

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 29 FEBRUARY 2016**

	Individual quarter ended		Year-to-date ended	
	29.02.2016	28.02.2015	29.02.2016	28.02.2015
	RM'000	RM'000	RM'000	
Revenue	7,523	7,726	24,171	23,188
Cost of sales	(6,802)	(5,848)	(19,931)	(17,746)
Gross profit	721	1,878	4,240	5,442
Other income	142	206	999	656
Administrative expenses	(1,489)	(2,153)	(4,603)	(5,448)
Other operating expenses	(139)	-	(139)	-
	(765)	(69)	497	650
Finance costs	(8)	(9)	(25)	(46)
Profit before taxation	(773)	(78)	472	604
Tax expense	(72)	(417)	(693)	(830)
Net profit	(845)	(495)	(221)	(226)
Profit attributable to:				
Equity holders of the Company	(1,153)	(756)	(1,239)	(1,094)
Non-controlling interests	308	261	1,018	868
	(845)	(495)	(221)	(226)
Earnings/(Loss) per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
- Basic	(0.24)	(0.16)	(0.26)	(0.23)

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 29 FEBRUARY 2016**

	Individual quarter ended		Year-to-date ended	
	29/2/2016	28/2/2015	29/2/2016	28/2/2015
	RM'000	RM'000	RM'000	RM'000
Net profit	(845)	(495)	(221)	(226)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	(845)	(495)	(221)	(226)
Total comprehensive income attributable to:				
Equity holders of the Company	(1,153)	(756)	(1,239)	(1,094)
Non-controlling interests	308	261	1,018	868
	(845)	(495)	(221)	(226)

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 29 FEBRUARY 2016**

	Unaudited 29/2/2016 RM'000	Audited 31/5/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,962	34,003
Investment in associate	1,802	1,802
Intangible assets	57	-
Deferred tax assets	-	30
	32,821	35,835
Current assets		
Inventories	1,009	400
Trade and other receivables	15,980	16,223
other current assets	884	637
Tax recoverable	-	396
Other investments	1,002	868
Short term deposits with licensed banks	129	109
Cash and bank balances	3,508	5,542
	22,512	24,175
Non-current assets held for sale	-	51
	22,512	24,226
TOTAL ASSETS	55,333	60,061
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	2,570	2,219
Other payables	2,109	4,185
Loan and borrowings	669	1,041
Provision for taxation	(78)	677
	5,270	8,122
Net current assets	17,242	16,053
Non-current liabilities		
Deferred tax liabilities	5,986	6,016
Loan and borrowings	340	495
	6,326	6,511
TOTAL LIABILITIES	11,596	14,633
NET ASSETS	43,737	45,428
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(2,796)	(1,557)
	29,394	30,633
Non-controlling interests	14,343	14,795
TOTAL EQUITY	43,737	45,428
TOTAL EQUITY AND LIABILITIES	55,333	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 29 FEBRUARY 2016

	<u>Attributable to equity holders of the Company</u>				Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	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	-	-	-	(1,239)	(1,239)	1,018	(221)
Dividend paid to non-controlling interest	-	-	-	-	-	(1,470)	(1,470)
Balance at 29 February 2016	23,664	-	8,526	(2,796)	29,394	14,343	43,737

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 29 FEBRUARY 2016**

	Year-to-date ended	
	29/2/2016 RM'000	28/2/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	472	604
Adjustments for non-cash items:		
Depreciation	3,416	3,531
Interest expense	25	46
Interest income	(228)	-
Others	-	-
Operating profit before working capital changes	3,685	4,181
Net changes in working capital	(2,337)	(8,128)
Income tax paid	(1,051)	(1,263)
Net cash generated from operating activities	297	(5,210)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(382)	(349)
Proceed from sale of other investments	(134)	1,153
Interest received	228	-
Net cash used in investing activities	(288)	804
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(25)	(46)
Dividend paid to non-controlling interest	(1,470)	-
Capital repayment	-	(18,933)
Repayments of loans	-	(1,004)
Others	(310)	(240)
Net cash used in financing activities	(1,805)	(20,223)
Net decrease in cash and cash equivalents	(1,796)	(24,629)
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	2,975	3,580
Cash and cash equivalents		
Cash and bank balances	3,508	4,358
Bank overdrafts	(553)	(778)
Short term deposits with licensed banks	129	106
	3,084	3,686
Deposits with maturity more than three months	(109)	(106)
	2,975	3,580

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 29 FEBRUARY 2016

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 29 February 2016, 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 29 February 2016.

A7 Debt and equity securities

There was no issuance, cancellation, repurchase or repayment of debt and equity securities during the financial quarter ended 29 February 2016.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 29 February 2016.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 29 February 2016

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
29 February 2016	RM'000	RM'000	RM'000	RM'000
Revenue				
External revenue	21,257	2,914	-	24,171
Inter-segment revenue	-	-	-	-
Total revenue	<u>21,257</u>	<u>2,914</u>		<u>24,171</u>
Segment results	1,716	(1,219)	-	497
Finance costs				<u>(25)</u>
Profit before taxation				472
Tax expense				<u>(693)</u>
Net profit				<u>(221)</u>
29 February 2015				
Revenue				
External revenue	21,072	2,116	-	23,188
Inter-segment revenue	-	-	-	-
Total revenue	<u>21,072</u>	<u>2,116</u>		<u>23,188</u>
Segment results	2,318	(1,668)	-	650
Finance costs				<u>(46)</u>
Profit before taxation				604
Tax expense				<u>(830)</u>
Net profit				<u>(226)</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 29 February 2016.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 29 February 2016

A11 Commitments

(a) Operating lease commitment

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

	29/02/2016	31/05/2015
	RM'000	RM'000
Not later than 1 year	213	461
Later than 1 year but not later than 5 years	4,269	4,137
Later than 5 years	1,921	2,775
	6,403	7,373

(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.

	29/2/2016	31/5/2015
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	137	303
Later than 1 year but not later than 2 years	281	231
More than 2 years but not later than 5 years	66	294
Total minimum lease payments	484	828
Less:	(28)	(63)
Present value of minimum lease payments	456	765
Present value of payments		
Not later than 1 year	124	270
Later than 1 year but not later than 2 years	268	211
More than 2 years but not later than 5 years	64	284
	456	765

A12 Changes in composition of the Group

There were no material changes in the composition of the Group for the financial quarter ended 29 February 2016.

A13 Changes in contingent liabilities

The Group does not have any contingent liabilities as at 29 February 2016.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 29 February 2016 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 29 February 2016

A15 Related party transactions

The Group had the following transactions with related parties during the financial quarter ended 29 February 2016:

	Individual quarter ended		Year-to-date ended	
	29/02/2016	28/02/2015	29/02/2016	28/02/2015
	RM'000	RM'000	RM'000	RM'000
Sale of services to related companies	1,736	1,361	5,460	4,433

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 nine months ended 29 February 2016, the Group posted higher revenue of RM24.2 million compared to RM23.2 million for the corresponding period last year. Nevertheless, profit before taxation ("PBT") decreased to RM0.5 million from RM0.6 million a year ago.

During the financial quarter ended 29 February 2016, revenue of the Group decreased to RM7.5 million compared to RM7.7 million in the corresponding quarter last year. Correspondingly, loss before taxation increased to RM0.8 million compared to RM0.1 million in the corresponding quarter last year.

For the nine months ended 29 February 2016, the Logistics segment posted higher revenue of RM21.3 million in the current financial quarter compared to RM21.1 million in the corresponding period last year. However, this segment reported a lower segmental profit of RM1.7 million from RM2.3 million in the corresponding quarter last year, mainly due to higher maintenance cost incurred in trucking business.

Other Segment posted higher revenue of RM1.9 million compared to RM2.1 million in the corresponding quarter last year, while reported a lower segmental loss of RM1.2 million as compared with RM1.7 million in the corresponding quarter last year. The improved results of other segment are mainly due to better performance of the engineering trading business coupled with lower 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 decreased to RM7.5 million from RM8.6 million in the immediate preceding quarter. Consequently, the segmental results reduced to loss before taxation of RM0.8 million compared with PBT of RM0.6 million in the immediate preceding 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 rest of the financial year will be challenging. 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 29/2/2016 RM'000	Year-to-date ended 29/2/2016 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(34)	(228)
Finance costs	8	25
Depreciation and amortisation	1,105	3,416
	<u>1,105</u>	<u>3,416</u>

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	29/2/2016	28/2/2015	29/2/2016	28/2/2015
	RM'000	RM000	RM'000	RM000
Current tax expense/(reversal) based on profit for the financial period:				
Malaysian income tax	<u>72</u>	<u>417</u>	<u>693</u>	<u>830</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 29 February 2016

B7 Borrowings

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

	29/2/2016	31/5/2015
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	669	1,041
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	340	495
	<u>1,009</u>	<u>1,536</u>

Note:

1. 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 29 February 2016.

B10 Earnings per share(a) Basic earnings per share

	Individual quarter ended		Year-to-date ended	
	29/2/2016	28/2/2015	29/2/2016	28/2/2015
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)	(1,153)	(756)	(1,239)	(1,094)
Earnings per ordinary share (sen)				
- Basic	(0.24)	(0.16)	(0.26)	(0.23)
<u>Diluted earnings per share</u>				

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 29 February 2016

B11 Realised and unrealised profits

The breakdown of retained profits of the Group as at 29 February 2016 into realised and unrealised profits is as follows:

Total retained profits of the Group	RM'000
- Realised	(1,043)
- Unrealised	(5,986)
	<hr/>
	(7,029)
Less: Consolidation adjustments	4,233
As per consolidated financial statements	<hr/>
	(2,796)

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries
Petaling Jaya

27 April 2016