

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2014**

	Individual quarter ended		Year-to-date ended	
	31.05.2014	31.05.2013	31.05.2014	31.05.2013
	RM'000	RM'000	RM'000	RM'000
				(Audited)
Revenue	<b>8,968</b>	14,826	<b>49,653</b>	61,463
Cost of sales	<b>(7,136)</b>	(10,408)	<b>(37,682)</b>	(44,859)
Gross profit	<b>1,832</b>	4,418	<b>11,971</b>	16,604
Other income	<b>188</b>	201	<b>20,945</b>	610
Administrative expenses	<b>(1,364)</b>	(2,972)	<b>(16,704)</b>	(13,936)
Other operating expenses	-	34	<b>(1,000)</b>	-
	<b>656</b>	1,681	<b>15,212</b>	3,278
Finance costs	<b>(67)</b>	(196)	<b>(258)</b>	(517)
Profit before taxation	<b>589</b>	1,485	<b>14,954</b>	2,761
Tax expense	<b>(8)</b>	(481)	<b>(1,145)</b>	(982)
Net profit	<b>581</b>	1,004	<b>13,809</b>	1,779
<b>Profit attributable to:</b>				
Equity holders of the Company	<b>367</b>	633	<b>12,788</b>	628
Non-controlling interests	<b>214</b>	371	<b>1,021</b>	1,151
	<b>581</b>	1,004	<b>13,809</b>	1,779
<b>Earnings per ordinary share attributable to equity holders of the Company</b>	<b>Sen</b>	Sen	<b>Sen</b>	Sen
- Basic	<b>0.08</b>	0.13	<b>2.70</b>	0.13

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 2013 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 MAY 2014**

	Individual quarter ended		Year-to-date ended	
	31-05-2014 RM'000	31-05-2013 RM'000	31-05-2014 RM'000	31-05-2013 RM'000 (Audited)
Net profit	581	1,004	13,809	1,779
<b>Other comprehensive income</b>				
Foreign currency translation	-	(534)	(98)	(195)
Other comprehensive income, net of tax	-	(534)	(98)	(195)
Total comprehensive income	<u>581</u>	<u>470</u>	<u>13,711</u>	<u>1,584</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	367	99	12,690	433
Non-controlling interests	214	371	1,021	1,151
	<u>581</u>	<u>470</u>	<u>13,711</u>	<u>1,584</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 2013 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 MAY 2014**

	Unaudited 31-05-2014 RM'000	Audited 31-05-2013 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	37,724	68,389
Investment in associate	1,833	2,802
Intangible assets	-	362
Deferred tax assets	110	110
	<b>39,667</b>	71,663
<b>Current assets</b>		
Inventories	788	636
Trade receivables	6,014	12,548
Other receivables and other current assets	3,189	4,632
Tax recoverable	223	652
Other investments	3,012	264
Short term deposits with licensed banks	18,897	253
Cash and bank balances	10,182	5,238
	<b>42,305</b>	24,223
<b>TOTAL ASSETS</b>	<b>81,972</b>	95,886
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	1,837	3,105
Other payables	5,603	5,863
Loan and borrowings	2,491	7,014
Provision for taxation	118	224
	<b>10,049</b>	16,206
<b>Net current assets</b>	<b>32,256</b>	8,017
<b>Non-current liabilities</b>		
Deferred tax liabilities	6,691	8,285
Loan and borrowings	535	1,476
	<b>7,226</b>	9,761
<b>TOTAL LIABILITIES</b>	<b>17,275</b>	25,967
<b>NET ASSETS</b>	<b>64,697</b>	69,919
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	47,329	47,329
Share premium	6,414	6,414
Reserves	8,526	8,624
Accumulated loss	(11,973)	(5,829)
	<b>50,296</b>	56,538
<b>Non-controlling interests</b>	<b>14,401</b>	13,381
<b>TOTAL EQUITY</b>	<b>64,697</b>	69,919
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>81,972</b>	95,886
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.11</b>	0.12

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 2013 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 MAY 2014**

	Attributable to equity holders of the Company								
	<----- Non-Distributable ----->					Distributable			
	Share capital RM'000	Share premium RM'000	Reserves			(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	Total reserves RM'000					
As at 1 June 2012	47,329	6,414	8,526	293	8,819	(4,091)	58,471	12,777	71,248
Total comprehensive income	-	-	-	(195)	(195)	628	433	1,151	1,584
<b>Transactions with owners</b>									
Dividends paid to non-controlling interest of subsidiary	-	-	-	-	-	-	-	(980)	(980)
Additional capital contribution	-	-	-	-	-	-	-	432	432
Dividends on ordinary shares	-	-	-	-	-	(2,366)	(2,366)	-	(2,366)
<b>Balance at 31 May 2013</b>	<b>47,329</b>	<b>6,414</b>	<b>8,526</b>	<b>98</b>	<b>8,624</b>	<b>(5,829)</b>	<b>56,538</b>	<b>13,380</b>	<b>69,918</b>
As at 1 June 2013	47,329	6,414	8,526	98	8,624	(5,829)	56,538	13,380	69,918
Total comprehensive income	-	-	-	(98)	(98)	12,788	12,690	1,021	13,711
Dividends paid	-	-	-	-	-	(18,932)	(18,932)	-	(18,932)
<b>Balance at 31 May 2014</b>	<b>47,329</b>	<b>6,414</b>	<b>8,526</b>	<b>-</b>	<b>8,526</b>	<b>(11,973)</b>	<b>50,296</b>	<b>14,401</b>	<b>64,697</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 2013 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 MAY 2014**

	Year-to-date ended	
	31-05-2014 RM'000	31-05-2013 RM'000 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	14,954	2,761
Adjustments for non-cash items:		
Depreciation	6,157	6,885
Interest expense	258	517
Gain on disposal of a subsidiary	(20,559)	-
Provision for doubtful debts	616	-
Provision for write-offs of inventories	290	-
Others	567	(88)
<b>Operating profit before working capital changes</b>	<b>2,283</b>	<b>10,078</b>
Net changes in working capital	4,449	(822)
Income tax paid	(987)	(1,208)
<b>Net cash generated from operating activities</b>	<b>5,745</b>	<b>8,048</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,411)	(1,800)
Additional investments in other investments	(2,748)	(400)
Proceed from sale of other investments	-	1,700
Proceed from sale of a subsidiary	46,296	-
Others	-	776
<b>Net cash (used in)/generated from investing activities</b>	<b>41,137</b>	<b>276</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(258)	(517)
Dividend paid	(18,931)	(2,366)
Dividend paid to non-controlling interest	-	(980)
Repayments of loans	(1,002)	(3,941)
Others	(855)	(58)
<b>Net cash used in financing activities</b>	<b>(21,046)</b>	<b>(7,862)</b>
<b>Net increase in cash and cash equivalents</b>	<b>25,836</b>	<b>462</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>2,176</b>	<b>1,909</b>
Effect of exchange rate changes	-	(195)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>28,012</b>	<b>2,176</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	10,182	5,238
Short term deposits with licensed banks	18,897	253
	29,079	5,491
Bank overdrafts	(1,067)	(3,315)
	28,012	2,176

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 2013 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 41 MAY 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 2013. 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 2013.

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 2013 except for the newly-issued Malaysian Accounting Standards Board approved accounting framework - Malaysian Financial Reporting Standards ("MFRS"), Amendments to MFRS and IC Interpretations ("IC Int.") to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2013:

MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurements
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 127	Consolidated and Separate Financial Statements (IAS27 as revised by IASB in December 2003)
MFRS 128	Investments in Associates and Joint Ventures

Amendments to:

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standard Government Loans
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
MFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities
MFRS 10	Consolidated Financial Statements: Transition Guidance
MFRS 11	Joint Arrangements: Transition Guidance
MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance

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

### Notes to the Interim Financial Report for the financial quarter ended 31 May 2014

MFRS 101	Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
IC Int.2	Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)

The adoption of the above did not have any significant effects on this Interim Financial Report upon their initial application.

#### **A2 Changes in accounting policies**

Other than the MFRS, amendments to MFRS and IC Int. disclosed in Note A1 above, the significant accounting policies adopted by the Group in this Interim Financial Report are consistent with those adopted in the Group's most recent Audited Financial Statements for the financial year ended 31 May 2013.

#### **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 2013.

#### **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 year ended 31 May 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, except for the completion of the disposal of Sinsenmoh Transportation Pte Ltd as disclosed in Note B7 and further provisions for impairments on investment in associate as disclosed in Note B5.

#### **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 May 2014.

#### **A7 Debt and equity securities**

There was no issuance, cancellation, repurchase, resale or repayment of debt securities and equity securities during the financial quarter ended 31 May 2014.

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

Notes to the Interim Financial Report for the financial quarter ended 31 May 2014

**A8 Dividends**

On 30 January 2014, the Company paid a single tier interim dividend of 4 sen per share amounted to RM18,931,452. There was no other dividend declared and/or paid during the financial year ended 31 May 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.

	<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 May 2014</b>				
<b>Revenue</b>				
External revenue	46,940	2,713	-	<b>49,653</b>
Inter-segment revenue	-	-	-	-
Total revenue	<u>46,940</u>	<u>2,713</u>		<u><b>49,653</b></u>
Segment results	3,432	11,780	-	<b>15,212</b>
Finance costs				<u><b>(258)</b></u>
Profit before taxation				<b>14,954</b>
Tax expense				<u><b>(1,145)</b></u>
<b>Net profit</b>				<u><b>13,809</b></u>
<b>31 May 2013</b>				
<b>Revenue</b>				
External revenue	58,618	2,845	-	<b>61,463</b>
Inter-segment revenue	1,083	-	(1,083)	-
Total revenue	<u>59,701</u>	<u>2,845</u>		<u><b>61,463</b></u>
Segment results	6,283	(3,005)	-	<b>3,278</b>
Finance costs				<u><b>(517)</b></u>
Profit before taxation				<b>2,761</b>
Tax expense				<u><b>(982)</b></u>
<b>Net profit</b>				<u><b>1,779</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 May 2014.

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

Notes to the Interim Financial Report for the financial quarter ended 31 May 2014

**A11 Commitments**

## (a) Operating lease commitment

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

	<b>31-05-2014</b>	<b>31-05-2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	427	4,375
Later than 1 year but not later than 5 years	1,708	9,790
Later than 5 years	3,309	25,545
	<b>5,444</b>	<b>39,710</b>

## (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>31-05-2014</b>	<b>31-05-2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Minimum lease payments:</b>		
Not later than 1 year	468	1,406
Later than 1 year but not later than 2 years	417	1,449
More than 2 years but not later than 5 years	146	85
Total minimum lease payments	<b>1,031</b>	<b>2,940</b>
Less:		
Amounts representing finance charges	<b>(75)</b>	<b>(159)</b>
	<b>956</b>	<b>2,781</b>
<b>Present value of payments</b>		
Not later than 1 year	439	1,305
Later than 1 year but not later than 2 years	370	1,476
More than 2 years but not later than 5 years	147	-
	<b>956</b>	<b>2,781</b>

## (c) Capital commitments

	<b>31-05-2014</b>	<b>31-05-2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure in respect of purchase of property, plant and equipment:		
- Contracted but not provided for	-	-

**A12 Changes in composition of the Group**

There were no material changes in the composition of the Group for the financial quarter ended 31 May 2014 other than the disposal of Sinsenmoh Transportation Pte Ltd which was completed on 20 December 2013.

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

Notes to the Interim Financial Report for the financial quarter ended 31 May 2014

**A13 Changes in contingent liabilities**

The Group does not have any contingent liabilities as at 31 May 2014.

**A14 Subsequent events**

There were no events subsequent to the end of the financial quarter ended 31 May 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.

**A15 Related party transactions**

The Group had the following transactions with related parties during the financial quarter ended 31 May 2014:

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31-05-2014</b>	<b>31-05-2013</b>	<b>31-05-2014</b>	<b>31-05-2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sale of services to related companies	<b>1,591</b>	1,047	<b>6,310</b>	5,988

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 financial year ended 31 May 2014, the Group posted lower revenue of RM49.7 million compared to RM61.5 million last year. Profit before taxation ("PBT") increased to RM14.6 million compared to RM2.8 million a year ago. The higher PBT in the current financial year was primarily due to the gain from the disposal of Sinsenmoh Transportation Pte Ltd ("SSM") in December 2013.

In the financial quarter ended 31 May 2014, the Group posted revenue of RM9.0 million compared to RM14.8 million in the corresponding quarter last year. Correspondingly PBT decreased to RM0.2 million compared to RM1.5 million in the corresponding quarter last year.

During the financial quarter, the Logistics segment posted lower revenue of RM8.2 million compared to RM15.4 million for the corresponding period last year. The lower revenue was primarily due to the disposal of SSM in December 2013 which its results are no longer accounted for in the Group. Consequently, segmental profit decreased to RM0.1 million from RM2.0 million in the corresponding quarter last year. The results of the Logistics segment were also affected by the higher costs of repairs and maintenance for the upgrading of the assets. Other Segment posted revenue of RM0.8 million compared to RM0.5 million in the corresponding quarter last year, while reported a segmental profit of RM0.1 million compared to a segmental loss of RM0.3 million last year. The improvement in its segmental results is mainly due to higher revenue from the engineering trading business and lower corporate expenses.

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

Revenue for the current financial quarter improved to RM8.9 million from RM7.8 million in the immediate preceding quarter. The higher revenue was mainly overall improvement in the business compared to the last financial year. In the immediate preceding quarter, the Group posted a PBT of RM14.9 million was mainly attributed to the one-off gain from the disposal of SSM.

**B3 Prospects for the next financial year**

In light of the slowdown in the Chinese economy coupled with the weak growth in the advanced economies, the regional and domestic market are 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 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, 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  
Expenses**

	<b>Individual quarter ended 31-05-2014 RM'000</b>	<b>Year-to-date ended 31-05-2014 RM'000</b>
The profit before taxation is stated after charging/(crediting):		
Interest income	(96)	(222)
Other income including investment income	(347)	(559)
Finance costs	67	258
Depreciation and amortisation	1,229	6,157
Provision for and write-off of receivables	-	616
Provision for and write-off of inventories	(210)	290
(Gain)/loss on disposal of quoted or unquoted investments	-	(20,559)
Impairment of assets	362	362
Impairment of an associate	-	1,000
Foreign exchange (gain)/loss	-	-
(Gain)/loss on derivatives	-	-

**B6 Tax expense**

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31-05-2014</b>	<b>31-05-2013</b>	<b>31-05-2014</b>	<b>31-05-2013</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	409	613	1,461	1,420
Foreign income tax	(1)	(645)	84	(458)
	<b>408</b>	<b>(32)</b>	<b>1,545</b>	<b>962</b>
Under/(over) provision in prior years:				
Malaysian income tax	-	522	-	29
Foreign income tax	-	(9)	-	(9)
	<b>408</b>	<b>481</b>	<b>1,545</b>	<b>982</b>
Deferred taxation:				
Transfer to deferred taxation	-	-	-	-
Under provision in prior years	(400)	-	(400)	-
	<b>8</b>	<b>481</b>	<b>1,145</b>	<b>982</b>

The effective rate of taxation for the Group in the current financial quarter and financial year-to-date is lower than the statutory tax rate mainly due to gain from the disposal of a subsidiary which is not subjected to tax.

**B7 Status of corporate proposal**

On 23 August 2013, the Company announced that its wholly owned subsidiary, Synergy Trans-Ling Sdn Bhd ("STL") had, on even date, entered into a conditional share sale agreement with CWT Limited ("CWT") ("SSA") in relation to the proposed disposal of 7,911,192 ordinary shares of SSM, representing 100% of the issued and paid-up share capital of SSM, by STL to CWT for a total disposal consideration as set out in the SSA, to be fully satisfied by cash ("Disposal Consideration") ("Proposed Disposal").

On 8 October 2013, the Company announced that, upon completion of the Proposed Disposal, ALB shall, subject to obtaining all requisite approvals, undertake a distribution of approximately RM37.9 million to entitled shareholders of ALB or equivalent to RM0.08 per ordinary share of RM0.10 each in ALB ("ALB Share") to the entitled shareholders by way of:

- (i) Proposed declaration and payment of part of the Disposal Consideration as a special cash dividend of approximately RM18.9 million, on the basis of RM0.04 per ALB Share to the entitled shareholders on an entitlement date ("Proposed Special Dividend"); and
- (ii) Proposed capital reduction as follows:
  - (a) proposed capital reduction which will involve the reduction of the Company's existing issued and paid-up share capital pursuant to Section 64 of the Companies Act, 1965 ("the Act"); and
  - (b) proposed cancellation of the share premium account of the Company pursuant to Sections 60 and 64 of the Act;

which will be applied towards the setting-off against the accumulated losses of the Company and distributing part of the Disposal Consideration of approximately RM18.9 million, on the basis of RM0.04 per ALB Share to the entitled shareholders on an entitlement date ("Proposed Capital Reduction and Repayment").

Pursuant to the Proposed Capital Reduction and Repayment, the Company also proposed to amend the Company's Memorandum of Association to facilitate the implementation of the Proposed Capital Reduction and Repayment ("Proposed Amendment").

(The Proposed Capital Reduction and Repayment and Proposed Special Dividend to be collectively referred to as "Proposed Distribution".)

The shareholders of the Company had in an extraordinary general meeting held on 28 November 2013 approved the Proposed Disposal, Proposed Capital Reduction and Repayment and the Proposed Amendment. The Proposed Disposal was completed on 20 December 2013.

On 6 January 2014, the Company declared a single-tier interim dividend of 4.0 sen per ALB Share amounting to RM18,931,453. The interim dividend was paid on 30 January 2014 to the shareholders whose names appeared on the Record of Depositors on 22 January 2014.

**Ancom Logistics Berhad (6614-W)**Notes to the Interim Financial Report for the financial quarter ended 31 May 2014

On 16 April 2014, the High Court of Malaya has granted an order confirming the Proposed Capital Reduction and Repayment pursuant to Sections 60 and 64 of the Act. The sealed order will be extracted and an office copy of the order will be lodged with the Companies Commission of Malaysia for the Proposed Capital Reduction and Repayment to take effect. The Board will fix and announce the entitlement date for the Proposed Capital Reduction and Repayment in due course.

On 16 May 2014, the Company received from the Companies Commission of Malaysia the certificate of lodgement of order of High Court confirming reduction of share capital dated 24 April 2014. Consequently, the par value of the ordinary shares of ALB has been reduced to RM0.05 per ordinary share.

On 10 June 2014, the Proposed Distribution was completed with the cash distribution of RM0.04 per ALB Share to the Entitled Shareholders. With the completion of the Proposed Distribution, the entire Proposals are completed.

Save as disclosed above, there is no other corporate proposal announced but pending completion as at the date of this Interim Financial Report.

**B8 Utilisation of proceeds**

Utilisation of proceeds from the disposal of SSM is set out below:

Purpose	Proposed	Actual	Intended	Deviation		Note
	Utilisation	Utilisation	Time	RM	%	
	RM'000	RM'000	Frame			
Proposed Distribution						
- Interim dividend	18,932	18,932	5 months	-	-	1
- Capital repayment	18,931	18,931	5 months	-	-	2
			Within 12			
Working capital	6,563	6,433	months	130	2%	
			Within 12			
Estimated expenses for the Proposed Disposal, Proposed Distribution and Proposed Amendment	2,000	2,000	months	-	-	
	<u>46,426</u>	<u>46,426</u>				

Notes:

1. Single-tier interim dividend of 4 sen per ALB Share was paid on 30 January 2014.
2. Capital repayment pursuant to Sections 60 and 64 of the Act was completed on 10 June 2014.

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

Notes to the Interim Financial Report for the financial quarter ended 31 May 2014

**B9 Borrowings**

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

	<b>31-05-2014</b>	31-05-2013
	<b>RM'000</b>	RM'000
<b>SHORT TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>2,380</b>	3,819
Singapore Dollar	-	239
	<b>2,380</b>	4,058
Unsecured:		
Ringgit Malaysia	<b>111</b>	120
Singapore Dollar	-	2,836
	<b>111</b>	2,956
<b>Total short term borrowings</b>	<b>2,491</b>	7,014
<b>LONG TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>142</b>	270
Singapore Dollar	-	1,206
	<b>142</b>	1,476
Unsecured:		
Ringgit Malaysia	<b>393</b>	-
Singapore Dollar	-	-
	<b>393</b>	-
<b>Total long term borrowings</b>	<b>535</b>	1,476
<b>TOTAL BORROWINGS</b>	<b>3,026</b>	8,490

Note:

- Borrowings denominated in foreign currencies are stated at Ringgit Malaysia equivalent as at the reporting dates stated above.*

**B10 Material litigation**

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

**B11 Dividends**

On 30 January 2014, the Company paid a single-tier interim dividend of 4 sen per ALB Share amounted to RM18,931,452. There was no other dividend declared and/or paid during the financial quarter and year ended 31 May 2014.

In the previous financial year, the Directors declared a single-tier interim dividend of 0.5 sen per ALB Share amounting to RM2,366,432. The interim dividend was paid on 14 September 2012.

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

Notes to the Interim Financial Report for the financial quarter ended 31 May 2014

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

	Individual quarter ended		Year-to-date ended	
	31-05-2014	31-05-2013	31-05-2014	31-05-2013
Weighted average number of ordinary shares ('000)	<b>473,286</b>	473,286	<b>473,286</b>	473,286
Net profit attributable to ordinary equity holders of the Company (RM'000)	<b>367</b>	633	<b>12,788</b>	628
<b>Earnings per ordinary share (sen)</b>				
- Basic	<b>0.08</b>	0.13	<b>2.70</b>	0.13

The basic earnings per share is calculated by dividing the net profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue of 473,286,313 shares during the financial period.

(b) Fully diluted earnings per share

The Company does not have convertible securities as at the balance sheet date.

**B13 Realised and unrealised profits**

The breakdown of retained profits of the Group as at 31 May 2014 into realised and unrealised profits is as follows:

Total retained profits of the Group	<b>RM'000</b>
- Realised	(8,745)
- Unrealised	(6,691)
	<u>(15,436)</u>
Less: Consolidation adjustments	3,463
As per consolidated financial statements	<u>(11,973)</u>

**BY ORDER OF THE BOARD**

Choo Se Eng  
Stephen Geh Sim Whye  
Company Secretaries  
Petaling Jaya

25 July 2014