

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2016**

	Individual quarter ended		Year-to-date ended	
	31.08.2016	31.08.2015	31.08.2016	31.08.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>7,846</b>	8,004	<b>7,846</b>	8,004
Cost of sales	<b>(6,657)</b>	(6,530)	<b>(6,657)</b>	(6,530)
Gross profit	<b>1,189</b>	1,474	<b>1,189</b>	1,474
Other income	<b>377</b>	696	<b>377</b>	696
Administrative expenses	<b>(1,493)</b>	(1,491)	<b>(1,493)</b>	(1,491)
Other operating expenses	<b>(6)</b>	(5)	<b>(6)</b>	(5)
	<b>67</b>	674	<b>67</b>	674
Finance costs	<b>(14)</b>	(9)	<b>(14)</b>	(9)
Profit before taxation	<b>53</b>	665	<b>53</b>	665
Tax expense	<b>(202)</b>	(367)	<b>(202)</b>	(367)
Net profit	<b>(149)</b>	298	<b>(149)</b>	298
<b>Profit attributable to:</b>				
Equity holders of the Company	<b>(446)</b>	(121)	<b>(446)</b>	(121)
Non-controlling interests	<b>297</b>	419	<b>297</b>	419
	<b>(149)</b>	298	<b>(149)</b>	298
<b>Earnings/(Loss) per ordinary share attributable to equity holders of the Company</b>	<b>Sen</b>	Sen	<b>Sen</b>	Sen
- Basic	<b>(0.09)</b>	(0.03)	<b>(0.09)</b>	(0.03)

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 2016 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 2016**

	Individual quarter ended		Year-to-date ended	
	31/8/2016	31/8/2015	31/8/2016	31/8/2015
	RM'000	RM'000	RM'000	RM'000
Net profit	(149)	298	(149)	298
<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 income	<u>(149)</u>	<u>298</u>	<u>(149)</u>	<u>298</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	(446)	(121)	(446)	(121)
Non-controlling interests	297	419	297	419
	<u>(149)</u>	<u>298</u>	<u>(149)</u>	<u>298</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 2016 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 2016**

	Unaudited 31/8/2016 RM'000	Audited 31/5/2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	29,512	29,988
Investment in associate	1,802	1,802
Intangible assets	-	-
Other investments	513	-
Deferred tax assets	-	-
	<b>31,827</b>	31,790
<b>Current assets</b>		
Inventories	-	614
Trade and other receivables	15,996	14,706
other current assets	825	619
Tax recoverable	738	699
Other investments	-	508
Short term deposits with licensed banks	134	132
Cash and bank balances	5,700	8,207
	<b>23,393</b>	25,485
Non-current assets held for sale	-	51
	<b>23,393</b>	25,536
<b>TOTAL ASSETS</b>	<b>55,220</b>	57,326
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	2,459	2,542
Other payables	2,804	4,058
Loan and borrowings	172	1,287
Provision for taxation	16	22
	<b>5,451</b>	7,909
<b>Net current assets</b>	<b>17,942</b>	17,576
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,642	5,642
Loan and borrowings	504	126
	<b>6,146</b>	5,768
<b>TOTAL LIABILITIES</b>	<b>11,597</b>	13,677
<b>NET ASSETS</b>	<b>43,623</b>	43,649
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(3,657)	(3,211)
	<b>28,533</b>	28,979
<b>Non-controlling interests</b>	<b>15,090</b>	14,670
<b>TOTAL EQUITY</b>	<b>43,623</b>	43,649
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>55,220</b>	57,326
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.06</b>	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 2016 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 2016**

	<----- Non-Distributable ----->			Distributable			
	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Accumulated loss RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
As at 1 June 2015	23,664	-	8,526	(1,557)	<b>30,633</b>	14,795	<b>45,428</b>
Total comprehensive income	-	-	-	(1,654)	<b>(1,654)</b>	1,345	<b>(310)</b>
<b>Transactions with owners</b>							
Dividend paid to non-controlling interest	-	-	-	-	-	(1,470)	<b>(1,470)</b>
<b>Balance at 31 May 2016</b>	<b>23,664</b>	<b>-</b>	<b>8,526</b>	<b>(3,211)</b>	<b>28,979</b>	<b>14,670</b>	<b>43,648</b>
As at 1 June 2016	23,664	-	8,526	(3,211)	<b>28,979</b>	14,670	<b>43,649</b>
Total comprehensive income	-	-	-	(446)	<b>(446)</b>	297	<b>(149)</b>
Disposal of subsidiaries	-	-	-	-	-	123	<b>123</b>
<b>Balance at 31 August 2016</b>	<b>23,664</b>	<b>-</b>	<b>8,526</b>	<b>(3,657)</b>	<b>28,533</b>	<b>15,090</b>	<b>43,623</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 2016 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 2016**

	Year-to-date ended	
	31/8/2016	31/8/2015
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	53	665
Adjustments for non-cash items:		
Depreciation	1,020	1,168
Interest expense	14	9
Interest income	(130)	(96)
Others	(56)	-
<b>Operating profit before working capital changes</b>	<b>901</b>	<b>1,746</b>
Net changes in working capital	(2,656)	(1,281)
Income tax paid	(246)	(271)
<b>Net cash generated from operating activities</b>	<b>(2,001)</b>	<b>194</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(622)	(266)
Net disposal of a subsidiary	744	-
Proceed from disposal of property, plant and equipment	-	(509)
Additional investments in other investments	(5)	-
Increase of deposits with licensed banks	(2)	-
Interest received	130	96
<b>Net cash from/(used in) investing activities</b>	<b>245</b>	<b>(679)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(14)	(9)
Repayments of loans	(740)	-
Others	453	(78)
<b>Net cash used in financing activities</b>	<b>(301)</b>	<b>(87)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,057)</b>	<b>(572)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>7,757</b>	<b>4,771</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>5,700</b>	<b>4,199</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	5,700	4,844
Bank overdrafts	-	(645)
Short term deposits with licensed banks	134	109
	<b>5,834</b>	<b>4,308</b>
Deposits with maturity more than three months	(134)	(109)
	<b>5,700</b>	<b>4,199</b>

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 2016 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 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 2016. 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 2016.

For the financial periods up and including the financial year ended 31 May 2016, 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 2016.

##### **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 2016 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 2016:

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRSs Annual Improvements to 2012-2014 Cycle

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

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 2016.

**A4 Seasonality or cyclical**

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 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 31 August 2016.

**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 2016.

**A8 Dividends**

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

	<b>Logistics</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
<b>31 August 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</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><b>7,846</b></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 profit</b>				<u><b>(149)</b></u>
<b>31 August 2015</b>				
<b>Revenue</b>				
External revenue	7,327	677	-	<b>8,004</b>
Inter-segment revenue	-	-	-	-
Total revenue	<u>7,327</u>	<u>677</u>		<u><b>8,004</b></u>
Segment results	1,124	(450)	-	<b>674</b>
Finance costs				<u>(9)</u>
Profit before taxation				<b>665</b>
Tax expense				<u>(367)</u>
<b>Net profit</b>				<u><b>298</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 2016.



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

Notes to the Interim Financial Report for the financial quarter ended 31 August 2016

**A11 Commitments**

## (a) Operating lease commitment

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

	<b>31/08/2016</b>	31/05/2016
	<b>RM'000</b>	RM'000
Not later than 1 year	<b>854</b>	676
Later than 1 year but not later than 5 years	<b>4,269</b>	4,269
Later than 5 years	<b>1,067</b>	1,921
	<b><u>6,190</u></b>	<u>6,866</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.

	<b>31/8/2016</b>	31/5/2016
	<b>RM'000</b>	RM'000
<b>Minimum lease payments:</b>		
Not later than 1 year	<b>198</b>	109
Later than 1 year but not later than 2 years	<b>238</b>	102
More than 2 years but not later than 5 years	<b>306</b>	26
Total minimum lease payments	<b><u>742</u></b>	<u>237</u>
Less:	<b><u>(66)</u></b>	<u>(14)</u>
Present value of minimum lease payments	<b><u>676</u></b>	<u>223</u>
Present value of payments		
Not later than 1 year	<b>172</b>	97
Later than 1 year but not later than 2 years	<b>217</b>	101
More than 2 years but not later than 5 years	<b>287</b>	25
	<b><u>676</u></b>	<u>223</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 2016 other than the disposal of Ancom Component Sdn Bhd to its holding company, Ancom Berhad on 2 August 2016 for cash consideration of RM1.00.

**A13 Changes in contingent liabilities**

The Group does not have any contingent liabilities as at 31 August 2016.

**A14 Subsequent events**

There were no events subsequent to the end of the financial quarter ended 31 August 2016 up to the date of this Interim Financial Report which may substantially affect the results or operations of the Group.

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

Notes to the Interim Financial Report for the financial quarter ended 31 August 2016

**A15 Related party transactions**

The Group had the following transactions with related parties during the financial quarter ended 31 August 2016:

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31/08/2016</b>	<b>31/08/2015</b>	<b>31/08/2016</b>	<b>31/08/2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sale of services to related companies	<b>2,068</b>	1,648	<b>2,068</b>	1,648

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 2016, the Group posted lower revenue of RM7.8 million compared to RM8.0 million for the corresponding period last year. Consequently, the Group recorded a lower profit before taxation ("PBT") of RM0.1 million compared to RM0.7 million a year ago.

During the financial quarter ended 31 August 2016, the Logistics segment posted lower revenue of RM6.9 million in the current financial quarter compared to RM7.3 million in the corresponding period last year. The revenue of the Logistic Segment was affected by the lower demand from the third party on transportation services. Consequently, this segment reported a lower PBT of RM0.3 million from compared to RM1.1 million in the corresponding quarter last year.

Other Segment posted higher revenue of RM0.9 million compared to RM0.7 million in the corresponding quarter last year. Consequently, this segment reported a lower segmental loss of RM0.3 million as compared with RM0.5 million in the 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 decreased to RM7.9 million from RM8.5 million in the immediate preceding quarter. However, the Group recorded PBT of RM0.1 million in the current financial quarter compared with loss before taxation of RM0.8 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 remaining 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**

	<b>Individual quarter ended 31/8/2016 RM'000</b>	<b>Year-to-date ended 31/8/2016 RM'000</b>
The profit before taxation is stated after charging/(crediting):		
Interest income	(130)	(130)
Gain on disposal of a subsidiary	(97)	(97)
Finance costs	14	14
Depreciation and amortisation	1,020	1,020

**B6 Tax expense**

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31/8/2016</b>	<b>31/8/2015</b>	<b>31/8/2016</b>	<b>31/8/2015</b>
	<b>RM'000</b>	<b>RM000</b>	<b>RM'000</b>	<b>RM000</b>
Current tax expense/(reversal) based on profit for the financial period:				
Malaysian income tax	<b>202</b>	367	<b>202</b>	367
Under/(over) provision in prior years:				
Malaysian income tax	-	-	-	-
Foreign income tax	-	-	-	-
	<b>202</b>	367	<b>202</b>	367
Deferred taxation:				
Transfer to deferred taxation	-	-	-	-
Under provision in prior years	-	-	-	-
	<b>202</b>	367	<b>202</b>	367

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 2016

**B7 Borrowings**

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

	<b>31/8/2016</b>	31/5/2016
	<b>RM'000</b>	RM'000
<b>SHORT TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>172</b>	1,287
<b>LONG TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<u><b>504</b></u>	<u>126</u>
	<u><b>676</b></u>	<u>1,413</u>

**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 2016.

**B10 Earnings per share**(a) Basic earnings per share

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31/8/2016</b>	31/8/2015	<b>31/8/2016</b>	31/8/2015
Weighted average number of ordinary shares ('000)	<u><b>473,286</b></u>	473,286	<u><b>473,286</b></u>	473,286
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u><b>(446)</b></u>	(121)	<u><b>(446)</b></u>	(121)
<b>Earnings per ordinary share (sen)</b>				
- Basic	<u><b>(0.09)</b></u>	(0.03)	<u><b>(0.09)</b></u>	(0.03)

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 2016

**B11 Realised and unrealised profits**

The breakdown of retained profits of the Group as at 31 August 2016 into realised and unrealised profits is as follows:

Total retained profits of the Group	<b>RM'000</b>
- Realised	6,647
- Unrealised	<u>(5,642)</u>
	1,005
Less: Consolidation adjustments	<u>(4,662)</u>
As per consolidated financial statements	<u><u>(3,657)</u></u>

**BY ORDER OF THE BOARD**

Stephen Geh Sim Whye  
Company Secretary  
Petaling Jaya

26 October 2016