

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2017**

	Individual quarter ended		Year-to-date ended	
	31-5-2017	31-5-2016	31-5-2017	31-5-2016
	RM'000	RM'000	RM'000	RM'000
Revenue	7,134	8,195	28,810	32,366
Cost of sales	(6,282)	(7,793)	(24,651)	(27,724)
Gross profit	852	402	4,159	4,642
Other income	(171)	1,150	1,142	2,149
Administrative expenses	(1,987)	(2,373)	(7,704)	(6,976)
Finance costs	(27)	(76)	(60)	(101)
Loss before taxation	(1,333)	(758)	(2,463)	(286)
Tax expense	171	670	(600)	(23)
Net loss for the financial period	(1,162)	(88)	(3,063)	(309)
(Loss)/Profit attributable to:				
Equity holders of the Company	(1,345)	(415)	(4,229)	(1,654)
Non-controlling interests	183	327	1,166	1,345
	(1,162)	(88)	(3,063)	(309)
Loss per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
- Basic	(0.28)	(0.09)	(0.89)	(0.35)

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2016 and the accompanying notes to this Interim Financial Report.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2017**

	Individual quarter ended		Year-to-date ended	
	31-5-2017	31-5-2016	31-5-2017	31-5-2016
	RM'000	RM'000	RM'000	RM'000
Net loss for the financial period	(1,162)	(88)	(3,063)	(309)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss	(1,162)	(88)	(3,063)	(309)
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(1,345)	(415)	(4,229)	(1,654)
Non-controlling interests	183	327	1,166	1,345
	(1,162)	(88)	(3,063)	(309)

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2016 and the accompanying notes to this Interim Financial Report.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2017**

	Unaudited 31-5-2017 RM'000	Audited 31-5-2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,805	29,988
Investment in associate	1,802	1,802
	32,437	31,790
Current assets		
Inventories	-	614
Trade and other receivables	3,219	14,706
other current assets	1,069	619
Tax recoverable	818	699
Other investments	-	508
Short term deposits with licensed banks	135	132
Cash and bank balances	9,185	8,207
	14,426	25,485
Non-current assets held for sale	-	51
	14,426	25,536
TOTAL ASSETS	46,863	57,326
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	1,743	2,542
Other payables	2,953	4,058
Loan and borrowings	637	1,287
Provision for taxation	109	22
	5,442	7,909
Net current assets	8,984	17,576
Non-current liabilities		
Deferred tax liabilities	5,052	5,642
Loan and borrowings	1,399	126
	6,451	5,768
TOTAL LIABILITIES	11,893	13,677
NET ASSETS	34,970	43,649
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(7,440)	(3,211)
	24,750	28,979
Non-controlling interests	10,220	14,670
TOTAL EQUITY	34,970	43,649
TOTAL EQUITY AND LIABILITIES	46,863	57,326
Net assets per share attributable to owners of the parent (RM)	0.05	0.06

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2016 and the accompanying notes to this Interim Financial Report.

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL QUARTER ENDED 31 MAY 2017

	Attributable to equity holders of the Company			Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	<---- Non-Distributable----> Share capital RM'000	Merger reserve RM'000	Accumulated loss RM'000			
As at 1 June 2015	23,664	8,526	(1,557)	30,633	14,795	45,428
Total comprehensive income	-	-	(1,654)	(1,654)	1,345	(309)
Transactions with owners						
Dividend paid to non-controlling interest	-	-	-	-	(1,470)	(1,470)
Balance at 31 May 2016	23,664	8,526	(3,211)	28,979	14,670	43,649
As at 1 June 2016	23,664	8,526	(3,211)	28,979	14,670	43,649
Total comprehensive income	-	-	(4,229)	(4,229)	1,166	(3,063)
Dividend paid to Non-controlling interests	-	-	-	-	(5,488)	(5,488)
Disposal of subsidiaries	-	-	-	-	(128)	(128)
Balance at 31 May 2017	23,664	8,526	(7,440)	24,750	10,220	34,970

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2016 and the accompanying notes to this Interim Financial Report.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2017**

	Year-to-date ended	
	31-5-2017	31-5-2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,463)	(286)
Adjustments for non-cash items:		
Depreciation	4,069	4,463
Interest expense	60	101
Interest income	(498)	(333)
Others	(98)	73
Operating profit before working capital changes	1,070	4,018
Net changes in working capital	9,312	1,510
Income tax paid	(1,223)	(1,325)
Net cash generated from operating activities	9,159	4,203
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,283)	(974)
Proceed from disposal of subsidiaries	780	-
(Proceed from disposal)/Withdrawal of other investments	(321)	400
Proceed from disposal of property, plant and equipment	74	267
Placement of deposits pledged to a licensed bank	(4)	(23)
Interest received	498	333
Net cash (used in)/generated from investing activities	(3,256)	3
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(60)	(101)
Dividend paid to non-controlling interest	(5,488)	(1,470)
Net drawdown/(repayment) of borrowings	1,073	198
Others	-	-
Net cash used in financing activities	(4,475)	(1,373)
Net increase in cash and cash equivalents	1,428	2,833
Cash and cash equivalents at the beginning of the financial year	7,757	4,771
Effect of exchange rate changes	-	153
Cash and cash equivalents at the end of the financial period	9,185	7,757
Cash and cash equivalents		
Cash and bank balances	9,185	8,207
Bank overdrafts	-	(450)
Short term deposits with licensed banks	135	132
	9,320	7,889
Deposits with maturity more than three months	(135)	(132)
	9,185	7,757

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2016 and the accompanying notes to this Interim Financial Report.

ANCOM LOGISTICS BERHAD

(Incorporated in Malaysia)

(Company No: 6614-W)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 MAY 2017

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 31 May 2017, 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 31 May 2017.

A7 Debt and equity securities

There was no issuance, cancellation, repurchase or repayment of debt and equity securities during the financial quarter ended 31 May 2017.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 May 2017.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 31 May 2017

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 investment holding activities and manufacturing, trading and marketing of low voltage switchgear.

	Logistics	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
31 May 2017				
Revenue				
External revenue	27,553	1,257	-	28,810
Inter-segment revenue	12	-	(12)	-
Total revenue	<u>27,565</u>	<u>1,257</u>		<u>28,810</u>
Segment results	879	(3,282)	-	(2,403)
Finance costs				<u>(60)</u>
Loss before taxation				(2,463)
Tax expense				<u>(600)</u>
Net loss for the financial period				<u>(3,063)</u>
31 May 2016				
Revenue				
External revenue	28,213	4,153	-	32,366
Inter-segment revenue	12	-	(12)	-
Total revenue	<u>28,225</u>	<u>4,153</u>		<u>32,366</u>
Segment results	1,452	(1,637)	-	(185)
Finance costs				<u>(101)</u>
Loss before taxation				(286)
Tax expense				<u>(23)</u>
Net loss for the financial period				<u>(309)</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 2017.

A11 Capital commitments

As at 31 May 2017, 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 31 May 2017 other than the disposal of Ancom Component Sdn Bhd to its holding company, Ancom Berhad on 2 August 2016 for cash consideration of RM1.00.

A13 Changes in contingent liabilities

The Group does not have any contingent liabilities as at 31 May 2017.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 31 May 2017 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 31 May 2017

For the financial year ended 31 May 2017, the Group posted lower revenue of RM 28.8 million compared to RM32.4 million last year. Consequently, the Group reported higher loss before taxation of RM2.5 million for the current financial year compared to loss before taxation of RM0.3 million last year.

During the financial quarter ended 31 May 2017, revenue of the Group decreased to RM7.1 million compared to RM8.2 million in the corresponding quarter last year. Loss before taxation increased to RM1.3 million as compared to loss before taxation of RM0.8 million in the corresponding quarter last year.

Review of business segments for the period financial year ended 31 May 2017

For the financial year ended 31 May 2017, the Logistics segment posted lower revenue of RM27.6 million in the current financial year compared to RM28.2 million last year. The revenue of the Logistic Segment was affected by continuous stiff competition for transportation services. Consequently, this segment reported a lower segmental profit of RM0.9 million compared to RM1.5 million last year.

Other Segment posted lower revenue of RM1.3 million compared to RM4.2 million 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. This segment reported a higher segmental loss of RM3.3 million as compared with RM1.6 million last year. The results of other segment is mainly attributed to 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 increased to RM7.1 million from RM6.7 million in the immediate preceding quarter. The Group reported loss before taxation of RM1.3 million for the current financial quarter as compared to loss before taxation of RM1.1 million the immediate preceding financial quarter.

B3 Prospects for the next financial year

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 next 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 Loss before taxation

	Individual quarter ended 31-5-2017 RM'000	Year-to-date ended 31-5-2017 RM'000
The loss before taxation is stated after charging/(crediting):		
Interest income	(95)	(498)
Gain on disposal of a subsidiary	-	(162)
Finance costs	27	60
Property, plant and equipment written off	-	473
Depreciation and amortisation	1,041	4,069

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	31-5-2017	31-5-2016	31-5-2017	31-5-2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense/(reversal) based on profit for the financial period:				
Malaysian income tax	431	477	1,080	1,170
Under/(over) provision in prior years:				
Malaysian income tax	(12)	(803)	110	(803)
Foreign income tax	-	-	-	-
	419	(326)	1,190	367
Deferred taxation:				
Transfer to deferred taxation	(532)	(513)	(532)	(513)
Under provision in prior years	(58)	169	(58)	169
	(171)	(670)	600	23

The taxation charge for the Group in the current financial quarter is 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 31 May 2017

B9 Borrowings

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

	31-5-2017	31-5-2016
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	637	1,287
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	1,399	126
	<u>2,036</u>	<u>1,413</u>

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 31 May 2017.

B12 Earnings per share(a) Basic earnings per share

	Individual quarter ended		Year-to-date ended	
	31-5-2017	31-5-2016	31-5-2017	31-5-2016
Weighted average number of ordinary shares ('000)	473,286	473,286	473,286	473,286
Net loss attributable to ordinary equity holders of the Company (RM'000)	(1,345)	(415)	(4,229)	(1,654)
Loss per ordinary share (sen)				
- Basic	(0.28)	(0.09)	(0.89)	(0.35)

Diluted earnings per share

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

The Company does not have convertible securities at the end of the reporting periods.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 31 May 2017

B13 Realised and unrealised profits/(losses)

The breakdown of accumulated losses of the Group as at 31 May 2017 into realised and unrealised profits is as follows:

Total accumulated losses of the Group	RM'000
- Realised	(2,091)
- Unrealised	(5,052)
	<hr/>
	(7,143)
Less: Consolidation adjustments	(297)
As per consolidated financial statements	<hr/>
	(7,440)