

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2015**

	Individual quarter ended		Year-to-date ended	
	28.02.2015 RM'000	28.02.2014 RM'000	28.02.2015 RM'000	28.02.2014 RM'000 (Audited)
Revenue	7,726	7,760	23,188	40,685
Cost of sales	(5,848)	(6,261)	(17,746)	(30,546)
Gross profit	1,878	1,499	5,442	10,139
Other income	109	20,545	656	20,757
Administrative expenses	(2,056)	(8,892)	(5,448)	(15,340)
Other operating expenses	-	(700)	-	(1,000)
	(69)	12,452	650	14,556
Finance costs	(9)	(27)	(46)	(191)
(Loss)/Profit before taxation	(78)	12,425	604	14,365
Tax expense	(417)	(487)	(830)	(1,137)
Net (loss)/profit	(495)	11,938	(226)	13,228
(Loss)/Profit attributable to:				
Equity holders of the Company	(756)	11,813	(1,094)	12,421
Non-controlling interests	261	125	868	807
	(495)	11,938	(226)	13,228
(Loss)/Earnings per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
- Basic	(0.16)	2.50	(0.23)	2.62

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 28 FEBRUARY 2015**

	Individual quarter ended		Year-to-date ended	
	28/2/2015	28/2/2014	28/2/2015	31/11/2013
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit	(495)	11,938	(226)	13,228
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	-	(998)	-	(98)
Other comprehensive income, net of tax	-	(998)	-	(98)
Total comprehensive (loss)/income	(495)	10,940	(226)	13,130
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(756)	10,815	(1,094)	12,323
Non-controlling interests	261	125	868	807
	(495)	10,940	(226)	13,130

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 28 FEBRUARY 2015**

	Unaudited 28/2/2015 RM'000	Audited 31/5/2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	34,529	37,715
Investment in associate	1,802	1,802
Intangible assets	-	-
Deferred tax assets	162	162
	36,493	39,679
Current assets		
Inventories	595	388
Trade and other receivables	13,026	7,685
other current assets	713	617
Tax recoverable	637	217
Other investments	1,859	3,012
Short term deposits with licensed banks	106	18,676
Cash and bank balances	4,358	10,706
	21,294	41,301
TOTAL ASSETS	57,787	80,980
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	1,412	1,837
Other payables	2,534	4,591
Loan and borrowings	1,019	2,491
Provision for taxation	135	149
	5,100	9,068
Net current assets	16,194	32,233
Non-current liabilities		
Deferred tax liabilities	6,565	6,564
Loan and borrowings	468	535
	7,033	7,099
TOTAL LIABILITIES	12,133	16,167
NET ASSETS	45,654	64,813
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	47,329
Share premium	-	6,414
Reserves	8,526	8,526
Accumulated loss	(1,112)	(11,164)
	31,078	51,105
Non-controlling interests	14,576	13,708
TOTAL EQUITY	45,654	64,813
TOTAL EQUITY AND LIABILITIES	57,787	80,980
Net assets per share attributable to owners of the parent (RM)	0.07	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 28 FEBRUARY 2015

	Attributable to equity holders of the Company								
	----- Non-Distributable ----->					Distributable			
	Share capital RM'000	Share premium RM'000	Reserves			Accumulated loss RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Merger reserve RM'000			translation reserve RM'000	Foreign currency 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
Transaction with owners									
Dividends on ordinary shares	-	-	-	-	-	(18,931)	(18,931)	-	(18,931)
Balance at 31 May 2013	47,329	6,414	8,526	-	8,526	(11,164)	51,105	13,708	64,813
As at 1 June 2013	47,329	6,414	8,526	-	8,526	(11,164)	51,105	13,708	64,813
Total comprehensive income	-	-	-	-	-	(1,094)	(1,094)	868	(226)
Capital repayment	(23,665)	(6,414)	-	-	-	11,146	(18,933)	-	(18,933)
Balance at 28 February 2015	23,664	-	8,526	-	8,526	(1,112)	31,078	14,576	45,654

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 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 28 FEBRUARY 2015**

	Year-to-date ended	
	28/2/2015 RM'000	28/2/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	604	14,365
Adjustments for non-cash items:		
Depreciation	3,531	4,928
Interest expense	46	191
Gain on disposal of a subsidiary	-	(20,559)
Impairment loss on receivables	-	616
Provision for write-offs of inventories	-	500
Others	-	470
Operating profit before working capital changes	4,181	511
Net changes in working capital	(8,128)	1,768
Income tax paid	(1,263)	(1,413)
Net cash (used in)/generated from operating activities	(5,210)	866
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(349)	(2,795)
Additional investments in other investments	-	(2,202)
Proceed from sale of other investments	1,153	-
Proceed from sale of a subsidiary	-	46,296
Net cash generated from investing activities	804	41,299
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(46)	(191)
Dividend paid	-	(18,931)
Capital repayment	(18,933)	-
Repayments of loans	(1,004)	(689)
Others	(240)	(284)
Net cash used in financing activities	(20,223)	(20,095)
Net (decrease)/increase in cash and cash equivalents	(24,629)	22,070
Cash and cash equivalents at the beginning of the financial year	28,209	2,176
Effect of exchange rate changes	-	12
Cash and cash equivalents at the end of the financial period	3,580	24,258
Cash and cash equivalents		
Cash and bank balances	4,358	6,157
Bank overdrafts	(778)	(699)
Short term deposits with licensed banks	106	18,800
	3,686	24,258
Deposits with maturity more than three months	(106)	-
	3,580	24,258

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 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 28 FEBRUARY 2015

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 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 Standard ("MFRSs"). 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

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 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:

MFRS 10	Consolidated Financial Statements: Investment Entities
MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
MFRS 127	Separate Financial Statements (2011): Investment Entities
MFRS 132	Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 132	Novation of Derivatives and Continuation of Hedge Accounting
IC Int. 21	Levies

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 28 February 2015

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 2014.

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 28 February 2015, 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.

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 28 February 2015.

A7 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:

	Par Value RM	Number of ordinary shares ('000)	Issued and paid-up share capital RM'000
As at 1 June 2014	0.10	473,286	47,329
Capital reduction and repayment	(0.05)	-	(23,665)
As at 28 February 2015	0.05	473,286	23,664

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 28 February 2015.

A9 Segmental information

For management purposes, the Group is organised into business units based on their products, and there are two (2) operating segments as follows:

- (a) The logistics segment is in the business of providing services such as rental and transportation services. It also includes freight forwarding, packing and crafting services.
- (b) The other segment is involved in manufacturing, trading and marketing of low voltage switchgear and investment holding activities.

	Logistics	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
28 February 2015				
Revenue				
External revenue	21,072	2,116	-	23,188
Inter-segment revenue	-	-	-	-
Total revenue	<u>21,072</u>	<u>2,116</u>		<u>23,188</u>
Segment results	2,318	(1,668)	-	650
Finance costs				<u>(46)</u>
Profit before taxation				604
Tax expense				<u>(830)</u>
Net profit				<u>(226)</u>
28 February 2014				
Revenue				
External revenue	38,760	1,925	-	40,685
Inter-segment revenue	-	-	-	-
Total revenue	<u>38,760</u>	<u>1,925</u>		<u>40,685</u>
Segment results	3,314	11,242	-	14,556
Finance costs				<u>(191)</u>
Profit before taxation				14,365
Tax expense				<u>(1,137)</u>
Net profit				<u>13,228</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 28 February 2015.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 28 February 2015

A11 Commitments

(a) Operating lease commitment

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

	28-02-2015	31-05-2014
	RM'000	RM'000
Not later than 1 year	427	427
Later than 1 year but not later than 5 years	4,091	3,664
Later than 5 years	2,775	3,629
	<u>7,293</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.

	28-02-2015	31/5/2014
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	274	459
Later than 1 year but not later than 2 years	356	238
More than 2 years but not later than 5 years	138	334
Total minimum lease payments	<u>768</u>	<u>1031</u>
Less:	<u>(59)</u>	<u>(75)</u>
Present value of minimum lease payments	<u>709</u>	<u>956</u>
Present value of payments		
Not later than 1 year	242	421
Later than 1 year but not later than 2 years	330	253
More than 2 years but not later than 5 years	137	282
	<u>709</u>	<u>956</u>

A12 Changes in composition of the Group

There were no material changes in the composition of the Group for the financial quarter ended 28 February 2015.

A13 Changes in contingent liabilities

The Group does not have any contingent liabilities as at 28 February 2015.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 28 February 2015 up to the date of this Interim Financial Report which may substantially affect the results or operations of the Group other than the corporate proposal as disclosed in Note B7.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 28 February 2015

A15 Related party transactions

The Group had the following transactions with related parties during the financial quarter ended 28 February 2015:

	Individual quarter ended		Year-to-date ended	
	28-02-2015	28-02-2014	28-02-2015	28-02-2014
	RM'000	RM'000	RM'000	RM'000
Sale of services to related companies	1,361	1,758	4,433	4,719

The Board is of the opinion that all transactions have been entered into in the normal course of business and have been established on an arm's length basis under terms no more favourable than those transacted with third parties.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE ACE MARKET LISTING REQUIREMENTS

B1 Performance review for the current financial quarter against previous financial year corresponding quarter

For the nine months ended 28 February 2015, the Group posted lower revenue of RM23.2 million compared to RM40.7 million for the corresponding period last year. Correspondingly, profit before taxation ("PBT") decreased to RM0.6 million from RM14.4 million a year ago.

For the financial quarter ended 28 February 2015, revenue of the Group slightly reduced to RM7.7 million compared with RM7.8 million in the corresponding quarter last year. The Group recorded a loss before tax of RM0.1 million compared with PBT of RM12.4 million in the corresponding quarter last year.

For the nine months ended 28 February 2015, the Logistics segment posted lower revenue of RM21.0 million compared to RM30.8 million for 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 RM2.1 million from RM3.5 million in the corresponding quarter last year. The results of the Logistic Segment were also affected by the lower demand from the third party on transportation services.

Other Segment posted higher revenue of RM2.1 million compared to RM1.9 million for the corresponding period last year. However, the other segment reported a loss before tax of RM1.7 million compared with PBT of RM11.4 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 slightly increased to RM7.7 million compared to RM7.5 million in the immediate preceding quarter. However, the Group posted a loss before tax of RM0.1 million in the current financial quarter compared to PBT of RM0.4 million in the immediate preceding quarter due to higher operating costs.

B3 Prospects for the 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 in the previous financial year, the Board will therefore continue to explore other business opportunities to further enhance shareholders' value.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 28 February 2015

B4 Forecast profit, profit guarantee and internal targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any publicly available documents or announcements.

B5 Profit before taxation

	Individual quarter ended 28/2/2015 RM'000	Year-to-date ended 28/2/2015 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(36)	(64)
Finance costs	9	46
Depreciation and amortisation	1,151	3,531
	<hr/>	<hr/>

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	28/2/2015	28/2/2014	28/2/2015	28/2/2014
	RM'000	RM000	RM'000	RM000
Current tax expense/(reversal) based on profit for the financial period:				
Malaysian income tax	417	487	830	1,052
Foreign income tax	-	-	-	85
	<hr/>	<hr/>	<hr/>	<hr/>
	417	487	830	1,137

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 28 February 2015

B7 Borrowings

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

	28/2/2015	31/5/2014
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	1,019	2,491
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	468	535
	<u>1,487</u>	<u>3,026</u>

Note:

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

B8 Material litigation

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

B9 Dividends

There was no dividend declared and/or paid during the financial quarter and period ended 28 February 2015.

B10 Earnings per share(a) Basic earnings per share

	Individual quarter ended		Year-to-date ended	
	28/2/2015	28/2/2014	28/2/2015	31/8/2013
Weighted average number of ordinary shares ('000)	<u>473,286</u>	473,286	<u>473,286</u>	473,286
Net profit attributable to ordinary equity holders of the Company (RM'000)	<u>(756)</u>	11,813	<u>(1,094)</u>	12,421
Earnings per ordinary share (sen)				
- Basic	<u>(0.16)</u>	2.50	<u>(0.23)</u>	2.62

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 28 February 2015

B11 Realised and unrealised profits

The breakdown of retained profits of the Group as at 28 February 2015 into realised and unrealised profits is as follows:

Total retained profits of the Group	RM'000
- Realised	1,498
- Unrealised	(6,565)
	<u>(5,067)</u>
Less: Consolidation adjustments	3,956
As per consolidated financial statements	<u>(1,111)</u>

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries
Petaling Jaya

30 April 2015