

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 29 FEBRUARY 2012**

	Individual quarter ended		Year-to-date ended	
	29.02.2012	28.02.2011	29.02.2012	28.02.2011
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Continuing Business				
Operating revenue	14,688	13,914	45,745	45,487
Cost of sales	(10,486)	(9,966)	(32,546)	(32,691)
Gross profit	4,202	3,948	13,199	12,796
Other income	-	11,375	109	11,589
Distribution expenses	(51)	(76)	(175)	(220)
Administrative expenses	(3,131)	(2,803)	(8,557)	(8,781)
Other operating expenses	(26)	(137)	(26)	(46)
	994	12,307	4,550	15,338
Finance costs	(144)	(276)	(387)	(938)
Profit from operations	850	12,031	4,163	14,400
Share of results of associates	-	-	-	-
Profit before taxation	850	12,031	4,163	14,400
Tax expense	(375)	(436)	(1,400)	(1,548)
Net profit from continuing operations	475	11,595	2,763	12,852
Profit from discontinued operations	-	(3,726)	-	(2,079)
Net profit for the period	475	7,869	2,763	10,773
Profit attributable to:				
Equity holders of the Company				
- Continuing operations	196	11,386	1,983	12,042
- Discontinued operations	-	(3,726)	-	(2,079)
Minority interests	279	209	780	810
	475	7,869	2,763	10,773
Earnings per ordinary share attributable to equity holders of the Company				
	Sen	Sen	Sen	Sen
- Basic	0.04	2.41	0.42	2.54
- Basic: discontinued operations	-	(0.79)	-	(0.44)

TOTAL COMPREHENSIVE INCOME				
Net profit for the period	475	7,869	2,763	10,773
Other comprehensive income				
Foreign currency translation	(495)	-	(444)	566
Foreign exchange reserve attributable to discontinued operations, transferred to profit and loss upon disposals of subsidiaries	-	2,255	-	2,255
Other comprehensive income for the period, net of tax	(495)	2,255	(444)	2,821
Total comprehensive income for the period	(20)	10,124	2,319	13,594
Total comprehensive income attributable to:				
Equity holders of the Company				
- Continuing operations	(299)	13,641	1,539	14,863
- Discontinued operations	-	6,398	-	(2,079)
Minority interests	279	209	780	810
	(20)	20,248	2,319	13,594

The Condensed Consolidated Income Statements should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2011 and the accompanying notes to the Interim Financial Report.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2012**

	Unaudited 29-02-2012 RM'000	Audited 31-05-2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	72,607	73,735
Investment in associates	3,902	3,902
Intangible assets	157	263
	<u>76,666</u>	<u>77,900</u>
Current assets		
Inventories	767	809
Trade receivables	11,979	12,124
Other receivables and other current assets	3,424	6,910
Tax recoverable	6	834
Other investments	-	1,806
Short term deposits with licensed banks	1,139	636
Cash and bank balances	3,281	5,527
	<u>20,596</u>	<u>28,646</u>
TOTAL ASSETS	<u><u>97,262</u></u>	<u><u>106,546</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	47,329	47,329
Share premium	6,414	6,414
Reserves	10,509	10,953
Retained profits	(6,899)	585
	<u>57,353</u>	<u>65,281</u>
Minority Interest	<u>12,504</u>	<u>12,705</u>
Total equity	<u><u>69,857</u></u>	<u><u>77,986</u></u>
Non-current liabilities		
Deferred tax liabilities	7,395	7,364
Borrowings	3,742	4,054
	<u>11,137</u>	<u>11,418</u>
Current liabilities		
Trade payables	3,180	4,766
Other payables	4,234	4,833
Borrowings	8,339	6,515
Provision for taxation	515	1,028
	<u>16,268</u>	<u>17,142</u>
Total liabilities	<u><u>27,405</u></u>	<u><u>28,560</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>97,262</u></u>	<u><u>106,546</u></u>
Net assets per share (RM)	0.15	0.16

The Condensed Consolidated Balance Sheet should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2011 and the accompanying notes to the Interim Financial Report.

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL QUARTER ENDED 29 FEBRUARY 2012

	Attributable to equity holders of the Company							Total equity RM'000
	Non-Distributable			Distributable				
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Revaluation reserve RM'000	Foreign exchange reserve RM'000	Retained profits RM'000	Minority interest RM'000	
As at 1 June 2010	51,898	-	50,762	-	(5,400)	(20,369)	11,569	88,460
Total comprehensive income	-	-	-	2,353	5,474	9,672	969	18,468
Transactions with owners								
Capital reduction	(25,949)	-	-	-	-	25,949	-	-
Additional capital contribution	-	-	-	-	-	-	167	167
Share issuance for working capital purposes	429	129	-	-	-	-	-	558
Share issuance for working capital for acquisition of a subsidiary	20,951	6,285	(27,236)	-	-	-	-	-
Merger reserve arising from acquisition of subsidiaries via cash	-	-	(15,000)	-	-	-	-	(15,000)
Dividends on ordinary shares to previous shareholder of Synergy Trans-Link Sdn Bhd prior to completion of acquisition	-	-	-	-	-	(5,201)	-	(5,201)
Interim dividends on ordinary shares paid during the year	-	-	-	-	-	(9,466)	-	(9,466)
Balance at 31 May 2011	47,329	6,414	8,526	2,353	74	585	12,705	77,986
At 1 June 2011	47,329	6,414	8,526	2,353	74	585	12,705	77,986
Final dividend in respect of financial year ended 31 May 2011 paid during the year	-	-	-	-	-	(9,467)	-	(9,467)
As restated	47,329	6,414	8,526	2,353	74	(8,882)	12,705	68,519
Total comprehensive income	-	-	-	-	(444)	1,983	780	2,319
Dividends paid to minority interests of subsidiary	-	-	-	-	-	-	(981)	(981)
Balance at 29 February 2012	47,329	6,414	8,526	2,353	(370)	(6,899)	12,504	69,857

The final dividend paid in respect of financial year ended 31 May 2011 was paid out of the net profit for that financial year of RM24.9 million.

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 2011 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 29 FEBRUARY 2012**

	Year-to-date ended	
	29-02-2012	28-02-2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,163	14,400
Adjustments for non-cash items	(3,489)	(18,501)
Operating profit before working capital changes	674	(4,101)
Net changes in working capital	540	9,700
Net cash generated from operating activities	1,214	5,599
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash generated from investing activities	(2,596)	1,058
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	1,450	(1,570)
Net increase in cash and cash equivalents	68	5,087
Cash and cash equivalents at the beginning of the financial year	4,857	2,288
Effect from discontinued operations	-	1,238
Effect of exchange rate changes	(505)	2,989
	4,352	6,515
Cash and cash equivalents at the end of the financial year	4,420	11,602

Cash and cash equivalents include the following:

	RM'000	RM'000
Cash and bank balances	3,281	11,129
Bank overdrafts	-	(1,953)
Short term deposits	1,139	2,426
	4,420	11,602

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 2011 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 29 FEBRUARY 2012

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

A1 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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("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 2011. 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 2011.

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 2011 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:

	Effective for annual periods beginning on or after
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i>	1 July 2010
FRS 3 <i>Business Combinations (revised)</i>	1 July 2010
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 127 <i>Consolidated and Separate Financial Statements</i>	1 July 2010
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 1: <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1: <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2: <i>Share based Payment - Group Cash settled Share based Payment Transactions</i>	1 January 2011
Amendments to FRS 7: <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

	Effective for annual periods beginning on or after
IC Interpretation 4 <i>Determining Whether An Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2011
TR 3 Guidance on disclosure of Translations to IFRS	1 January 2011

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are summarised below.

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

Other than the 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 2011.

A2 Changes in accounting policies

Except for the changes in accounting standards disclosed in Note 1 above, 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 2011.

A3 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 2011.

A4 Seasonality or cyclicity of interim operations

During the financial quarter ended 29 February 2012, the operations of the Group were not significantly affected by any seasonal and cyclical factors.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 29 February 2012

A5 Items of unusual nature and amount

During the financial quarter ended 29 February 2012, 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.

A6 Changes in estimates

There were no changes in estimates that have a material effect on the results for the financial quarter ended 29 February 2012.

A7 Debt and equity securities

There were no issuances, cancellations, repurchases and resale of debt securities and equity securities during the financial quarter ended 29 February 2012.

A8 Dividends paid

On 22 December 2011, the Company paid a single tier final dividend of 2 sen per ordinary share of RM9,465,726 in respect for the financial year ended 31 May 2011.

A9 Segmental information

	Continuing operations			Discontinued	
	Logistics RM'000	Others RM'000	Elimination RM'000	Total RM'000	Engineering RM'000
29 February 2012					
Revenue					
External revenue	43,651	2,094		45,745	-
Inter-segment revenue	-	-		-	-
Total revenue	<u>43,651</u>	<u>2,094</u>		<u>45,745</u>	-
Segment results	6,583	(2,034)		4,549	-
Unallocated corporate expenses				-	-
Operating profits				4,549	-
Finance costs				(387)	-
Share of results of associates				-	-
Loss before taxation				4,162	-
Tax expense				(1,400)	-
Net profit for the period				<u>2,762</u>	-
28 February 2011					
Revenue					
External revenue	42,638	2,849		45,487	30,748
Inter-segment revenue	-	-		-	-
Total revenue	<u>42,638</u>	<u>2,849</u>		<u>45,487</u>	<u>30,748</u>
Segment results	15,421	(83)		15,338	906
Unallocated corporate expenses				-	(2,255)
Operating profits				15,338	(1,349)
Finance costs				(938)	(6)
Share of results of associates				-	-
Profit before taxation				14,400	(1,355)
Tax expense				(1,548)	(724)
Net profit for the period				<u>12,852</u>	<u>(2,079)</u>

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 29 February 2012

A10 Carrying amount of revalued assets

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 2011.

The carrying value of the Group's land and building are stated at valuation less accumulated depreciation and impairment losses. The carrying amounts of other plant and equipment are stated at cost less accumulated depreciation and impairment losses.

A11 Subsequent events

There was no material events subsequent to the end of the financial quarter ended 29 February 2012 up to the date of the Interim Financial Report.

A12 Changes in composition of the Group

There was no material changes in the composition of the Group in the current financial quarter ended 29 February 2012 up to the date of the Interim Financial Report.

A13 Contingent liabilities

	Company	
	29-02-2012	31-05-2011
	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

B1 Performance review for the current financial quarter against previous financial year corresponding quarter

The Group posted higher revenue of RM14.7 million for financial quarter ended 29 February 2012 compared to RM13.9 million in the corresponding quarter last year. On year to date, the Group posted RM45.7 million revenue, marginally higher than RM45.5 million a year ago.

Higher revenue was primarily due to the more robust sale posted by the Logistics Business. However, lower sales from a subsidiary involving in assembly and trading business eroded part of the growth as there are stiff competitions within the industry.

Profit before taxation ("PBT") for the financial quarter under review decline to RM0.8 million compared to RM12.0 million in the corresponding quarter last year. For the nine months ended 29 February 2012, PBT also declined to RM4.2 million from RM14.4 million last year.

Higher PBT in the previous financial year corresponding period was attributed to the RM10.98 million one-off gain from the sale of ALB's property. Excluding this one-off item, PBT in the previous financial year were RM1.0 million for the quarter and RM3.4 million for the cumulative period. The improved results, without exceptional gain, in the current financial period were mainly the non-recurring professional fees incurred for the corporate restructuring in the previous financial year.

B2 Material change in the results for the current financial quarter as compared with immediate preceding financial quarter

Revenue for the quarter decreased to RM14.7 million from RM15.2 million in the immediate preceding quarter on lower sales from the subsidiary as discussed in Note B1 above. Correspondingly, PBT decreased to RM0.8 million from RM1.5 million in the immediate preceding quarter in tandem with the lower revenue.

B3 Prospects for the financial year

In light of the global economic uncertainties, the Board will continue to exercise caution in managing the business going forward.

B4 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.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 29 February 2012

B5 Taxation

	Individual quarter ended		Year-to-date ended	
	29-02-2012	28-02-2011	29-02-2012	28-02-2011
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	363	339	1,085	1,107
Foreign income tax	12	109	327	453
	<u>375</u>	<u>448</u>	<u>1,412</u>	<u>1,560</u>
Under/(over) provision in prior years:				
Malaysian income tax	-	(12)	(12)	(12)
Foreign income tax	-	-	-	-
	<u>375</u>	<u>436</u>	<u>1,400</u>	<u>1,548</u>
Deferred taxation:				
Transfer to/(from) deferred taxation	-	-	-	-
Under/(over) provision in prior years	-	-	-	-
	<u>375</u>	<u>436</u>	<u>1,400</u>	<u>1,548</u>

B6 Sale of unquoted investments and properties

There were no disposals of unquoted investments and properties in the current financial quarter ended 29 February 2012 and at the date of this Interim Financial Report.

B7 Quoted securities

There were no purchases of quoted securities for the financial quarter ended 29 February 2012 and at the date of this Interim Financial Report. As at the balance sheet date, the Group has no investment in quoted securities.

B8 Status of Corporate Proposal

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

B9 Utilisation of proceeds

Not applicable as the Company has not raised any proceeds from any corporate exercises during the financial period.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 29 February 2012

B10 Group borrowings

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

	29-02-2012 RM'000	31-05-2011 RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	1,185	3,418
Singapore Dollar	2,510	239
	3,695	3,657
Unsecured:		
Ringgit Malaysia	4,528	2,245
Singapore Dollar	116	613
	4,644	2,858
Total short term borrowings	8,339	6,515
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	2,267	3,628
Singapore Dollar	1,330	426
	3,597	4,054
Unsecured:		
Ringgit Malaysia	145	-
Singapore Dollar	-	-
	145	-
Total long term borrowings	3,742	4,054
TOTAL BORROWINGS	12,081	10,569

Notes:

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

B11 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.

B12 Material litigation

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

B13 Dividends payable

The Directors did not propose any dividend for the financial quarter ended 29 February 2012.

On 22 December 2011, the Company paid a single tier final dividend of 2 sen per ordinary share of RM9,465,726 in respect for the financial year ended 31 May 2011.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 29 February 2012

B14 Earnings per share(a) Basic earnings per share

	Individual quarter ended		Year-to-date ended	
	29-02-2012	28-02-2011	29-02-2012	28-02-2011
Number of ordinary shares ('000)	473,286	473,286	473,286	473,286
Net profit attributable to ordinary equity holders of the Company (RM'000)				
- Continuing	196	11,386	1,983	12,042
- Discontinued operations	-	(3,726)	-	(2,079)
	196	7,660	1,983	9,963
Basic earnings per ordinary share (sen)				
- Continuing	0.04	2.41	0.42	2.54
- Discontinued operations	-	(0.79)	-	(0.44)
	0.04	1.62	0.42	2.10

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

(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.

B15 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 29 February 2012, pursuant to the format prescribed by Bursa securities, is as follows:

	RM'000
Total retained profits of the Group	
- Realised	(2,751)
- Unrealised	(7,394)
	(10,145)
Less: Consolidation adjustments	3,246
As per consolidated financial statements	(6,899)

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries
Petaling Jaya

24 April 2012