445	43,940	17,986	27,690	111,531	66,092	4,192	1,650,935	-	1,650,935
Inter-segment revenue	49,746	13,203	-	6,368	3,571	2,133	-	-	(75,021)	-	-	-
Total revenue	49,900	1,386,108	6,445	50,308	21,557	29,823	111,531	66,092	4,192	1,650,935	-	1,650,935
Segment results	(11,244)	37,989	264	29,800	913	(18,744)	4,376	3,780	(1,309)	45,825	(25,498)	20,327
Unallocated corporate expenses										(13,921)	-	(13,921)
Operating profits										31,904	(25,498)	6,406
Finance costs										(15,761)	-	(15,761)
Share of results of associates										(1,053)	-	(1,053)
Profit before taxation										15,090	(25,498)	(10,408)
Tax expense										(6,383)	-	(6,383)
Net profit										8,707	(25,498)	(16,791)

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

On 31 May 2010, RedBerry Sdn Bhd (“RedBerry”), a wholly owned subsidiary, entered in a conditional share sale agreement to acquire 220,000 shares of RM1 each representing 20% equity interest in Meru Utama Sdn Bhd (“Meru”) for cash consideration of RM6,700,000 to be completed over 5 tranches from 30 June 2010 to 30 April 2011.

Upon completion of this transaction, RedBerry will hold a total of 74.9% equity interest in Meru.

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

A11. Effects of Changes in Composition of the Group

During the financial year,

- (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 (“STL”), 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 do not have a material effect on the consolidated earnings and net assets of the Ancom Group for the financial year ended 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 ended 31 May 2010;

- (iii) Ancom completed the disposal of 6,395,000 ordinary shares of RM1 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 ended 31 May 2010.

- (iv) Point Cast (S) Pte Ltd and RBL Pte Ltd, both subsidiaries of the Group which are dormant, were struck off by the Accounting and Corporate Regulatory Authority (“ACRA”) of Singapore from the Register of ACRA during the financial year.

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

- (v) RedBerry Sdn Bhd (“RedBerry”), a wholly owned subsidiary, completed the investment of 765,000 new shares of RM1 each in MagiqAds Sdn Bhd (“MQADS”) for cash consideration of RM918,000 or at RM1.20 per share, to provide advance of RM282,000 to MASB as working capital and to acquire from the existing shareholders of MQADS 235,000 shares of RM1 each for cash consideration of RM282,000. Consequently, RedBerry hold a total of 1,000,000 shares representing 40% equity interest in MASB.

MQADS is principally involved in the media business. It is a retail media specialist which offers multiple media formats such as billboard, banners, floor media, trolleys, shelf ads, aisle sponsorships etc in hypermarkets/supermarkets.

- (vi) The Company completed the purchase of an additional 95,000 shares of RM1 each representing 8.6% equity interest in Ancom Energy & Services Sdn Bhd (“AES”) for cash consideration of RM250,000. Consequently, the Company’s interest in AES increased from 50.23% to 58.9% after the completion of the transaction.

- (vii) On 30 November 2009, Perusahaan Kimia Gemilang Sdn Bhd (“PKG”), a subsidiary of the Group, acquired the remaining 49% equity interest in Perusahaan Kimia Gemilang (Vietnam) Company Ltd from Long Thanh Chemicals Company Limited for USD500,000.

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

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

The Group’s contingent liabilities stood at RM17.8 million as at 31 May 2010.

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

B1. Review of Group's Performance

For the financial year ended 31 May 2010, the Group posted a revenue of RM1,506.2 million, a decrease of approximately 8.7% compared with RM1,650.9 million in the last financial year. The sales decrease was mainly due to lower sales contribution from the Industrial Chemical Division. Profit before tax ("PBT") stood at RM35.1 million compared with RM15.1 million a year ago.

For the current quarter under review, the Group achieved sales of RM373.5 million, an increase of 17.5% from RM317.8 million in the corresponding quarter last financial year. However, PBT decreased to RM5.5 million in the current quarter compared with RM7.2 million posted in the corresponding quarter last financial year. The Industrial Chemical Division, being the key segment of the Group, experienced erosion in its profit margins due to unfavourable market conditions. This has resulted in the overall depressed PBT for the Group compared with corresponding quarter last year.

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 revenue remained at RM373 million, which was similar to the revenue recorded in the immediate preceding quarter. However, a lower PBT of RM5.5 million was posted for the current quarter compared with RM6.7 million in the immediate preceding quarter. The PBT decreased was caused by the over-supply of certain industrial chemical products in the market which resulted in significant drop in prices of products sold.

B3. Prospects

Barring unforeseen circumstances, the Directors are of the opinion that the Group's performance for the next financial year ending 31 May 2011 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

	Individual quarter ended		Financial year ended	
	31-05-2010	31-05-2009	31-05-2010	31-05-2009
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	8,754	1,528	19,667	16,555
Foreign income tax	(3,677)	1,349	774	242
	5,077	2,877	20,441	16,797
Under/(over) provision in prior years:				
Malaysian income tax	(138)	4,860	(313)	5,563
	4,939	7,737	20,128	22,360
Deferred taxation:				
Transfer to/(from) deferred taxation	(1,596)	(3,179)	(6,117)	(9,982)
Under/(over) provision in prior years	(1,823)	(5,995)	(1,823)	(5,995)
	1,520	(1,437)	12,188	6,383

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

B6. Sale of Unquoted Investments and/or Properties

During the financial year, PKG completed the disposal of two (2) units of 1 ½ storey semi-detached factories situated at Lot 1506, 1507, 1533 and 1534 of Mukim 12, Seberang Perai Selatan, Pulau Pining for a total cash consideration of RM488,000 resulting in a loss on disposal of RM70,833 to the Group.

Other than the above, 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 May 2010 were as follows:

	31-05-2010	31-05-2009
	RM'000	RM'000
At costs	5,438	3,857
At book value	5,015	4,647
At market value	5,025	2,599

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

On 16 November 2009, Ancom and Ancom Logistic Berhad ("ALB" - formerly known as Tamco Corporate Holdings Berhad) announced the following proposals (collectively referred to as "Proposed ALB Restructuring Scheme"):

- (a) Proposed disposal of a piece of leasehold land together with two (2) blocks of single storey warehouses annexe with double storey offices with postal address of No. 2A, Jalan 13/2, 46200 Petaling Jaya, Selangor to the Company at a market price to be appraised by an Independent Valuer. The disposal consideration of the proposed disposal is to be settled by off-setting against an inter-company advance owing by ALB to Ancom amounting to RM10 million and the remaining by off-setting against the purchase consideration for the acquisition by ALB of Ancom's equity interest in Synergy Trans-Link Sdn. Bhd. ("STL") ("Proposed Disposal");
- (b) Proposed reduction of RM0.10 of the par value of each existing ordinary share of RM0.20 each in ALB ("ALB Shares") under Section 64(1) of the Companies Act, 1965 ("Act") ("Proposed Capital Reduction");
- (c) Proposed acquisition of 418,895,518 ordinary shares of RM0.10 each in STL representing the entire equity interest in STL which include its three subsidiaries, namely, Ancom ChemQuest Terminals Sdn. Bhd. ("ACT"), SinSenMoh Transportation Pte. Ltd. ("SSM") and Pengangkutan Cogent Sdn. Bhd. ("PCSB") ("collectively referred to as "Subsidiaries") from Ancom, Synergy Tanker Sdn. Bhd. ("STSB") and Lim Hock Heng ("LHH") (collectively referred to as "Vendors of STL") for a purchase consideration of RM42,236,117 to be satisfied by such number of new ordinary shares of RM0.10 each in ALB ("ALB New Shares") ("Consideration Shares") at an issue price of RM0.13 per ALB New Share after the settlement of the outstanding consideration pursuant to the Proposed Disposal ("Proposed Acquisition of STL Group");

- (d) Proposed exemption to Ancom and persons acting in concert with it ("PAC") from the obligation to undertake a mandatory offer for all the remaining Tamco New Shares not already owned by Ancom and its PAC pursuant to the Proposed Acquisition of STL Group ("Proposed Exemption"); and
- (e) Proposed special issue of up to 14,000,000 ALB New Shares at an indicative issue price of RM0.13 per ALB New Share to Bumiputera investors to be approved by the Ministry of International Trade and Industry ("MITI") ("Proposed Special Issue").

The Proposed ALB Restructuring Scheme is expected to be completed in the financial year ending 31 May 2011. It is not expected to have any impact on the earnings of the Ancom Group for the financial year ending 31 May 2010. Upon completion, the Proposed ALB Restructuring Scheme is expected to give rise to rental income to the Ancom Group in future, increasing Ancom's shareholding in ALB which shall improve the earnings of the Ancom Group. However, Ancom will not have the direct earnings from the STL Group after the completion of the exercise.

On 31 December 2009, ALB and Ancom entered into a supplemental agreement ("SA") to agree that the Disposal Consideration shall be fixed at RM25,000,000, after having considered the independent market valuation report dated 23 December 2009, to be settled in the manner stated above subject to the fulfillment of certain conditions precedent stated there in the SA.

On 28 January 2010, Ancom and ALB entered into a letter of variation in relation to the Proposed Acquisition of the Property by Ancom from ALB whereby the terms for the settlement of the purchase consideration of RM25,000,000 are as follows:-

- (i) first, by off-setting RM15,000,000 against the disposal consideration for the Proposed Disposal of STL by Ancom to ALB; and
- (ii) by off-setting the remaining purchase consideration against the inter-company advance(s) owing by ALB to Ancom.

As such, the actual amount of the inter-company advances owing by ALB to Ancom which will be used to settle the purchase consideration is subject to the confirmation by the relevant authority on the valuation of the Property.

On the same date, ALB entered into a letter of variation with the Vendors of STL whereby the terms of the settlement of the disposal consideration of RM22,304,893 to Ancom by ALB shall be satisfied by ALB in the following manner instead:-

- (i) RM7,304,893 via the issuance of 56,191,485 new ALB New Shares at an issue price of RM0.13 per ALB New Share; and
- (ii) remaining RM15,000,000 by off-setting against part of the purchase consideration in relation to the Proposed Acquisition of Property.

On 3 February 2010, the Securities Commission ("SC") had, vide its letter, notified that the application to the SC under Practice Note 2.9.1 of the Malaysian Code on Take-overs and Mergers 1998 ("Code") for an exemption to Ancom and its PAC, from the obligation to undertake a mandatory offer to acquire the remaining ordinary shares in ALB not already

held by Ancom and its PAC (“Proposed Exemption”) upon completion of the Proposed Disposal of STL which forms part of the Proposed Restructuring Scheme of ALB would only be considered by the SC after the following conditions have been met pursuant to Practice Note 2.9.1 of the Code:-

- (i) Approval from the independent holders of voting shares of ALB, on a poll in a general meeting in which the interested parties are to abstain from voting. The result of the poll has to be confirmed by an independent auditor;
- (ii) Providing competent independent advice regarding the Proposed Exemption to the shareholders of ALB. The appointment of the independent adviser and the independent advice circular to the shareholders are to be first approved and consented by SC respectively; and
- (iii) Ancom and its PAC are to submit declarations (to be furnished after the general meeting) addressed to the SC, attesting that Ancom and its PAC have not purchased shares in ALB subsequent to the discussion in relation to the Ancom Proposals (the date of the discussion is to be stated) and until the granting of the Proposed Exemption by the SC (if so decided).

Further, Ancom is required to provide reasons for the substantial percentage of votes that are against and abstained from voting (excluding the abstinence by the interested parties) on the Proposed Exemption.

On 24 June 2010, the Bursa Malaysia Securities Berhad approved the Proposed ALB Restructuring Scheme subject to, inter-alia:

- (i) A moratorium to be imposed on the Consideration Shares pursuant to the Proposed Acquisition of STL Group by ALB in the manner disclosed in Section 3.19 of the ACE Market Requirement; and
- (ii) ALB and its advisers must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Proposed ALB Restructuring Scheme.

As at the date of this Report, the Proposed ALB Restructuring Scheme is still pending the approval of ALB’s shareholders at an Extraordinary General Meeting to be convened and the sanction of the High Court on the Proposed Capital Restructuring.

Save for the above, 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. Dividends

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.

In the previous financial year ended 31 May 2009, the Company declared and paid a final dividend of 1.5 sen per share, less income tax.

B13. Group's Borrowings

	31-05-2010	31-05-2009
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	48,903	44,970
Singapore Dollar	359	2,711
United States Dollar	36,807	-
Vietnamese Dong	1,458	3,869
	87,527	51,550
Unsecured:		
Ringgit Malaysia	115,298	129,918
United States Dollar	-	330
Singapore Dollar	863	-
Hong Kong Dollar	3,087	1,894
Indonesian Ruppiah	11,444	18
	130,692	132,160
Total short term borrowings	218,219	183,710
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	21,243	34,232
Singapore Dollar	-	144
Vietnamese Dong	2,094	2,884
	23,337	37,260
Unsecured:		
Ringgit Malaysia	1,398	-
Singapore Dollar	333	-
Indonesian Ruppiah	54	45
	1,785	45
Total long term borrowings	25,122	37,305
TOTAL BORROWINGS	243,341	221,015

B14. Earnings Per Share

Basic earnings per share

The basic earnings per share is calculated by dividing the net profit/(loss) attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period as follows:

	Individual quarter ended		Financial year ended	
	31-05-2010	31-05-2009	31-05-2010	31-05-2009
Weighted average number of ordinary shares ('000)	216,883	216,441	216,883	216,489
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)				
Profit/(loss) from continuing operations	(266)	3,970	1,492	2,574
Profit/(loss) from discontinued operations	-	(9,222)	-	(9,222)
	(266)	(5,252)	1,492	(6,648)
Basic earnings per ordinary share (sen)				
Profit/(loss) from continuing operations	(0.12)	1.83	0.69	1.19
Profit/(loss) from discontinued operations	-	(4.26)	-	(4.26)
	(0.12)	(2.43)	0.69	(3.07)

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
30 July 2010