

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2015**

	Individual quarter ended		Year-to-date ended	
	31.08.2015	31.08.2014	31.08.2015	31.08.2014
	RM'000	RM'000	RM'000	RM'000 (Audited)
Revenue	8,004	7,888	8,004	7,888
Cost of sales	(6,530)	(6,070)	(6,530)	(6,070)
Gross profit	1,474	1,818	1,474	1,818
Other income	696	109	696	109
Administrative expenses	(1,491)	(1,597)	(1,491)	(1,597)
Other operating expenses	(5)	-	(5)	-
	674	330	674	330
Finance costs	(9)	(23)	(9)	(23)
Profit before taxation	665	307	665	307
Tax expense	(367)	(169)	(367)	(169)
Net (loss)/profit	298	138	298	138
Profit attributable to:				
Equity holders of the Company	(121)	(71)	(121)	(71)
Non-controlling interests	419	209	419	209
	298	138	298	138
(Loss)/Earnings per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
- Basic	(0.03)	(0.02)	(0.03)	(0.02)

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2015 and the accompanying notes to this Interim Financial Report.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2015**

	Individual quarter ended		Year-to-date ended	
	31/8/2015 RM'000	31/8/2014 RM'000	31/8/2015 RM'000	31/8/2014 RM'000
Net (loss)/profit	298	138	298	138
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/income	298	138	298	138
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(121)	(71)	(121)	(71)
Non-controlling interests	419	209	419	209
	298	138	298	138

The Unaudited 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 2015 and the accompanying notes to this Interim Financial Report.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2015**

	Unaudited 31/8/2015 RM'000	Audited 31/5/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	33,095	34,003
Investment in associate	1,802	1,802
Intangible assets	57	-
Deferred tax assets	-	30
	34,954	35,835
Current assets		
Inventories	509	400
Trade and other receivables	15,530	16,223
other current assets	625	637
Tax recoverable	-	396
Other investments	1,376	868
Short term deposits with licensed banks	109	109
Cash and bank balances	4,844	5,542
	22,993	24,175
Non-current assets held for sale	-	51
	22,993	24,226
TOTAL ASSETS	57,947	60,061
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	1,970	2,219
Other payables	2,557	4,185
Loan and borrowings	849	1,041
Provision for taxation	376	677
	5,752	8,122
Net current assets	17,241	16,053
Non-current liabilities		
Deferred tax liabilities	5,986	6,016
Loan and borrowings	483	495
	6,469	6,511
TOTAL LIABILITIES	12,221	14,633
NET ASSETS	45,726	45,428
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(1,678)	(1,557)
	30,512	30,633
Non-controlling interests	15,214	14,795
TOTAL EQUITY	45,726	45,428
TOTAL EQUITY AND LIABILITIES	57,947	60,061
Net assets per share attributable to owners of the parent (RM)	0.06	0.06

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2015 and the accompanying notes to this 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 2015

	Attributable to equity holders of the Company				Total	Non- controlling interest	Total equity
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Accumulated loss RM'000			
As at 1 June 2014	47,329	6,414	8,526	(11,164)	51,105	13,708	64,813
Total comprehensive income	-	-	-	(1,540)	(1,540)	1,087	(453)
Transactions with owners							
Capital repayment	(18,932)	-	-	-	(18,932)	-	(18,932)
Capital repayment	(4,733)	-	-	4,733	-	-	-
Cancellation of share premium	-	(6,414)	-	6,414	-	-	-
Balance at 31 May 2014	23,664	-	8,526	(1,557)	30,633	14,795	45,428
As at 1 June 2014	23,664	-	8,526	(1,557)	30,633	14,795	45,428
Total comprehensive income	-	-	-	(121)	(121)	419	298
Capital repayment	-	-	-	-	-	-	-
Balance at 31 August 2015	23,664	-	8,526	(1,678)	30,512	15,214	45,726

The Unaudited 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 2015 and the accompanying notes to this Interim Financial Report.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2015**

	Year-to-date ended	
	31/8/2015	31/8/2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	665	307
Adjustments for non-cash items:		
Depreciation	1,168	1,214
Interest expense	9	23
Interest income	(96)	(23)
Others	-	19
Operating profit before working capital changes	1,746	1,540
Net changes in working capital	(1,281)	(537)
Income tax paid	(271)	(345)
Net cash generated from operating activities	194	658
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(266)	(397)
Additional investments in other investments	-	(23)
Proceed from sale of other investments	(509)	-
Interest received	96	23
Others	-	110
Net cash used in investing activities	(679)	(287)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(9)	(23)
Capital repayment	-	(18,931)
Repayments of loans	-	(926)
Others	(78)	(2,775)
Net cash used in financing activities	(87)	(22,655)
Net decrease in cash and cash equivalents	(572)	(22,284)
Cash and cash equivalents at the beginning of the financial year	4,771	28,209
Cash and cash equivalents at the end of the financial period	4,199	5,925
Cash and cash equivalents		
Cash and bank balances	4,844	6,470
Bank overdrafts	(645)	(545)
Short term deposits with licensed banks	109	106
	4,308	6,031
Deposits with maturity more than three months	(109)	(106)
	4,199	5,925

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2015 and the accompanying notes to this 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 AUGUST 2015

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

A1 Basis of preparation

This Interim Financial Report of Ancom Logistics Berhad ("ALB") and its subsidiaries ("Group") is unaudited and has been prepared in accordance with MFRS 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").

This Interim Financial Report should be read in conjunction with the Audited Financial Statements of ALB for the financial year ended 31 May 2015. These explanatory notes attached to this 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 2015.

For the financial periods up and including the financial year ended 31 May 2015, the Group prepared its financial report in accordance with Malaysian Financial Reporting Standard ("MFRSs") and International Financial Reporting Standards ("IFRSs"). The accounting policies and methods of computation adopted by the Group in this Interim Financial Report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 May 2015.

A2 Significant accounting policies

The accounting policies and methods of computation adopted by the Group in this Interim Financial Report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 May 2015 except for the adoption of the following Amendments to MFRSs and IC Interpretation (collectively referred to as "pronouncements") which are applicable to the Group for the financial year beginning 1 June 2015:

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

Amendments to MFRSs Annual Improvements to MFRSs 2010 - 2012 Cycle

Amendments to MFRSs Annual Improvements to MFRSs 2011 - 2013 Cycle

Amendments to MFRSs Annual Improvements to 2012-2014 Cycle

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception

Amendments to MFRS 101 Disclosure Initiative

Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

Amendments to MFRS 127 Equity Method in Separate Financial Statements

A2 Significant accounting policies (continued)

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

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 2015.

A4 Seasonality or cyclicity

The operations of the Group were not significantly affected by any seasonal and cyclical factors.

A5 Items of unusual nature and amount

During the financial quarter ended 31 August 2015, there were no items affecting the assets, liabilities, equity, net income or cash flows of the Group that are material and unusual by reason of their nature, size or incidence.

A6 Changes in estimates

There was no material changes in estimates of the amounts reported that have a material effect on the financial quarter ended 31 August 2015.

A7 Debt and equity securities

There was no issuance, cancellation, repurchase or repayment of debt and equity securities during the financial quarter ended 31 August 2015.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 August 2015.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 31 August 2015

A9 Segmental information

For management purposes, the Group is organised into business units based on their products, and there are two (2) operating segments as follows:

- (a) The logistics segment is in the business of providing services such as rental and transportation services. It also includes freight forwarding, packing and crafting services.
- (b) The other segment is involved in manufacturing, trading and marketing of low voltage switchgear and investment holding activities.

Ancom Logistics

	Logistics	Others	Elimination	Total
31 August 2015	RM'000	RM'000	RM'000	RM'000
Revenue				
External revenue	7,327	677	-	8,004
Inter-segment revenue	-	-	-	-
Total revenue	<u>7,327</u>	<u>677</u>		<u>8,004</u>
Segment results	1,124	(450)	-	674
Finance costs				<u>(9)</u>
Profit before taxation				665
Tax expense				<u>(367)</u>
Net profit				<u>298</u>
31 August 2014				
Revenue				
External revenue	7,113	775	-	7,888
Inter-segment revenue	-	-	-	-
Total revenue	<u>7,113</u>	<u>775</u>		<u>7,888</u>
Segment results	782	(452)	-	330
Finance costs				<u>(23)</u>
Profit before taxation				307
Tax expense				<u>(169)</u>
Net profit				<u>138</u>

A10 Valuation of property, plant and equipment

The Group did not carry out any valuation on its property, plant and equipment during the financial quarter ended 31 August 2015.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 31 August 2015

A11 Commitments

(a) Operating lease commitment

Future minimum rentals payable under non-cancellable operating lease are as follows:

	31/08/2014	31/05/2015
	RM'000	RM'000
Not later than 1 year	569	461
Later than 1 year but not later than 5 years	4,269	4,137
Later than 5 years	1,921	2,775
	<u>6,759</u>	<u>7,373</u>

(b) Finance lease commitment

The Group has finance leases for certain terms of plant, equipment, furniture and fixtures. These leases do not have terms of renewal, but have purchases options at nominal values at the end of the lease term.

	31/8/2015	31/5/2015
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	235	303
Later than 1 year but not later than 2 years	369	231
More than 2 years but not later than 5 years	135	294
Total minimum lease payments	<u>739</u>	<u>828</u>
Less:	<u>(53)</u>	<u>(63)</u>
Present value of minimum lease payments	<u>686</u>	<u>765</u>
Present value of payments		
Not later than 1 year	203	270
Later than 1 year but not later than 2 years	354	211
More than 2 years but not later than 5 years	129	284
	<u>686</u>	<u>765</u>

A12 Changes in composition of the Group

There were no material changes in the composition of the Group for the financial quarter ended 31 August 2015.

A13 Changes in contingent liabilities

The Group does not have any contingent liabilities as at 31 August 2015.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 31 August 2015 up to the date of this Interim Financial Report which may substantially affect the results or operations of the Group other than the corporate proposal as disclosed in Note B7.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 31 August 2015

A15 Related party transactions

The Group had the following transactions with related parties during the financial quarter ended 31 August 2015:

	Individual quarter ended		Year-to-date ended	
	31/08/2015	31/08/2014	31/08/2015	31/08/2014
	RM'000	RM'000	RM'000	RM'000
Sale of services to related companies	1,648	1,488	1,648	1,488

The Board is of the opinion that all transactions have been entered into in the normal course of business and have been established on an arm's length basis under terms no more favourable than those transacted with third parties.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE ACE MARKET LISTING REQUIREMENTS

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

In the financial quarter ended 31 August 2015, revenue of the Group slightly increase to RM8.0 million compared to RM7.9 million in the corresponding quarter last year. Correspondingly profit before taxation ("PBT") increased to RM0.7 million compared to RM0.3 million in the corresponding quarter last year.

The Logistics segment posted higher revenue of RM7.3 million in the current financial quarter compared to RM7.1 million in the corresponding period last year. Consequently segmental profit improved to RM1.1 million from RM0.8 million in the corresponding quarter last year, mainly due to better performance in the tank farm business.

Other Segment posted lower revenue of RM0.7 million compared to RM0.8 million in the corresponding quarter last year, while reported a constant segmental loss of RM0.4 million as compared with corresponding quarter last year. The result of other segment is mainly from the engineering trading business and corporate expenses incurred by the investment holding company.

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

Revenue for the current financial quarter reduced to RM8.0 million from RM9.3 million in the immediate preceding quarter. However, the segmental results improved to RM0.3 million compared with RM0.1 million in the immediate preceding quarter.

B3 Future prospects

There are continued uncertainties in the global and domestic economies. The Board is of the view that the financial performance and prospects of the Group will be challenging for the remaining of the financial year. As a result, the Board will continue to exercise caution in managing the business.

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 Profit before taxation

	Individual quarter ended 31/8/2015 RM'000	Year-to-date ended 31/8/2015 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(96)	(96)
Finance costs	9	9
Depreciation and amortisation	1,168	1,168
	<hr/>	<hr/>

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	31/8/2015	31/8/2014	31/8/2015	31/8/2014
	RM'000	RM000	RM'000	RM000
Current tax expense/(reversal) based on profit for the financial period:				
Malaysian income tax	367	169	367	169
Foreign income tax	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	367	169	367	169
Under/(over) provision in prior years:				
Malaysian income tax	-	-	-	-
Foreign income tax	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	367	169	367	169
Deferred taxation:				
Transfer to deferred taxation	-	-	-	-
Under provision in prior years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	367	169	367	169
	<hr/>	<hr/>	<hr/>	<hr/>

The effective rate of taxation for the Group in the current financial quarter is higher than the statutory tax rate mainly due to certain expenses being disallowed for taxation purposes.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 31 August 2015

B7 Borrowings

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

	31/8/2015	31/5/2015
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	849	1,041
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	483	495
	<u>1,332</u>	<u>1,536</u>

Note:

- Borrowings denominated in foreign currencies are stated at Ringgit Malaysia equivalent as at the reporting dates stated above.*

B8 Material litigation

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

B9 Dividends

There was no dividend declared and/or paid during the financial quarter and period ended 31 August 2015.

B10 Earnings per share(a) Basic earnings per share

	Individual quarter ended		Year-to-date ended	
	31/8/2015	31/8/2014	31/8/2015	31/8/2014
Weighted average 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)	(121)	(71)	(121)	(71)
Earnings per ordinary share (sen)				
- Basic	(0.03)	(0.02)	(0.03)	(0.02)

Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary share.

The Company does not have convertible securities at the end of the reporting periods.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 31 August 2015

B11 Realised and unrealised profits

The breakdown of retained profits of the Group as at 31 August 2015 into realised and unrealised profits is as follows:

Ancom logistics

Total retained profits of the Group	RM'000
- Realised	(796)
- Unrealised	(5,986)
	<hr/>
	(6,782)
Less: Consolidation adjustments	5,104
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As per consolidated financial statements	<u>(1,678)</u>

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries
Petaling Jaya

28 October 2015