

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2016**

	Individual quarter ended		Year-to-date ended	
	30.11.2016 RM'000	30.11.2015 RM'000	30.11.2016 RM'000	30.11.2015 RM'000
Revenue	7,138	8,644	14,984	16,648
Cost of sales	(5,895)	(6,599)	(12,552)	(13,129)
Gross profit	1,243	2,045	2,432	3,519
Other income	578	236	955	932
Administrative expenses	(1,826)	(1,685)	(3,325)	(3,181)
	(5)	596	62	1,270
Finance costs	(8)	(16)	(22)	(25)
(Loss)/Profit before taxation	(13)	580	40	1,245
Tax expense	(271)	(254)	(473)	(621)
Net (loss)/profit	(284)	326	(433)	624
<b>Profit attributable to:</b>				
Equity holders of the Company	(721)	35	(1,167)	(86)
Non-controlling interests	437	291	734	710
	(284)	326	(433)	624
<b>Earnings/(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	(0.15)	0.01	(0.25)	(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 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 30 NOVEMBER 2016**

	Individual quarter ended		Year-to-date ended	
	30/11/2016	30/11/2015	30/11/2016	30/11/2015
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit	(284)	326	(433)	624
<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)/income	<u>(284)</u>	<u>326</u>	<u>(433)</u>	<u>624</u>
<b>Total comprehensive (loss)/income attributable to:</b>				
Equity holders of the Company	(721)	35	(1,167)	(86)
Non-controlling interests	<u>437</u>	<u>291</u>	<u>734</u>	<u>710</u>
	<u>(284)</u>	<u>326</u>	<u>(433)</u>	<u>624</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 30 NOVEMBER 2016**

	Unaudited 30/11/2016 RM'000	Audited 31/5/2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	28,697	29,988
Investment in associate	1,802	1,802
	<b>30,499</b>	31,790
<b>Current assets</b>		
Inventories	-	614
Trade and other receivables	16,837	14,706
other current assets	853	619
Tax recoverable	808	699
Other investments	517	508
Short term deposits with licensed banks	134	132
Cash and bank balances	3,701	8,207
	<b>22,850</b>	25,485
Non-current assets held for sale	-	51
	<b>22,850</b>	25,536
<b>TOTAL ASSETS</b>	<b>53,349</b>	57,326
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	1,713	2,542
Other payables	2,163	4,058
Loan and borrowings	131	1,287
Provision for taxation	17	22
	<b>4,024</b>	7,909
<b>Net current assets</b>	<b>18,826</b>	17,576
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,492	5,642
Loan and borrowings	494	126
	<b>5,986</b>	5,768
<b>TOTAL LIABILITIES</b>	<b>10,010</b>	13,677
<b>NET ASSETS</b>	<b>43,339</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	(4,378)	(3,211)
	<b>27,812</b>	28,979
<b>Non-controlling interests</b>	<b>15,527</b>	14,670
<b>TOTAL EQUITY</b>	<b>43,339</b>	43,649
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>53,349</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 30 NOVEMBER 2016**

	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	Share premium RM'000	Merger reserve RM'000	Accumulated loss 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	-	-	-	(1,167)	<b>(1,167)</b>	734	<b>(433)</b>
Disposal of subsidiaries	-	-	-	-	-	123	<b>123</b>
<b>Balance at 30 November 2016</b>	<b>23,664</b>	<b>-</b>	<b>8,526</b>	<b>(4,378)</b>	<b>27,812</b>	<b>15,527</b>	<b>43,339</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 30 NOVEMBER 2016**

	Year-to-date ended	
	30/11/2016	30/11/2015
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	40	1,245
Adjustments for non-cash items:		
Depreciation	2,017	2,310
Interest expense	22	17
Interest income	(278)	(194)
Others	(93)	-
<b>Operating profit before working capital changes</b>	<b>1,708</b>	<b>3,378</b>
Net changes in working capital	(4,913)	2,481
Income tax paid	(737)	(604)
<b>Net cash (used in)/generated from operating activities</b>	<b>(3,942)</b>	<b>5,255</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(803)	(539)
Net disposal of a subsidiary	780	-
Proceed from disposal of other investments	(9)	(521)
Interest received	278	194
<b>Net cash from/(used in) investing activities</b>	<b>246</b>	<b>(866)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(22)	(17)
Repayments of loans	(740)	-
Others	402	(170)
<b>Net cash used in financing activities</b>	<b>(360)</b>	<b>(187)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,056)</b>	<b>4,202</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>3,701</b>	<b>8,973</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	3,701	9,579
Bank overdrafts	-	(606)
Short term deposits with licensed banks	134	109
	<b>3,835</b>	<b>9,082</b>
Deposits with maturity more than three months	(134)	(109)
	<b>3,701</b>	<b>8,973</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 30 NOVEMBER 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 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 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 amounts reported in prior period that have a material effect on the financial quarter ended 30 November 2016.

**A7 Debt and equity securities**

There was no issuance, cancellation, repurchase or repayment of debt and equity securities during the financial quarter ended 30 November 2016.

**A8 Dividends**

There was no dividend declared and/or paid during the financial quarter ended 30 November 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>30 November 2016</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
External revenue	13,934	1,050	-	<b>14,984</b>
Inter-segment revenue	-	-	-	-
Total revenue	<u>13,934</u>	<u>1,050</u>		<u><b>14,984</b></u>
Segment results	1,319	(1,257)	-	<b>62</b>
Finance costs				<u>(22)</u>
Profit before taxation				<b>40</b>
Tax expense				<u>(473)</u>
<b>Net loss</b>				<u><b>(433)</b></u>
<b>30 November 2015</b>				
<b>Revenue</b>				
External revenue	14,850	1,798	-	<b>16,648</b>
Inter-segment revenue	-	-	-	-
Total revenue	<u>14,850</u>	<u>1,798</u>		<u><b>16,648</b></u>
Segment results	1,933	(663)	-	<b>1,270</b>
Finance costs				<u>(25)</u>
Profit before taxation				<b>1,245</b>
Tax expense				<u>(621)</u>
<b>Net profit</b>				<u><b>624</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 30 November 2016.

**A11 Capital commitments**

As at 30 November 2016, 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 30 November 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 30 November 2016.

**A14 Subsequent events**

There were no events subsequent to the end of the financial quarter ended 30 November 2016 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 30 November 2016**

For the six months ended 30 November 2016, the Group posted lower revenue of RM 15.0 million compared to RM16.6 million for the corresponding period last year. The Group reported break-even results for the current financial period compared to profit before taxation ("PBT") RM1.2 million a year ago.

During the financial quarter ended 30 November 2016, revenue of the Group decreased to RM7.1 million compared to RM8.6 million in the corresponding quarter last year. Consequently, the Group reported break-even results as compared to PBT of RM0.6 million in the corresponding quarter last year.

**Review of business segments for the period financial quarter ended 30 November 2016**

For the six months ended 30 November 2016, the Logistics segment posted lower revenue of RM13.9 million in the current financial quarter compared to RM14.9 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 segmental profit of RM1.3 million from compared to RM1.9 million in the corresponding quarter last year.

Other Segment posted lower revenue of RM1.0 million compared to RM1.8 million in the corresponding quarter last year. The lower revenue recorded 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. Consequently, this segment reported a higher segmental loss of RM1.2 million as compared with RM0.7 million in the corresponding quarter last year. The result of other segment is mainly from 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 RM7.1 million from RM7.9 million in the immediate preceding quarter. The Group reported break-even results for the both current and 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 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 30/11/2016 RM'000</b>	<b>Year-to-date ended 30/11/2016 RM'000</b>
The profit before taxation is stated after charging/(crediting):		
Interest income	(148)	(278)
Gain on disposal of a subsidiary	-	(97)
Finance costs	8	22
Depreciation and amortisation	997	2,017

**B6 Tax expense**

	<b>30/11/2016 RM'000</b>	<b>30/11/2015 RM'000</b>	<b>30/11/2016 RM'000</b>	<b>30/11/2015 RM'000</b>
Current tax expense/(reversal) based on profit for the financial period:				
Malaysian income tax	271	254	473	621
Under/(over) provision in prior years:				
Malaysian income tax	-	-	-	-
Foreign income tax	-	-	-	-
	<b>271</b>	<b>254</b>	<b>473</b>	<b>621</b>
Deferred taxation:				
Transfer to deferred taxation	-	-	-	-
Under provision in prior years	-	-	-	-
	<b>271</b>	<b>254</b>	<b>473</b>	<b>621</b>

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.

**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 30 November 2016

**B9 Borrowings**

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

	30/11/2016 RM'000	31/5/2016 RM'000
<b>SHORT TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	131	1,287
<b>LONG TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	494	126
	625	1,413

**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 30 November 2016.

**B12 Earnings per share**(a) Basic earnings per share

	Individual quarter ended		Year-to-date ended	
	30/11/2016	30/11/2015	30/11/2016	30/11/2015
Weighted average number of ordinary shares ('000)	473,286	473,286	473,286	473,286
Net (loss)/profit attributable to ordinary equity holders of the Company (RM'000)	(721)	35	(1,167)	(86)
<b>(Loss)/Earnings per ordinary share (sen)</b>				
- Basic	(0.15)	0.01	(0.25)	(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 30 November 2016

**B13 Realised and unrealised profits**

The breakdown of retained profits of the Group as at 30 November 2016 into realised and unrealised profits is as follows:

Total retained profits of the Group	<b>RM'000</b>
- Realised	6,213
- Unrealised	(5,492)
	<hr/>
	721
Less: Consolidation adjustments	(5,099)
As per consolidated financial statements	<hr/> <hr/>
	(4,378)