

**ANCOM LOGISTICS BERHAD** (Company No.: 6614-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2011**

The Condensed Consolidated Income Statements should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2010 and the accompanying notes to the Interim Financial Report.

The comparative numbers have been restated for merger accounting purposes and results of the Trading Companies (see Note B8) are classified under discontinued operations.

**ANCOM LOGISTICS BERHAD** (Company No.: 6614-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2011**

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2010 and the accompanying notes to the Interim Financial Report.

**ANCOM LOGISTICS BERHAD** (Company No.: 6614-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 31 MAY 2011**

The Condensed Consolidated Balance Sheet should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2010 and the accompanying notes to the Interim Financial Report. The comparative numbers have been restated for merger accounting purposes and assets and liabilities of the Trading Companies (see Note B8) are reclassified as assets or liabilities held for sale.

**ANCOM LOGISTICS BERHAD** (Company No.: 6614-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL QUARTER ENDED 31 MAY 2011**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2010 and the accompanying notes to the Interim Financial Report.

**ANCOM LOGISTICS BERHAD** (Company No.: 6614-W)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2011**

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2010 and the accompanying notes to the Interim Financial Report.

# ANCOM LOGISTICS BERHAD

(Incorporated in Malaysia)

(Company No: 6614-W)

## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 May 2011

### A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134

#### 1 Basis of preparation

The Interim Financial Report of Ancom Logistics Berhad ("ALB") and its subsidiaries ("Group") is unaudited and has been prepared in accordance with the Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and Rule 9.22(2) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market ("ACE Market Listing Requirements").

The Interim Financial Report of the Group should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 May 2010. These explanatory notes attached to the Interim Financial Report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2010.

The significant accounting policies and methods of computation adopted by the Group in this Report are consistent with those adopted in the most recent Audited Financial Statements for the year ended 31 May 2010 except for the adoption of the following new and revised FRSS, IC Interpretations and Amendments to FRSS which are applicable and relevant to the Group's operations for the financial year beginning 1 June 2010:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 132	Financial Instruments: Presentation
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events After the Balance Sheet Date
Amendments to FRS 116	Property, Plant and Equipments
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue

## **Ancom Logistics Berhad (6614-W)**

Notes to the Interim Financial Report for the financial quarter ended 31 May 2011

Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 128	Investments in Associates
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interest in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
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

The adoption of the above FRSs, amendments and interpretations do not have any significant impact on the interim financial information of the Group except for the adoption of the following FRSs as set out below:

### *FRS 8 – Operating Segments*

Due to the acquisition of Synergy Trans-Link Sdn Bhd and its subsidiaries ("STL Group") and Disposal of the Trading Companies as disclosed in Note B8, the operating segment of the Group now only comprises Logistics Business.

### *FRS 101 - Presentation of Financial Statements (Revised)*

The revised FRS 101 introduces changes in the presentation and disclosures of financial statement. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' is required to be shown in a statement of comprehensive income which can be presented as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in two statements. As a result, the Group has presented all owner changes in equity in the consolidated statement of changes in equity whilst all non-owner changes in equity have been presented in the consolidated statement of comprehensive income. Certain comparative figures have been reclassified to conform to the current period's presentation. This revised FRS does not have any impact on the financial position and results of the Group since these changes affect only the presentation of items of income and expenses.

### *Amendment to FRS 117 - Leases*

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payment on the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. Accordingly, the Group has changed the classification of certain leasehold lands from operating leases to finance leases in the current quarter. This change in classification has no effect to the profit or loss of the current period ended 31 May 2011 or the comparative prior period. The effect of the reclassification to the comparative of the prior year's statement of financial position is as follows:

**Ancom Logistics Berhad (6614-W)**

Notes to the Interim Financial Report for the financial quarter ended 31 May 2011

<b>31 May 2010</b>	<b>As previously reported RM'000</b>	<b>Reclassification RM'000</b>	<b>As restated RM'000</b>
Property, plant and equipment	4,833	9,555	14,388
Prepaid lease payment	9,555	(9,555)	-

*Amendments to FRS 139 Financial Instruments: Recognition and Measurement*

Prior to the adoption of FRS 139, financial derivatives are recognised on their settlement dates. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

With the adoption of FRS 139, financial assets and financial liabilities recognised and unrecognised in the prior financial year are classified into the following categories:

<b>Pre-FRS 139</b>	<b>Post-FRS 139</b>
Long-term equity investments	Available for sale investments
Current investments	Financial assets at fair value through profit or loss
Unrecognised derivative assets	Financial assets at fair value through profit or loss
Long-term borrowings	Financial liabilities at amortised cost
Unrecognised derivative liabilities	Financial liabilities at fair value through profit or loss

The measurement bases applied to the financial assets and financial liabilities in the prior financial year were changed to conform to the measurement standards of FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value. However, the financial instrument not at fair value through profit or loss should be measured at their fair value plus transaction costs directly attributable to the acquisition or issuance of the instruments.

Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

<b>Category</b>	<b>Measurement basis</b>
Financial instruments at fair value through profit or loss	At fair value through profit or loss
Loans and receivables	At amortised cost effective interest method
Available for sale investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost.
Loans and other financial liabilities	At amortised cost effective interest method

All financial assets other than those classified as at fair value through profit or loss are subject to impairment test of FRS 139.



## **Ancom Logistics Berhad (6614-W)**

### Notes to the Interim Financial Report for the financial quarter ended 31 May 2011

In accordance with FRS 139, the recognition, derecognition and measurement requirements are applied prospectively from 1 June 2010 by the Group.

During the financial quarter, the Proposed Restructuring of the Group was completed. The newly acquired subsidiaries have been accounted for under the pooling of interest method in the preparation of the consolidated financial statements.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger relief reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities were under common control.

Other than above, 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 2010.

## **2 Changes in accounting policies**

Except for the business combination involving entities under common control, the significant accounting policies adopted by the Group in this Interim Financial Report are consistent with those adopted in the Group's most recent Audited Financial Statements for the financial year ended 31 May 2010.

## **3 Auditors' report on preceding annual financial statements**

The auditors did not qualify the Group's Audited Financial Statements for the financial year ended 31 May 2010.

## **4 Seasonality or cyclicity of interim operations**

During the financial quarter ended 31 May 2011, the operations of the Group were not significantly affected by any seasonal and cyclical factors.

## **5 Items of unusual nature and amount**

During the financial quarter ended 31 May 2011, there were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are unusual by reason of their nature, size or incidence.

## **6 Changes in estimates**

There were no changes in estimates that have a material effect on the results for the financial quarter ended 31 May 2011.

**7 Debt and equity securities**

There were no issuances, cancellations, repurchases and resale of debt securities and equity securities during the financial quarter ended 31 May 2011.

**8 Dividends paid**

There was no dividend paid during the financial quarter ended 31 May 2011.

On 31 March 2011, the Company paid a single tier interim dividend of 2 sen per ordinary share of RM9,465,726.

**9 Segmental information**

Subsequent to the completion of corporate proposals as disclosed in Note 8 of Section B, the Group is organized into a single business unit based on the products and services. The reportable operating segment comprise only of logistics business.

**10 Carrying amount of revalued assets**

During the financial period, the Group's leasehold land and building were revalued by CH Williams Talhar & Wong, an independent firm of professional valuers based on the cost method and comparison method of valuation.

The surpluses arising from revaluation have been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

The carrying amounts of other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

**11 Subsequent events**

There were no material events subsequent to the end of the financial quarter ended 31 May 2011 up to the date of the Interim Financial Report except as disclose in Note B8.

**12 Changes in composition of the Group**

There were no material changes in the composition of the Group in the current financial quarter and the financial year ended 31 May 2011 up to the date of the Interim Financial Report except as disclosed below:

- (a) During the financial year, the Company completed the acquisition of the entire share capital of Synergy Trans-Link Sdn Bhd ("STL") from its holding company, Ancom Berhad, pursuant to the Proposed Restructuring Scheme by the Company. STL owned 100% shares in Pengangkutan Cogen Sdn Bhd and SinSenMoh Transportation Pte Ltd and 51% shares in Ancom Chemquest Terminals Sdn Bhd. The acquisition has been accounted for using the Merger Accounting Method.
- (b) During the financial year, the Company completed the disposal of Ancom Electrical (Malaysia) Sdn Bhd and Ancom Systems (Singapore) Pte Ltd together with its wholly-owned subsidiaries, Ancom Electrical & Environmental

**Ancom Logistics Berhad (6614-W)**

Notes to the Interim Financial Report for the financial quarter ended 31 May 2011

**12 Changes in composition of the Group (Cont'd)**

(Singapore) Pte Ltd, Ancom Electrical (Hong Kong) Limited and Ancom Electrical (Guangzhou) Limited for cash.

**13 Contingent liabilities**

	Company	
	28-02-2011	28-02-2010
	RM'000	RM'000
Unsecured:		
Guarantees given to financial institutions for facilities granted to a subsidiary	3,000	3,000

**B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS**

**1 Performance review for the current financial quarter against previous financial year corresponding quarter**

The Group posted a higher revenue of RM16.4 million for financial quarter ended 31 May 2011 compared to RM15.1 million achieved in the corresponding quarter last year. For the financial year ended 31 May 2011, revenue for the Group was RM61.9 million.

The higher revenue was achieved due to the higher rental income. ALB Group recorded higher profit before taxation ("PBT") of RM1.8 million as compared to RM0.3 million in the same quarter last year. For the financial year ended 31 May 2011, PBT was significant higher at RM16.2 million as compared to RM4.7 million last year due to one-off gain on disposal of land and building during the financial year as disclosed in Note B6.

**2 Material change in the results for the current financial quarter as compared with immediate preceding financial quarter**

The PBT of RM1.8 million achieved in the current quarter was substantially lower than the RM12.0 million achieved in the immediate preceding quarter due to the gain on disposal of land and building in that quarter.

**3 Prospects for the next financial year**

Barring unforeseen circumstances, the Board is of the opinion that the Group's logistics business will continue to grow.

**4 Forecast profit, profit guarantee and internal targets**

The Group did not provide any profit forecast, profit guarantee and internal targets in any publicly available documents or announcements.

**5 Taxation**

**6 Sale of unquoted investments and properties**

There were no disposals of unquoted investments and properties in the current financial quarter ended 31 May 2011 and at the date of this Interim Financial Report.

During the financial year, the Company completed the disposal of its leasehold land and building to Ancom Berhad, its holding company, for a consideration of RM25 million. The gain on disposal arising from this amounted to RM10.98 million.

**7 Quoted securities**

There were no purchases of quoted securities for the financial quarter ended 31 May 2011 and at the date of this Interim Financial Report. As at the balance sheet date, the Group has no investment in quoted securities.

**8 Status of Corporate Proposal**

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

**9 Utilisation of proceeds**

The proceeds received from the Disposal of Trading Companies had been utilised for the payment of interim dividend as disclosed in Note 13.

**10 Group borrowings**

Group borrowings denominated in their functional currencies of the continuing operations are as follows:

Note: Foreign currencies denominated borrowings are stated at Ringgit Malaysia equivalent as at the reporting dates stated above.

**11 Off balance sheet financial instruments**

The Group does not have any off balance sheet financial instruments as at the date of this Interim Financial Report.

**12 Material litigation**

The Group does not have any material litigation as at the date of this Interim Financial Report.

**Ancom Logistics Berhad (6614-W)**

Notes to the Interim Financial Report for the financial quarter ended 31 May 2011

**13 Dividends payable**

The Directors did not propose and pay any dividend for the quarter ended 31 May 2011.

On 31 March 2011, the Company paid a single tier interim dividend of 2 sen per ordinary share amounting to RM9,465,726 for the financial year ended 31 May 2011.

**14 Earnings per share**

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit or loss attributable to the shareholders of the Company by the number of ordinary shares in issue during the financial period of 473,286,313 shares.

(b) Fully diluted loss per share

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

**Ancom Logistics Berhad (6614-W)**

Notes to the Interim Financial Report for the financial quarter ended 31 May 2011

**15 Disclosure of realised and unrealised profits**

Bursa Securities has, on 25 March 2010 and 20 December 2010, issued directives requiring all listed issuers to disclose the breakdown of unappropriated profits or accumulated losses as at the end of the reporting period, on a group basis, into realised and unrealised profits or losses, as the case may be, in the notes to its quarterly reports.

The breakdown of retained profits of the Group as at 31 May 2011, pursuant to the format prescribed by Bursa securities, is as follows:

	<b>RM'000</b>
Total retained profits of the Group	
- Realised	4,856
- Unrealised	(7,634)
	<u>(2,778)</u>
Less: Consolidation adjustments	<u>3,240</u>
As per consolidated financial statements	<u>462</u>

**BY ORDER OF THE BOARD**

Choo Se Eng  
Stephen Geh Sim Whye  
Company Secretaries  
Petaling Jaya

27 July 2011