

Announcement :
Ancom Berhad
- Disposal of Interest in OrganiGro Sdn Bhd

Introduction

Ancom Berhad (“Ancom” or “Company”) wishes to announce that it has on 26 June 2009 entered into a Shares Sale Agreement (“Agreement”) with Ganesan A/L Sundaraj (“Purchaser”) to dispose 6,395,000 ordinary shares of RM1.00 each (“Sale Shares”) representing its entire interest of 81.21% in OrganiGro Sdn Bhd (“OrganiGro”) for cash consideration of RM1 (“Sale Consideration”) only.

(The transaction above be referred to as the “Disposal” hereinafter in this announcement)

Information on OrganiGro

OrganiGro was incorporated in Malaysia on 21 April 1997 as Sequantum Sdn Bhd under the Companies Act, 1965. It changed its name to the present form on 22 March 2000.

OrganiGro has an authorised share capital of RM10,000,000 divided into 10,000,000 ordinary shares of RM1 each of which 7,875,000 ordinary shares have been issued and fully paid up.

OrganiGro is involved in the manufacture and marketing of organic fertilizers. It has a factory in Chuping, Perlis.

Based on the audited accounts and the management accounts for the financial years ended 31 May 2008 and 2009 respectively, OrganiGro has negative shareholders funds of RM2.6 million and RM9.7 million respectively. Its current liabilities exceeded its current assets by RM15.4 million as at 31 May 2009.

Information on the Purchaser

The Purchaser, a Malaysian, is a businessman. He is currently a director of OrganiGro. He does not hold any shares in OrganiGro or Ancom.

Salient Points of the Agreement

The Sale Shares are sold free from all lien and charges and encumbrances and on a “as-is where-is” basis without any representation and warranties whatsoever from Ancom in respect of OrganiGro and with all rights attached thereto with effect from the date of signing of the Agreement.

The Proposed Disposal

Sale Consideration

The Sale Consideration, which will be satisfied in cash, was negotiated on a willing buyer willing seller basis after taking into account, inter alia, the current financial position of OrganiGro.

Rationale

The Ancom group is principally involved in manufacturing and trading of agricultural chemical and industrial chemical products, logistic and the media businesses. The Disposal represents disposal of a non-core business which is a loss making concern of the Ancom group.

Cost of Investment

Ancom’s cost of investment in OrganiGro is RM6.4 million. Ancom will incur a loss of RM6.4 million from the Disposal at company level.

Financial Effects

Share Capital and Shareholding Structure

The Disposal will have no impact on the share capital and shareholding structure of Ancom. OrganiGro will cease to be a subsidiary of Ancom on completion of the Disposal.

Net Tangible Assets (“NTA”) and Earnings

The Disposal is expected to be completed in the first quarter of the financial year ending 31 May 2010. It is not expected to have any material effect on the consolidated earnings per share and NTA per share of the Ancom group for the financial year ending 31 May 2010.

Approvals Required

The Disposal is not subject to the approval of the shareholders of Ancom.

Directors’ and Substantial Shareholders’ Interests

None of the Directors or substantial shareholders of Ancom or persons connected to them is interested, directly or indirectly, in the Disposal.

Directors’ Opinion

The Directors of Ancom are of the opinion that the Disposal is in the best interest of the Company and not to the detriment of the shareholders of the Company.

Document for Inspection

The Agreement is available for inspection at the registered office of Ancom at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal office hours from Mondays to Fridays (except for public holidays) for a period of one (1) month from the date of this announcement.

This announcement is dated 29 June 2009.