

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2017**

	Individual quarter ended		Year-to-date endear-to-date end	
	31.08.2017	31.08.2016	31.08.2017	31.08.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	7,567	7,846	7,567	7,846
Cost of sales	(6,211)	(6,657)	(6,211)	(6,657)
Gross profit	1,356	1,189	1,356	1,189
Other income	395	377	395	377
Administrative expenses	(1,228)	(1,493)	(1,228)	(1,493)
Other operating expenses	(3)	(6)	(3)	(6)
	520	67	520	67
Finance costs	(36)	(14)	(36)	(14)
Profit before taxation	484	53	484	53
Tax expense	(153)	(202)	(153)	(202)
Net profit/(loss) for the financial period	331	(149)	331	(149)
<b>Profit/(Loss) attributable to:</b>				
Equity holders of the Company	93	(446)	93	(446)
Non-controlling interests	238	297	238	297
	331	(149)	331	(149)
<b>Profit/(Loss) per ordinary share attributable to equity holders of the Company</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
- Basic	0.02	(0.09)	0.02	(0.09)

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 2017 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 2017**

	Individual quarter ended		Year-to-date endear-to-date end	
	31-8-2017	31-8-2016	31-8-2017	31-8-2016
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial period	331	(149)	331	(149)
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	<u>331</u>	<u>(149)</u>	<u>331</u>	<u>(149)</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the Company	93	(446)	93	(446)
Non-controlling interests	238	297	238	297
	<u>331</u>	<u>(149)</u>	<u>331</u>	<u>(149)</u>

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 2017 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 2017**

	Unaudited 31/8/2017 RM'000	Audited 31/5/2017 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	29,412	29,805
Investment in associate	1,802	1,802
	<b>32,451</b>	31,607
<b>Current assets</b>		
Inventories	-	-
Trade and other receivables	8,563	8,694
other current assets	1,555	1,210
Tax recoverable	835	818
Other investments	-	830
Short term deposits with licensed banks	137	135
Cash and bank balances	4,811	9,185
	<b>15,901</b>	20,872
<b>TOTAL ASSETS</b>	<b>48,352</b>	<b>52,479</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	2,054	5,273
Other payables	3,086	5,047
Amount due to holding company		
Amount due to associates		
	<b>6,230</b>	11,284
<b>Non-current liabilities</b>		
Deferred tax liabilities	4,828	4,827
Retirement benefit obligations		
Loan and borrowings	1,993	1,398
<b>TOTAL LIABILITIES</b>	<b>13,051</b>	17,509
<b>NET ASSETS</b>	<b>35,301</b>	34,970
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	23,664	23,664
Share premium	-	-
Reserves	8,526	8,526
	<b>24,944</b>	24,851
<b>Non-controlling interests</b>	<b>10,357</b>	10,119
<b>TOTAL EQUITY</b>	<b>35,301</b>	34,970
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>48,352</b>	52,479
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.05</b>	0.05

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 2017 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 2017**

	Attributable to equity holders of the Company			Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	----- Non-Distributable-----	Distributable				
	Share capital RM'000	Merger reserve RM'000	Accumulated loss RM'000			
As at 1 June 2016	23,664	8,526	(3,211)	<b>28,979</b>	14,670	<b>43,649</b>
Total comprehensive income	-	-	(4,128)	<b>(4,128)</b>	1,065	<b>(3,063)</b>
<b>Transactions with owners</b>						-
Dividend paid to Non-controlling interests	-	-	-	-	(5,488)	<b>(5,488)</b>
Disposal of a subsidiary	-	-	-	-	(128)	<b>(128)</b>
<b>Balance at 31 May 2017</b>	<b>23,664</b>	<b>8,526</b>	<b>(7,339)</b>	<b>24,851</b>	<b>10,119</b>	<b>34,970</b>
As at 1 June 2017	23,664	8,526	(7,339)	<b>24,851</b>	10,119	<b>34,970</b>
Total comprehensive income	-	-	93	<b>93</b>	238	<b>331</b>
<b>Balance at 31 August 2017</b>	<b>23,664</b>	<b>8,526</b>	<b>(7,246)</b>	<b>24,944</b>	<b>10,357</b>	<b>35,301</b>

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 2017 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 2017**

	Year-to-date ended	
	31-8-2017	31-8-2016
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	484	53
Adjustments for non-cash items:		
Depreciation	1,004	1,020
Interest expense	36	14
Interest income	(109)	(130)
Others	2	(56)
<b>Operating profit before working capital changes</b>	<b>1,417</b>	<b>901</b>
Net changes in working capital	(5,393)	(2,656)
Income tax paid	(230)	(246)
<b>Net cash used in operating activities</b>	<b>(4,206)</b>	<b>(2,001)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(610)	(622)
Net disposal of a subsidiary	-	744
Additional investments in other investments	(408)	(5)
Increase of deposits with licensed banks	(3)	(2)
Interest received	109	130
<b>Net cash (used in)/generated from investing activities</b>	<b>(912)</b>	<b>245</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(36)	(14)
Net withdrawal/(repayment) of borrowings	780	(740)
Others	-	453
<b>Net cash used in financing activities</b>	<b>744</b>	<b>(301)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,374)</b>	<b>(2,057)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>9,185</b>	<b>7,757</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>4,811</b>	<b>5,700</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	4,811	5,700
Bank overdrafts	-	-
Short term deposits with licensed banks	137	134
	4,948	5,834
Deposits with maturity more than three months	(137)	(134)
	4,811	5,700

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 2017 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 2017**

#### **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 2017. 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 2017.

For the financial periods up and including the financial year ended 31 May 2017, 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 2017.

##### **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 2017 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 2017:

Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 107 Disclosure Initiative

Amendments to MFRS 12 Annual Improvements to MFRS Standards 2014 – 2016 Cycle

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 2017.

**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 2017, 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 amounts reported in prior period that have a material effect on the financial quarter ended 31 August 2017.

**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 2017.

**A8 Dividends**

There was no dividend declared and/or paid during the financial quarter ended 31 August 2017.

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

Notes to the Interim Financial Report for the financial quarter ended 31 August 2017

**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 investment holding activities.

	<b>Logistics</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 August 2017</b>				
<b>Revenue</b>				
External revenue	7,567	-	-	<b>7,567</b>
Inter-segment revenue	5	-	(5)	-
Total revenue	<u>7,572</u>	<u>-</u>		<u>7,567</u>
Segment results	972	(452)	-	<b>520</b>
Finance costs				<u>(36)</u>
Profit before taxation				<b>484</b>
Tax expense				<u>(153)</u>
<b>Net profit for the financial period</b>				<u><b>331</b></u>
<b>31 August 2016</b>				
<b>Revenue</b>				
External revenue	6,940	906	-	<b>7,846</b>
Inter-segment revenue	-	-	-	-
Total revenue	<u>6,940</u>	<u>906</u>		<u>7,846</u>
Segment results	344	(277)	-	<b>67</b>
Finance costs				<u>(14)</u>
Profit before taxation				<b>53</b>
Tax expense				<u>(202)</u>
<b>Net loss for the financial year</b>				<u><b>(149)</b></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 2017.

**A11 Capital commitments**

As at 31 August 2017, the Group has no material capital commitments in respect of property, plant and equipment.



**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 2017.

**A13 Changes in contingent liabilities**

The Group does not have any contingent liabilities as at 31 August 2017.

**A14 Subsequent events**

There were no events subsequent to the end of the financial quarter ended 31 August 2017 up to the date of this Interim Financial Report which may substantially affect the results or operations of the Group.

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

**B1 Review of Group's performance**

**Overall review for the period financial quarter ended 31 August 2017**

For the financial quarter ended 31 August 2017, the Group posted lower revenue of RM7.6 million compared to RM7.8 million last year. Nevertheless, the Group reported higher profit before taxation ("PBT") of RM0.5 million for the current financial year compared to RM0.1 million last year.

**Review of business segments for the period financial year ended 31 August 2017**

During the financial quarter ended 31 August 2017, the Logistics segment posted higher revenue of RM7.6 million in the current financial year compared to RM6.9 million last year. Consequently, this segment reported a higher segmental profit of RM1.0 million compared to RM0.3 million last year. The improved of results mainly due to higher sales secured during the financial quarter.

The lower revenue recorded in Others segment was primarily due to disposal of Ancom Components Sdn Bhd to its holding company on 2 August 2016 which its results are no longer accounted for in the current financial quarter. This segment reported a higher segmental loss of RM0.5 million as compared with RM0.3 million last year. The results of others segment are mainly attributed to corporate expenses incurred by the investment holding company and a gain on disposal of property, plant and equipment of RM0.2 million.

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

Revenue for the current financial quarter increased to RM7.6 million from RM7.1 million in the immediate preceding quarter. The Group reported PBT of RM0.5 million for the current financial quarter as compared to loss before taxation of RM1.3 million the immediate preceding financial quarter.

**B3 Current year prospects**

The economic climate remains uncertain amid oil price and currency volatility. The Board is of the view that the financial performance and prospects of the Group for the remaining financial year will be challenging. As a result, the Board will continue to exercise caution in managing the business.

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

Notes to the Interim Financial Report for the financial quarter ended 31 August 2017

**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**

	<b>Individual quarter ended 31/8/2017 RM'000</b>	<b>Year-to-date ended 31/8/2017 RM'000</b>
The profit before taxation is stated after charging/(crediting):		
Interest income	(109)	(109)
Gain on disposal of Property, plant and equipment	(170)	(170)
Finance costs	36	36
Depreciation and amortisation	1,004	1,004
	<hr/>	<hr/>

**B6 Tax expense**

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31-8-2017</b>	<b>31-8-2016</b>	<b>31-8-2017</b>	<b>31-8-2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax expense/(reversal) based on profit for the financial period:				
Malaysian income tax	153	202	153	202
Under/(Over) provision in prior years:				
Malaysian income tax	-	-	-	-
Foreign income tax	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	153	202	153	202
Deferred taxation:				
Transfer to deferred taxation	-	-	-	-
Under provision in prior years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	153	202	153	202

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

**B7 Status of corporate proposals**

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

**B8 Utilisation of proceeds**

The Company does not have any unutilised proceeds raised from any corporate exercise.

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

Notes to the Interim Financial Report for the financial quarter ended 31 August 2017

**B9 Borrowings**

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

	<b>31-8-2017</b>	31-5-2017
	<b>RM'000</b>	RM'000
<b>SHORT TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>817</b>	41
<b>LONG TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>1,993</b>	18
	<b>2,810</b>	59

**B10 Material litigation**

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

**B11 Dividend**

There was no dividend declared and/or paid during the financial quarter and period ended 31 August 2017.

**B12 Earnings per share**Basic earnings per share

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31-8-2017</b>	31-8-2016	<b>31-8-2017</b>	31-8-2016
Weighted average number of ordinary shares ('000)	<b>473,286</b>	473,286	<b>473,286</b>	473,286
Net Profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	<b>93</b>	(446)	<b>93</b>	(446)
<b>Profit/(Loss) per ordinary share (sen)</b>				
- Basic	<b>0.02</b>	(0.09)	<b>0.02</b>	(0.09)

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 2017

**B13 Realised and unrealised profits/(losses)**

The breakdown of accumulated losses of the Group as at 31 August 2017 into realised and unrealised profits is as follows:

Total retained profits of the Group	<b>RM'000</b>
- Realised	1,664
- Unrealised	(4,828)
	<hr/>
	(3,164)
Less: Consolidation adjustments	(4,082)
As per consolidated financial statements	<hr/> <hr/>