

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2014**

	Individual quarter ended		Year-to-date ended	
	30.11.2014	30.11.2013	30.11.2014	30.11.2013
	RM'000	RM'000	RM'000	RM'000
				(Audited)
Revenue	7,574	16,735	15,462	32,925
Cost of sales	(5,828)	(12,603)	(11,898)	(24,285)
Gross profit	1,746	4,132	3,564	8,640
Other income	438	77	547	212
Distribution expenses	-	-	-	-
Administrative expenses	(1,795)	(3,443)	(3,392)	(6,748)
Other operating expenses	-	-	-	-
	389	766	719	2,104
Finance costs	(14)	(76)	(37)	(164)
Profit before taxation	375	690	682	1,940
Tax expense	(244)	(286)	(413)	(650)
Net profit	131	404	269	1,290
Profit attributable to:				
Equity holders of the Company	(267)	608	(338)	608
Non-controlling interests	398	(204)	607	682
	131	404	269	1,290
Earnings per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
- Basic	(0.06)	0.13	(0.07)	0.12

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 2014 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 30 NOVEMBER 2014**

	Individual quarter ended		Year-to-date ended	
	30/11/2014	30/11/2013	30/11/2014	31/11/2013
	RM'000	RM'000	RM'000	RM'000
Net profit	131	404	269	1,290
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	-	842	-	900
Other comprehensive income, net of tax	-	842	-	900
Total comprehensive income	131	1,246	269	2,190
Total comprehensive income attributable to:				
Equity holders of the Company	(267)	883	(338)	1,508
Non-controlling interests	398	363	607	682

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 2014 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 30 NOVEMBER 2014**

	Unaudited 30/11/2014 RM'000	Unaudited 31/5/2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	35,672	37,715
Investment in associate	1,802	1,802
Intangible assets	-	-
Deferred tax assets	162	162
	37,636	39,679
Current assets		
Inventories	374	388
Trade receivables	6,678	7,685
Other receivables and other current assets	7,841	617
Tax recoverable	514	217
Other investments	1,340	3,012
Short term deposits with licensed banks	106	18,676
Cash and bank balances	5,881	10,706
	22,734	41,301
TOTAL ASSETS	60,370	80,980
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	1,476	1,837
Other payables	4,540	4,591
Loan and borrowings	986	2,491
Provision for taxation	137	149
	7,139	9,068
Net current assets	15,595	32,233
Non-current liabilities		
Deferred tax liabilities	6,565	6,564
Loan and borrowings	517	535
	7,082	7,099
TOTAL LIABILITIES	14,221	16,167
NET ASSETS	46,149	64,813
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	47,329
Share premium	-	6,414
Reserves	8,526	8,526
Accumulated loss	(356)	(11,164)
	31,834	51,105
Non-controlling interests	14,315	13,708
TOTAL EQUITY	46,149	64,813
TOTAL EQUITY AND LIABILITIES	60,370	80,980
Net assets per share attributable to owners of the parent (RM)	0.07	0.11

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 2014 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 30 NOVEMBER 2014

	Attributable to equity holders of the Company								
	----- Non-Distributable ----->				Distributable				
	Share capital RM'000	Share premium RM'000	Reserves		Total reserves RM'000	(Accumulated loss) / retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Merger reserve RM'000			Foreign currency translation reserve RM'000						
As at 1 June 2013	47,329	6,414	8,526	98	8,624	(5,829)	56,538	13,381	69,919
Total comprehensive income	-	-	-	(98)	(98)	13,596	13,498	327	13,825
Transaction with owners									
Dividends on ordinary shares	-	-	-	-	-	(18,931)	(18,931)	-	(18,931)
Balance at 31 May 2013	47,329	6,414	8,526	-	8,526	(11,164)	51,105	13,708	64,813
As at 1 June 2013	47,329	6,414	8,526	-	8,526	(11,164)	51,105	13,708	64,813
Total comprehensive income	-	-	-	-	-	(338)	(338)	607	269
Capital repayment	(23,665)	(6,414)	-	-	-	11,146	(18,933)	-	(18,933)
Balance at 30 November 2014	23,664	-	8,526	-	8,526	(356)	31,834	14,315	46,149

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 2014 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 30 NOVEMBER 2014**

	Year-to-date ended	
	30/11/2014	30/11/2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	682	1,940
Adjustments for non-cash items:		
Depreciation	2,380	3,675
Interest expense	37	164
Others	-	511
Operating profit before working capital changes	3,099	6,290
Net changes in working capital	(6,616)	2,410
Income tax paid	(722)	(682)
Net cash (used in)/generated from operating activities	(4,239)	8,018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(337)	(2,370)
Additional investments in other investments	-	(1,887)
Proceed from sale of other investments	1,672	-
Net cash generated from/(used in) investing activities	1,335	(4,257)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(37)	(164)
Capital repayment	(18,931)	-
Repayments of loans	(1,004)	(712)
Others	(168)	(403)
Net cash used in financing activities	(20,140)	(1,279)
Net (decrease)/increase in cash and cash equivalents	(23,044)	2,482
Cash and cash equivalents at the beginning of the financial year	28,209	2,176
Effect of exchange rate changes	-	12
Cash and cash equivalents at the end of the financial period	5,165	4,670
Cash and cash equivalents		
Cash and bank balances	5,881	6,480
Bank overdrafts	(716)	(1,915)
Short term deposits with licensed banks	106	105
	5,271	4,670
Deposits with maturity more than three months	(106)	-
	5,165	4,670

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 2014 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 30 NOVEMBER 2014

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 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 2014. 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 2014.

For the financial periods up and including the financial year ended 31 May 2014, the Group prepared its financial report in accordance with Malaysian Financial Reporting Standard ("MFRSs"). 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 2014.

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 2014 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 2014:

Amendments to:

MFRS 10	Consolidated Financial Statements: Investment Entities
MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
MFRS 127	Separate Financial Statements (2011): Investment Entities
MFRS 132	Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 132	Novation of Derivatives and Continuation of Hedge Accounting
IC Int. 21	Levies

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 2014.

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 30 November 2014, 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 was no material changes in estimates of the amounts reported that have a material effect on the financial quarter ended 30 November 2014.

A7 Debt and equity securities

On 10 June 2014, ALB made a capital reduction and repayment to its shareholders. The effects of the capital reduction and repayment on the share capital are as follows:

	Par Value RM	Number of ordinary shares ('000)	Issued and paid-up share capital RM'000
As at 1 June 2014	0.10	473,286	47,329
Capital reduction and repayment	(0.05)	-	(23,665)
As at 30 November 2014	0.05	473,286	23,664

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 30 November 2014.

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.

	Logistics	Others	Elimination	Total
30 November 2014	RM'000	RM'000	RM'000	RM'000
Revenue				
External revenue	13,982	1,480	-	15,462
Inter-segment revenue	-	-	-	-
Total revenue	<u>13,982</u>	<u>1,480</u>		<u>15,462</u>
Segment results	1,517	(798)	-	719
Finance costs				<u>(37)</u>
Profit before taxation				682
Tax expense				<u>(413)</u>
Net profit				<u>269</u>
30 November 2013				
Revenue				
External revenue	31,393	1,532	-	32,925
Inter-segment revenue	-	-	-	-
Total revenue	<u>31,393</u>	<u>1,532</u>		<u>32,925</u>
Segment results	2,883	(779)	-	2,104
Finance costs				<u>(164)</u>
Profit before taxation				1,940
Tax expense				<u>(650)</u>
Net profit				<u>1,290</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 30 November 2014.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 30 November 2014

A11 Commitments

(a) Operating lease commitment

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

	30-11-2014	31-05-2014
	RM'000	RM'000
Not later than 1 year	5,555	427
Later than 1 year but not later than 5 years	15,445	3,664
Later than 5 years	17,981	3,629
	<u>38,981</u>	<u>7,720</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.

	30-11-2014	31-05-2014
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	305	459
Later than 1 year but not later than 2 years	366	238
More than 2 years but not later than 5 years	185	334
Total minimum lease payments	<u>856</u>	<u>1,031</u>
Less:		
Amounts representing finance charges	<u>(68)</u>	<u>(75)</u>
	<u>788</u>	<u>956</u>
 Present value of payments		
Not later than 1 year	272	421
Later than 1 year but not later than 2 years	334	253
More than 2 years but not later than 5 years	182	282
	<u>788</u>	<u>956</u>

A12 Changes in composition of the Group

There were no material changes in the composition of the Group for the financial quarter ended 30 November 2014.

A13 Changes in contingent liabilities

The Group does not have any contingent liabilities as at 30 November 2014.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 30 November 2014 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 30 November 2014

A15 Related party transactions

The Group had the following transactions with related parties during the financial quarter ended 30 November 2014:

	Individual quarter ended		Year-to-date ended	
	30-11-2014	30-11-2013	30-11-2014	30-11-2013
	RM'000	RM'000	RM'000	RM'000
Sale of services to related companies	1,584	1,614	3,072	3,262

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

For the six months ended 30 November 2014, the Group posted lower revenue of RM15.5 million compared to RM32.9 million for the corresponding period last year. Correspondingly, profit before taxation ("PBT") decreased to RM0.7 million from RM1.9 million a year ago.

During the financial quarter ended 30 November 2014, the Group posted revenue of RM7.6 million compared to RM16.7 million in the corresponding quarter last year. Correspondingly, PBT decreased to RM0.4 million compared to RM0.7 million in the corresponding quarter last year.

For the six months ended 30 November 2014, the Logistics segment posted lower revenue of RM14.0 million compared to RM31.4 million for the corresponding period last year. Included in the previous financial year was the results of Sinsenmoh Transportation Pte Ltd ("SSM") that was disposed in December 2013 and which its results are no longer accounted for in the Group. Segmental profit decreased to RM1.5 million from RM2.8 million in the corresponding quarter last year. The results of the Logistic Segment were also affected by the higher costs of repairs and maintenance for the assets.

Revenue and PBT of Other Segment remained constant as compared to the corresponding period last year. Other segment posted revenue of RM1.5 million, while reported a segmental loss of RM0.8 million for the current quarter and corresponding quarter last year. The result of other segment is mainly from the engineering trading business and corporate exercise 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 slightly reduced to RM7.5 million compared to RM7.9 million in the immediate preceding quarter. The lower revenue was mainly due to a more competitive business environment. However, the Group posted a higher PBT of RM0.4 million in the current financial quarter compared to RM0.3 million in the immediate preceding quarter due to lower operating costs.

B3 Prospects for the financial year

In light of the overall weakness in the global and the regional economies, the domestic market is likely to be similarly affected. The Board is of the view that the financial performance and prospects of the Group will be challenging in the remaining of the financial year. As a result, the Board will continue to exercise caution in managing the business.

Following the disposal of the wholly-owned subsidiary SSM in the previous financial year, the Board will therefore continue to explore other business opportunities to further enhance shareholders' value.

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 30/11/2014 RM'000	Year-to-date ended 30/11/2014 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(5)	(28)
Other income including investment income	-	-
Finance costs	14	37
Depreciation and amortisation	<u>1,166</u>	<u>2,380</u>

B6 Tax expense

	Individual quarter ended 30/11/2014 RM'000	30/11/2013 RM000	Year-to-date ended 30/11/2014 RM'000	Year-to-date ended 31/8/2013 RM000
Current tax expense/(reversal) based on profit for the financial period:				
Malaysian income tax	244	287	413	565
Foreign income tax	-	(1)	-	85
	<u>244</u>	<u>286</u>	<u>413</u>	<u>650</u>

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 30 November 2014

B7 Borrowings

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

	30/11/2014	31/5/2014
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	986	2,491
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	<u>517</u>	<u>535</u>
	<u>1,503</u>	<u>3,026</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 30 November 2014.

B10 Earnings per share(a) Basic earnings per share

	Individual quarter ended		Year-to-date ended	
	30/11/2014	30/11/2013	30/11/2014	31/8/2013
Weighted average number of ordinary shares ('000)	<u>473,286</u>	473,286	<u>473,286</u>	473,286
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>(267)</u>	608	<u>(338)</u>	567
Earnings per ordinary share (sen)				
- Basic	<u>(0.06)</u>	0.13	<u>(0.07)</u>	0.12

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 30 November 2014

B11 Realised and unrealised profits

The breakdown of retained profits of the Group as at 30 November 2014 into realised and unrealised profits is as follows:

Total retained profits of the Group	RM'000
- Realised	2,059
- Unrealised	(6,402)
	<hr/>
	(4,343)
Less: Consolidation adjustments	3,987
	<hr/>
As per consolidated financial statements	<hr/> (356)

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries
Petaling Jaya

30 January 2015