

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

(Incorporated in Malaysia)

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

	Individual quarter ended		Year-to-date ended	
	31.08.2014	31.08.2013	31.08.2014	31.08.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>7,888</b>	16,190	<b>7,888</b>	16,190
Cost of sales	<b>(6,070)</b>	(11,682)	<b>(6,070)</b>	(11,682)
Gross profit	<b>1,818</b>	4,508	<b>1,818</b>	4,508
Other income	<b>109</b>	135	<b>109</b>	135
Administrative expenses	<b>(1,597)</b>	(3,305)	<b>(1,597)</b>	(3,305)
Other operating expenses	-	-	-	-
	<b>330</b>	1,338	<b>330</b>	1,338
Finance costs	<b>(23)</b>	(88)	<b>(23)</b>	(88)
Profit before taxation	<b>307</b>	1,250	<b>307</b>	1,250
Tax expense	<b>(169)</b>	(364)	<b>(169)</b>	(364)
Net profit	<b>138</b>	886	<b>138</b>	886
<b>(Loss)/profit attributable to:</b>				
Equity holders of the Company	<b>(71)</b>	567	<b>(71)</b>	567
Non-controlling interests	<b>209</b>	319	<b>209</b>	319
	<b>138</b>	886	<b>138</b>	886
<b>Earnings per ordinary share attributable to equity holders of the Company</b>	<b>Sen</b>	Sen	<b>Sen</b>	Sen
- Basic	<b>(0.02)</b>	0.12	<b>(0.02)</b>	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 31 AUGUST 2014**

	Individual quarter ended		Year-to-date endear-to-date ende	
	31/08/2014	31/08/2013	31/08/2014	31/08/2013
	RM'000	RM'000	RM'000	RM'000
Net profit	138	886	138	886
<b>Other comprehensive income</b>				
Foreign currency translation	-	58	-	58
Other comprehensive income, net of tax	-	58	-	58
Total comprehensive income	<b>138</b>	944	<b>138</b>	944
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	(71)	625	(71)	625
Non-controlling interests	209	319	209	319
	<b>138</b>	944	<b>138</b>	944

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 31 AUGUST 2014**

	Unaudited 31/08/2014 RM'000	Audited 31/05/2014 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	36,718	37,715
Investment in associate	1,802	1,802
Deferred tax assets	162	162
	<b>38,682</b>	39,679
<b>Current assets</b>		
Inventories	287	388
Trade receivables	6,678	7,685
Other receivables and other current assets	7,591	617
Tax recoverable	322	217
Other investments	3,035	3,012
Short term deposits with licensed banks	106	18,676
Cash and bank balances	6,470	10,706
	<b>24,489</b>	41,301
<b>TOTAL ASSETS</b>	<b>63,171</b>	80,980
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	1,771	1,837
Other payables	6,689	4,591
Loan and borrowings	1,425	2,491
Provision for taxation	78	149
	<b>9,963</b>	9,068
<b>Net current assets</b>	<b>14,526</b>	32,233
<b>Non-current liabilities</b>		
Deferred tax liabilities	6,564	6,564
Loan and borrowings	626	535
	<b>7,190</b>	7,099
<b>TOTAL LIABILITIES</b>	<b>17,153</b>	16,167
<b>NET ASSETS</b>	<b>46,018</b>	64,813
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	23,664	47,329
Share premium	-	6,414
Reserves	8,526	8,526
Accumulated loss	(88)	(11,164)
	<b>32,102</b>	51,105
<b>Non-controlling interests</b>	<b>13,916</b>	13,708
<b>TOTAL EQUITY</b>	<b>46,018</b>	64,813
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>63,171</b>	80,980
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.07</b>	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 31 AUGUST 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 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
<b>Transactions with owners</b>									
Dividends on ordinary shares	-	-	-	-	-	(18,931)	(18,931)	-	(18,931)
<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>(11,164)</b>	<b>51,105</b>	<b>13,708</b>	<b>64,813</b>
As at 1 June 2014	47,329	6,414	8,526	-	8,526	(11,164)	51,105	13,708	64,813
Total comprehensive income	-	-	-	-	-	(71)	(71)	209	138
Capital repayment	(23,665)	(6,414)	-	-	-	11,146	(18,933)	-	(18,933)
<b>Balance at 31 August 2014</b>	<b>23,664</b>	<b>-</b>	<b>8,526</b>	<b>-</b>	<b>8,526</b>	<b>(89)</b>	<b>32,101</b>	<b>13,917</b>	<b>46,018</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 August 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 31 AUGUST 2014**

	Year-to-date ended	
	31/08/2014 RM'000	31/08/2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	307	1,250
Adjustments for non-cash items:		
Depreciation	1,214	1,715
Interest expense	23	88
Interest income	(23)	-
Others	19	300
<b>Operating profit before working capital changes</b>	<b>1,540</b>	<b>3,353</b>
Net changes in working capital	(537)	902
Income tax paid	(345)	(271)
<b>Net cash generated from operating activities</b>	<b>658</b>	<b>3,984</b>
		-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(397)	(896)
Additional investments in other investments	(23)	(878)
Interest received	23	-
Others	110	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(287)</b>	<b>(1,774)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(23)	(88)
Capital repayment and reduction	(18,931)	-
Repayments of loans	(926)	(396)
Others	(2,775)	(402)
<b>Net cash used in financing activities</b>	<b>(22,655)</b>	<b>(886)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(22,284)</b>	<b>1,324</b>
		-
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>28,209</b>	<b>2,176</b>
Effect of exchange rate changes	-	58
<b>Cash and cash equivalents at the end of the financial period</b>	<b>5,925</b>	<b>3,558</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	6,470	5,226
Bank overdrafts	(545)	(1,923)
Short term deposits with licensed banks	106	255
	<b>6,031</b>	<b>3,558</b>
Less : Deposit with maturity more than three months.	(106)	(106)
	<b>5,925</b>	<b>3,452</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 August 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 31 AUGUST 2014

### A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT PURSUANT TO 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 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 Standards ("MFRS"). 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

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 MFRSs and IC Interpretation

###### Amendments to

MFRS 10, MFRS12, and MFRS 127	Investment Entities
MFRS 132	Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting

###### IC Interpretation

IC Interpretation 21	Levies
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The adoption of the above pronouncements will have no material impact on the financial statements of the Group.

**A2 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.

**A3 Seasonality or cyclicity**

The operations of the Group were not significantly affected by any seasonal and cyclical factors.

**A4 Items of unusual nature and amount**

The Group's assets, liabilities, equity, net income or cash flows were not affected by items that are material and unusual because of their nature, size or incidence in the current financial year.

**A5 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 2014.

**A6 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:

	<b>Par Value RM</b>	<b>Number of ordinary shares ( '000)</b>	<b>Issued and paid-up share capital RM'000</b>
As at 1 June 2014	0.10	473,286	43,329
Capital reduction and repayment	(0.05)	-	(23,664)
As at 31 August 2014	<u>0.05</u>	<u>473,286</u>	<u>23,665</u>

Other than the above, there is no issuance, repurchase, resale or repayment of debt and equity securities during the financial quarter ended 31 August 2014.

**A7 Dividends**

There were no dividends declared and/or paid during the financial quarter ended 31 August 2014.

**A8 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 August 2014</b>				
<b>Revenue</b>				
External revenue	7,114	775	-	<b>7,889</b>
Inter-segment revenue	-	-	-	-
Total revenue	<u>7,114</u>	<u>775</u>	-	<u><b>7,889</b></u>
Segment results	(19,723)	20,452	-	<b>729</b>
Finance costs				<u>(23)</u>
Profit before taxation				<b>706</b>
Tax expense				<u>(169)</u>
<b>Net profit</b>				<u><b>537</b></u>
<b>31 August 2013</b>				
<b>Revenue</b>				
External revenue	15,450	740	-	<b>16,190</b>
Inter-segment revenue	-	-	-	-
Total revenue	<u>15,450</u>	<u>740</u>	-	<u><b>16,190</b></u>
Segment results	1,875	(537)	-	<b>1,338</b>
Finance costs				<u>(88)</u>
Profit before taxation				<b>1,250</b>
Tax expense				<u>(364)</u>
<b>Net profit</b>				<u><b>886</b></u>

**A9 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 2014.



**A10 Commitments**

(a) Operating lease commitment

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

	<b>31-05-2014</b>	<b>31-05-2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	427	427
Later than 1 year but not later than 5 years	3,664	3,664
Later than 5 years	3,522	3,629
	<u>7,613</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.

	<b>31-08-2014</b>	<b>31-05-2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Minimum lease payments:</b>		
Not later than 1 year	315	459
Later than 1 year but not later than 2 years	427	238
More than 2 years but not later than 5 years	244	334
Total minimum lease payments	<u>986</u>	1,031
Less:		
Amounts representing finance charges	<u>(80)</u>	<u>(75)</u>
	<u>906</u>	<u>956</u>
 <b>Present value of payments</b>		
Not later than 1 year	281	421
Later than 1 year but not later than 2 years	388	253
More than 2 years but not later than 5 years	237	282
	<u>906</u>	<u>956</u>

(c) Capital commitments

	<b>31-08-2014</b>	<b>31-05-2014</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	<u>-</u>	<u>-</u>

**A11 Changes in composition of the Group**

There was no material changes in the composition of the Group for the current quarter and financial year-to-date including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuing operations.

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

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

**A12 Changes in contingent liabilities**

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

**A13 Subsequent events**

There were no events subsequent to the end of the financial quarter ended 31 August 2014 up to the date of this Interim Financial Report which may substantially affect the results or operations of the Group.

**A14 Related party transactions**

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

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31-08-2014</b>	<b>31-08-2013</b>	<b>31-08-2014</b>	<b>31-08-2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sale of services to related companies	<b>1,488</b>	1,648	<b>1,488</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 2014, the Group posted revenue of RM7.9 million compared to RM16.2 million in the corresponding quarter last year. Correspondingly profit before taxation ("PBT") decreased to RM0.3 million compared to RM1.3 million in the corresponding quarter last year.

The Logistics segment posted lower revenue of RM7.1 million in the current financial quarter compared to RM15.4 million in 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 RM0.8 million from RM1.9 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 assets.

Other Segment posted revenue of RM0.8 million compared to RM0.7 million in the corresponding quarter last year, while reported a segmental loss of RM0.1 million compared to a segmental loss of RM0.5 million last year. The result of other segment is mainly from the engineering trading business and 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 reduced to RM7.9 million from RM9.0 million in the immediate preceding quarter. The lower revenue was mainly due to a more competitive business environment. Consequently the Group posted PBT of RM0.3 million in the current financial quarter compared to RM0.6 million in the immediate preceding quarter.

**B3 Prospects for the next 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, 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 31/08/2014 RM'000</b>	<b>Year-to-date ended 31/08/2014 RM'000</b>
The profit before taxation is stated after charging/(crediting):		
Interest income	(23)	(23)
Finance costs	23	23
Depreciation and amortisation	1,214	1,214

**B6 Tax expense**

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31/08/2014</b>	<b>31/08/2013</b>	<b>31/08/2014</b>	<b>31/08/2013</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	<b>169</b>	278	<b>169</b>	278
Foreign income tax	-	86	-	86
	<b>169</b>	364	<b>169</b>	364
Under/(over) provision in prior years:				
Malaysian income tax	-	-	-	-
Foreign income tax	-	-	-	-
	<b>169</b>	364	<b>169</b>	364
Deferred taxation:				
Transfer to deferred taxation	-	-	-	-
Under provision in prior years	-	-	-	-
	<b>169</b>	364	<b>169</b>	364

The effective rate of taxation for the Group in the current financial quarter and financial year-to-date is higher than the statutory tax rate mainly due to losses in certain companies within the Group that are not available for set off against taxable profit in other companies within the Group.

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

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

**B7 Borrowings**

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

	<b>31/08/2014</b>	31/05/2014
	<b>RM'000</b>	RM'000
<b>SHORT TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>1,324</b>	2,491
	<b>1,324</b>	2,491
Unsecured:		
Ringgit Malaysia	<b>100</b>	-
	<b>100</b>	-
<b>Total short term borrowings</b>	<b>1,424</b>	2,491
<b>LONG TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>249</b>	535
	<b>249</b>	535
Unsecured:		
Ringgit Malaysia	<b>378</b>	-
	<b>378</b>	-
<b>Total long term borrowings</b>	<b>627</b>	535
<b>TOTAL BORROWINGS</b>	<b>2,051</b>	3,026

**B8 Material litigation**

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

**B9 Dividends**

No dividend has been paid or declared by the Company during the financial quarter ended 31 August 2014.

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

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

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

	Individual quarter ended		Year-to-date endear-to-date ende	
	31/08/2014	31/08/2013	31/08/2014	31/08/2013
Weighted average number of ordinary shares ('000)	<b>473,286</b>	473,286	<b>473,286</b>	473,286
Net (loss)/profit attributable to ordinary equity holders of the Company (RM'000)	<b>(71)</b>	567	<b>(71)</b>	567
<b>Earnings per ordinary share (sen)</b>				
- Basic	<b>(0.02)</b>	0.12	<b>(0.02)</b>	0.12

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) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary share.

**B11 Realised and unrealised profits**

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

Total retained profits of the Group	<b>RM'000</b>
- Realised	2,488
- Unrealised	(6,564)
	<b>(4,076)</b>
Less: Consolidation adjustments	4,164
As per consolidated financial statements	<b>(89)</b>

**BY ORDER OF THE BOARD**

Choo Se Eng  
Stephen Geh Sim Whye  
Company Secretaries  
Petaling Jaya

23 October 2014