

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

(Incorporated in Malaysia)

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

	Individual quarter ended		Accumulated quarters ended	
	31.08.2011	31.08.2010	31.08.2011	31.08.2010
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Continuing operations				
Operating revenue	15,844	15,205	15,844	15,205
Cost of sales	(11,331)	(10,743)	(11,331)	(10,743)
Gross profit	4,513	4,462	4,513	4,462
Other income	173	246	173	246
Distribution expenses	(61)	(166)	(61)	(166)
Administrative expenses	(2,705)	(2,779)	(2,705)	(2,779)
Other operating expenses	-	-	-	-
	1,920	1,763	1,920	1,763
Finance costs	(122)	(319)	(122)	(319)
Profit from operations	1,798	1,444	1,798	1,444
Share of results of associates	-	-	-	-
Profit before taxation	1,798	1,444	1,798	1,444
Tax expense	(511)	(563)	(511)	(563)
Net profit from continuing operations	1,287	881	1,287	881
Profit from discontinued operations	-	1,325	-	1,325
Net profit for the period	1,287	2,206	1,287	2,206
Other comprehensive income				
Foreign currency translation	352	(185)	352	(185)
Other comprehensive income for the period, net of tax	352	(185)	352	(185)
Total comprehensive income for the period	1,639	2,021	1,639	2,021
Profit attributable to:				
Equity holders of the Company				
- Continuing operations	1,027	643	1,027	643
- Discontinued operations	-	1,325	-	1,325
Minority interests	260	238	260	238
	1,287	2,206	1,287	2,206
Total comprehensive income attributable to:				
Equity holders of the Company				
- Continuing operations	1,379	458	1,379	458
- Discontinued operations	-	3,346	-	1,325
Minority interests	260	238	260	238
	1,639	4,042	1,639	2,021
Earnings per ordinary share attributable to equity holders of the Company				
	Sen	Sen	Sen	Sen
- Basic	0.22	0.14	0.22	0.14
- Basic: discontinued operations	-	0.28	-	0.28
- Diluted	N/A	N/A	N/A	N/A

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 31 AUGUST 2011**

	Unaudited 31-08-2011 RM'000	Audited 31-05-2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	73,632	73,735
Investment in associates	3,902	3,902
Intangible assets	157	263
	<u>77,691</u>	<u>77,900</u>
Current assets		
Inventories	985	809
Trade receivables	12,690	12,124
Other receivables and other current assets	3,878	6,910
Tax recoverable	6	834
Amount due from holding company	4,603	-
Other investments	-	1,806
Short term deposits with licensed banks	3,266	636
Cash and bank balances	3,079	5,527
	<u>28,507</u>	<u>28,646</u>
TOTAL ASSETS	<u>106,198</u>	<u>106,546</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	11,305	10,953
Retained profits	1,612	585
	<u>66,660</u>	<u>65,281</u>
Minority Interest	<u>12,965</u>	<u>12,705</u>
Total equity	<u>79,625</u>	<u>77,986</u>
Non-current liabilities		
Deferred tax liabilities	7,422	7,364
Borrowings	3,578	4,054
	<u>11,000</u>	<u>11,418</u>
Current liabilities		
Trade payables	4,021	4,766
Other payables	4,485	4,833
Borrowings	6,514	6,515
Provision for taxation	553	1,028
	<u>15,573</u>	<u>17,142</u>
Total liabilities	<u>26,573</u>	<u>28,560</u>
TOTAL EQUITY AND LIABILITIES	<u>106,198</u>	<u>106,546</u>
Net assets per share (RM)	0.17	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 31 AUGUST 2011

	Attributable to equity holders of the Company						Total RM'000	Minority interest RM'000	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			
As at 1 June 2010	51,898	-	50,762	-	(5,400)	(20,369)	76,891	11,569	88,460
Total comprehensive income	-	-	-	2,353	5,474	9,672	17,499	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	-	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)	-	(15,000)
Dividends on ordinary shares to previous shareholder of Synergy Trans-Link Sdn Bhd prior to completion of acquisition	-	-	-	-	-	(5,201)	(5,201)	-	(5,201)
Dividends on ordinary shares	-	-	-	-	-	(9,466)	(9,466)	-	(9,466)
Balance at 31 May 2011	47,329	6,414	8,526	2,353	74	585	65,281	12,705	77,986
At 1 June 2011	47,329	6,414	8,526	2,353	74	585	65,281	12,705	77,986
Total comprehensive income	-	-	-	-	352	1,027	1,379	260	1,639
Balance at 31 August 2011	47,329	6,414	8,526	2,353	426	1,612	66,660	12,965	79,625

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 31 AUGUST 2011**

	Accumulated quarters ended	
	31-08-2011	31-08-2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,798	1,444
Adjustments for non-cash items	1,444	361
Operating profit before working capital changes	<u>3,242</u>	<u>1,805</u>
Net changes in working capital	(3,400)	(1,377)
Net cash generated from operating activities	<u>(158)</u>	<u>428</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash generated from investing activities	587	(17)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	<u>(778)</u>	<u>(1,016)</u>
Net increase in cash and cash equivalents	<u>(349)</u>	<u>(605)</u>
Cash and cash equivalents at the beginning of the financial year	<u>5,299</u>	<u>11,796</u>
Effect of exchange rate changes	<u>354</u>	<u>(185)</u>
	<u>5,653</u>	<u>11,611</u>
Cash and cash equivalents at the end of the financial year	<u><u>5,304</u></u>	<u><u>11,006</u></u>

Cash and cash equivalents include the following:

	RM'000	RM'000
Cash and bank balances	3,079	6,222
Bank overdrafts	(1,041)	5,286
Short term deposits	3,266	(502)
	<u>5,304</u>	<u>11,006</u>

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 31 May 2011

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") for the ("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 31 August 2011, 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 31 August 2011

A5 Items of unusual nature and amount

During the financial quarter ended 31 August 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.

A6 Changes in estimates

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

A7 Debt and equity securities

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

A8 Dividends paid

No dividend was paid during the financial quarter ended 31 August 2011.

The Directors recommend the payment of a single tier final dividend of 2 sen per ordinary share for the financial year ended 31 May 2011 subject to the approval of the shareholders at the 45th Annual General Meeting on 23 November 2011.

A9 Segmental information

	Continuing operations			Discontinued	
	Logistics RM'000	Others RM'000	Elimination RM'000	Total RM'000	Engineering RM'000
31 August 2011					
Revenue					
External revenue	15,139	705		15,844	-
Inter-segment revenue	-	-		-	-
Total revenue	15,139	705		15,844	-
Segment results	2,513	(456)		2,057	-
Unallocated corporate expenses				(137)	-
Operating profits				1,920	-
Finance costs				(122)	-
Share of results of associates				-	-
Loss before taxation				1,798	-
Tax expense				(511)	-
Net profit for the period				1,287	-
31 August 2010					
Revenue					
External revenue	13,977	1,228		15,205	17,369
Inter-segment revenue	-	-		-	-
Total revenue	13,977	1,228		15,205	17,369
Segment results	2,530	(767)		1,763	1,791
Unallocated corporate expenses				-	-
Operating profits				1,763	1,791
Finance costs				(319)	(226)
Share of results of associates				-	-
Profit before taxation				1,444	1,565
Tax expense				(563)	(240)
Net profit for the period				881	1,325

Ancom Logistics Berhad (6614-W)

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

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 31 August 2011 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 31 August 2011 up to the date of the Interim Financial Report.

A13 Contingent liabilities

	Company	
	31-08-2011	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 continuing operations of Group posted marginally higher revenue of RM15.8 million for financial quarter ended 31 August 2011 compared to RM15.2 million in the corresponding quarter last year. Profit before taxation ("PBT") for the financial quarter under review was RM1.8 million compared to RM1.4 million in the corresponding quarter last year. The performance for the quarter under review is comparable to the corresponding quarter last year.

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

Revenue from the continuing operations for the quarter decreased to RM15.8 million from RM16.4 million in the immediate preceding quarter as demand slowed slightly on seasonal fluctuations. PBT remained at RM1.8 million levels in both the quarters.

B3 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.

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.

B5 Taxation

	Individual quarter ended		Financial year ended	
	31-08-2011	31-08-2010	31-08-2011	31-08-2010
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	339	345	339	345
Foreign income tax	184	218	184	218
	523	563	523	563
Under/(over) provision in prior years:				
Malaysian income tax	(12)	-	(12)	-
Foreign income tax	-	-	-	-
	511	563	511	563
Deferred taxation:				
Transfer to/(from) deferred taxation	-	-	-	-
Under/(over) provision in prior years	-	-	-	-
	511	563	511	563

B6 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.

Ancom Logistics Berhad (6614-W)

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

B7 Quoted securities

There were no purchases of quoted securities for the financial quarter ended 31 August 2011 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.

B10 Group borrowings

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

	31-08-2011	31-05-2010 (As restated)
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	1,051	65
Singapore Dollar	1,041	160
	2,092	225
Unsecured:		
Ringgit Malaysia	4,205	1,736
Singapore Dollar	216	2,829
	4,421	4,565
Total short term borrowings	6,513	4,790
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	1,468	6,799
Singapore Dollar	-	-
	1,468	6,799
Unsecured:		
Ringgit Malaysia	1,447	-
Singapore Dollar	664	332
	2,111	332
Total long term borrowings	3,579	7,131
TOTAL BORROWINGS	10,092	11,921

Notes:

1. Foreign currencies denominated borrowings are stated at Ringgit Malaysia equivalent as at the reporting dates stated above.
2. The comparative numbers have been restated to include the borrowings of Synergy Trans-Link Sdn Bhd and its subsidiaries.

Ancom Logistics Berhad (6614-W)

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

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 recommend the payment of a single tier final dividend of 2 sen per ordinary share for the financial year ended 31 May 2011 subject to the approval of the shareholders at the 45th Annual General Meeting on 23 November 2011.

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

B14 Earnings per share(a) Basic earnings per share

	Individual quarter ended		Accumulated quarters ended	
	31-08-2011	31-08-2010	31-08-2011	31-08-2010
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	1,027	643	1,027	643
- Discontinued operations	-	1,325	-	1,325
	1,027	1,968	1,027	1,968
Basic earnings per ordinary share (sen)				
- Continuing	0.22	0.14	0.22	0.14
- Discontinued operations	-	0.28	-	0.28
	0.22	0.42	0.22	0.42

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.

Ancom Logistics Berhad (6614-W)

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

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 31 August 2011, pursuant to the format prescribed by Bursa securities, is as follows:

	RM'000
Total retained profits of the Group	
- Realised	5,988
- Unrealised	<u>(7,422)</u>
	(1,434)
Less: Consolidation adjustments	<u>3,046</u>
As per consolidated financial statements	<u><u>1,612</u></u>

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries
Petaling Jaya

25 October 2011