

ANCOM LOGISTICS BERHAD (Company No.: 6614-W)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2013

	Individual quarter ended		Year-to-date ended	
	31.08.2013	31.08.2012	31.08.2013	31.08.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	16,190	16,167	16,190	16,167
Cost of sales	(11,682)	(11,859)	(11,682)	(11,859)
Gross profit	4,508	4,308	4,508	4,308
Other income	135	244	135	244
Administrative expenses	(3,305)	(3,319)	(3,305)	(3,319)
Other operating expenses	-	(19)	-	(19)
	1,338	1,214	1,338	1,214
Finance costs	(88)	(111)	(88)	(111)
Profit before taxation	1,250	1,103	1,250	1,103
Tax expense	(364)	2	(364)	2
Net profit	886	1,105	886	1,105
Profit attributable to:				
Equity holders of the Company	567	850	567	850
Non-controlling interests	319	255	319	255
	886	1,105	886	1,105
Earnings per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
- Basic	0.12	0.18	0.12	0.18

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 AUGUST 2013**

	Individual quarter ended		Year-to-date ended	
	31-08-2013	31-08-2012	31-08-2013	31-08-2012
	RM'000	RM'000	RM'000	RM'000
Net profit	886	1,105	886	1,105
Other comprehensive income				
Foreign currency translation	58	63	58	63
Other comprehensive income, net of tax	58	63	58	63
Total comprehensive income	944	1,168	944	1,168
Total comprehensive income attributable to:				
Equity holders of the Company	625	913	625	913
Non-controlling interests	319	255	319	255
	944	1,168	944	1,168

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 AUGUST 2013**

	Unaudited 31-08-2013 RM'000	Audited 31-05-2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	67,211	68,389
Investment in associate	2,502	2,802
Intangible assets	362	362
Deferred tax assets	110	110
	70,185	71,663
Current assets		
Inventories	651	636
Trade receivables	13,253	12,548
Other receivables and other current assets	4,775	4,632
Tax recoverable	887	652
Other investments	1,142	264
Short term deposits with licensed banks	255	253
Cash and bank balances	5,226	5,238
	26,189	24,223
TOTAL ASSETS	96,374	95,886
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	3,953	3,105
Other payables	6,377	5,863
Loan and borrowings	4,983	7,014
Provision for taxation	539	224
	15,852	16,206
Net current assets	10,337	8,017
Non-current liabilities		
Deferred tax liabilities	8,298	8,285
Loan and borrowings	1,361	1,476
	9,659	9,761
TOTAL LIABILITIES	25,511	25,967
NET ASSETS	70,863	69,919
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	47,329	47,329
Share premium	6,414	6,414
Reserves	8,682	8,624
Accumulated loss	(5,262)	(5,829)
	57,163	56,538
Non-controlling interests	13,700	13,381
TOTAL EQUITY	70,863	69,919
TOTAL EQUITY AND LIABILITIES	96,374	95,886
Net assets per share attributable to owners of the parent (RM)	0.12	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 AUGUST 2013

	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
Transactions with owners									
Dividends paid to non-controlling interest of subsidiary	-	-	-	-	-	-	-	(980)	(980)
Additional capital contribution	-	-	-	-	-	-	-	433	433
Dividends on ordinary shares	-	-	-	-	-	(2,366)	(2,366)	-	(2,366)
Balance at 31 May 2013	47,329	6,414	8,526	98	8,624	(5,829)	56,538	13,381	69,919
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	-	-	-	58	58	567	625	319	944
Balance at 31 August 2013	47,329	6,414	8,526	156	8,682	(5,262)	57,163	13,700	70,863

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 AUGUST 2013**

	Year-to-date ended	
	31-08-2013	31-08-2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,250	1,103
Adjustments for non-cash items:		
Depreciation	1,715	1,734
Interest expense	88	111
Others	300	(97)
Operating profit before working capital changes	3,353	2,851
Net changes in working capital	902	2,093
Income tax paid	(271)	176
Net cash generated from operating activities	3,984	5,120
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(896)	(652)
Additional investments in other investments	(878)	-
Proceed from sale of other investments	-	1,549
Others	-	-
Net cash used in investing activities	(1,774)	897
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(88)	(111)
Dividend paid to non-controlling interest	-	(980)
Repayments of loans	(396)	(524)
Others	(402)	(618)
Net cash used in financing activities	(886)	(2,233)
Net increase / (decrease) in cash and cash equivalents	1,324	3,784
Cash and cash equivalents at the beginning of the financial year	2,176	1,909
Effect of exchange rate changes	58	(1)
Cash and cash equivalents at the end of the financial year	3,558	5,692
Cash and cash equivalents		
Cash and bank balances	5,226	8,150
Short term deposits with licensed banks	255	161
	5,481	8,311
Bank overdrafts	(1,923)	(2,619)
	3,558	5,692

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 31 AUGUST 2013

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
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 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 cyclical

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 August 2013, 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 31 August 2013.

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 August 2013.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 August 2013 other than the Proposed Special Cash Dividend of 4.0 sen per share as disclosed in Note B7.

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
31 August 2013	RM'000	RM'000	RM'000	RM'000
Revenue				
External revenue	15,450	740	-	16,190
Inter-segment revenue	-	-	-	-
Total revenue	<u>15,450</u>	<u>740</u>		<u>16,190</u>
Segment results	1,875	(537)	-	1,338
Unallocated corporate expenses				-
Operating profits				1,338
Finance costs				(88)
Share of results of associate				-
Profit before taxation				1,250
Tax expense				(364)
Net profit				<u>886</u>
31 August 2012				
Revenue				
External revenue	15,528	639	-	16,167
Inter-segment revenue	-	-	-	-
Total revenue	<u>15,528</u>	<u>639</u>		<u>16,167</u>
Segment results	2,211	(997)	-	1,214
Unallocated corporate expenses				-
Operating profits				1,214
Finance costs				(111)
Share of results of associate				-
Profit before taxation				1,103
Tax expense				2
Net profit				<u>1,105</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 August 2013.

A11 Commitments**(a) Operating lease commitment**

Future minimum rentals payable under non-cancellable operating lease as at 31 August 2013 are as follows:

	31-08-2013	31-05-2013
	RM'000	RM'000
Not later than 1 year	4,375	4,375
Later than 1 year but not later than 5 years	9,790	9,790
Later than 5 years	24,451	25,545
	38,616	39,710

(b) Finance lease commitment

The Group has finance leases for certain terms of plant and equipment. These leases do not have terms of renewal, but have purchases options at nominal values at the end of the lease term.

	31-08-2013	31-05-2013
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	1,122	1,406
Later than 1 year but not later than 2 years	1,438	1,449
More than 2 years but not later than 5 years	-	85
Total minimum lease payments	2,560	2,940
Less:		
Present value of minimum lease payments	(138)	(159)
	2,422	2,781
Present value of payments		
Not later than 1 year	1,062	1,305
Later than 1 year but not later than 2 years	1,360	1,476
More than 2 years but not later than 5 years	-	-
	2,422	2,781

(c) Capital commitments

	31-08-2013	31-05-2013
	RM'000	RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- Contracted but not provided for	288	-

A12 Changes in composition of the Group

There were no material changes in the composition of the Group for the financial quarter ended 31 August 2013.

A13 Changes in contingent liabilities

The Group does not have any contingent liabilities as at 31 August 2013.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 31 August 2013 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 August 2013:

	Individual quarter ended		Year-to-date ended	
	31-08-2013	31-08-2012	31-08-2013	31-08-2012
	RM'000	RM'000	RM'000	RM'000
Sale of services to related companies	1,648	1,502	1,648	1,502

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 2013, the Group posted revenue of RM16.2 million which is close to that reported in the corresponding quarter last year. Profit before taxation ("PBT") increased to RM1.3 million compared with RM1.1 million a year ago. Despite revenue remained stable at RM16.2 million in the current financial quarter, the Group reported higher PBT due to lower corporate expenses incurred.

During the financial quarter ended 31 August 2013, revenue from the Logistics segment remained at RM15.5 million, which is close to last year corresponding quarter. Segmental profit decreased to RM1.9 million compared with RM2.2 million a year ago as the segment continues to face a challenging operating environment in the transportation business. Other segment posted revenue of RM0.7 million compared to RM0.6 million in the corresponding quarter last year while its segmental loss decreased to RM0.5 million from RM1.0 million a year ago due to lower corporate expenses incurred.

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 marginally to RM16.2 million compared with RM15.0 million in the immediate preceding quarter. However, the Group posted a lower PBT of RM1.3 million in the current financial quarter compared with RM1.4 million. The PBT in the current financial quarter include an impairment of RM0.3 million on the investment in an associate.

B3 Prospects for the financial year

In light of the global economic uncertainties, which may have an impact to the Group's business, the Board will continue to exercise caution in managing the business going forward, although the Group has reported improved performance in the current financial quarter.

The Board is of the view that, barring unforeseen circumstances, the financial performance and prospects of the Group will be satisfactory for the rest of the financial year.

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 31-08-2013 RM'000	Year-to-date ended 31-08-2013 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	-	-
Other income including investment income	135	135
Finance costs	88	88
Depreciation and amortisation	1,715	1,715
Provision for and write-off of receivables	-	-
Provision for and write-off of inventories	-	-
(Gain)/loss on disposal of quoted or unquoted investments	-	-
Impairment of assets	-	-
Impairment of an associate	300	300
Foreign exchange (gain)/loss	-	-
(Gain)/loss on derivatives	-	-
Exceptional items	-	-

B6 Tax expense

	Individual quarter ended 31-08-2013 RM'000	31-08-2012 RM'000	Year-to-date ended 31-08-2013 RM'000	31-08-2012 RM'000
Current tax expense/(reversal) based on profit for the financial period:				
Malaysian income tax	278	397	278	397
Foreign income tax	86	94	86	94
	364	491	364	491
Under/(over) provision in prior years:				
Malaysian income tax	-	(493)	-	(493)
Foreign income tax	-	-	-	-
	364	(2)	364	(2)
Deferred taxation:				
Transfer to deferred taxation	-	-	-	-
Under provision in prior years	-	-	-	-
	364	(2)	364	(2)

The effective rate of taxation for the Group in the current financial quarter is higher than the statutory tax rate mainly due to certain expenses being disallowed for taxation purposes.

B7 Status of corporate proposal

On 23 August 2013, Synergy Trans-linked Sdn Bhd ("STL"), a wholly-owned subsidiary of the Company has entered into a conditional share sale agreement ("SSA") with CWT Limited ("CWT") in relation to the proposed disposal of 7,911,192 ordinary shares of Sinsenmoh Transportation Pte Ltd ("SSM"), representing 100% of the issued and paid-up share capital of SSM, by STL, to CWT for a indicative total disposal consideration of RM46.0 million, to be fully satisfied by cash ("Proposed Disposal").

Subsequently on 8 October 2013, pursuant to the Proposed Disposal, MIDF Amanah Investment Bank Berhad on behalf of the Company further announced that the Company shall, subject to obtaining all requisite approvals, undertake a distribution of approximately RM37.9 million to the entitled shareholders of the Company ("Entitled Shareholders") or equivalent to RM0.08 per ordinary share of RM0.10 each in the Company ("ALB Share") to the Entitled Shareholders ("Proposed Distribution") by way of:

- (i) Proposed declaration and payment of part of the Disposal Consideration as a special cash dividend on the basis of RM0.04 per ALB Share to the Entitled Shareholders on the entitlement date ("Entitlement Date"), which will be determined by the Board and announced in due course ("Proposed Special Cash Dividend"); and
- (ii) Proposed Capital Reduction and 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 to the Entitled Shareholders on the Entitlement Date.

Pursuant to the Proposed Capital Reduction and Repayment, the Company is also proposing to amend its Memorandum and Articles of Association ("Proposed Amendment") to facilitate the implementation of the Proposed Capital Reduction and Repayment.

As at the date of this report, the above corporate proposal is subject to the approval of the shareholders and completion of the conditions precedents as set out in the SSA.

Save as disclosed above, the proposed additional amendments to the Articles of Association of the Company to be in line with the amendments of the ACE Market Listing Requirements as well as to ensure administrative efficiency of the Company and the proposed renewal of shareholders mandate for the recurrent related party transactions of a revenue or trading nature to be approved by the shareholders of the Company, there were no other 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.

B9 Borrowings

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

	31-08-2013	31-05-2013
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	2,430	3,819
Singapore Dollar	445	239
	2,875	4,058
Unsecured:		
Ringgit Malaysia	185	120
Singapore Dollar	1,923	2,836
	2,108	2,956
Total short term borrowings	4,983	7,014
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	251	270
Singapore Dollar	1,110	1,206
	1,361	1,476
Unsecured:		
Ringgit Malaysia	-	-
Singapore Dollar	-	-
	-	-
Total long term borrowings	1,361	1,476
TOTAL BORROWINGS	6,344	8,490

Note:

1. 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

There was no dividend declared and/or paid during the financial quarter ended 31 August 2013 other than the Proposed Special Cash Dividend of 4.0 sen per share as disclosed in Note B7.

B12 Earnings per share(a) Basic earnings per share

	Individual quarter ended		Year-to-date ended	
	31-08-2013	31-08-2012	31-08-2013	31-08-2012
Weighted average number of ordinary shares ('000)	473,286	473,286	473,286	473,286
Net profit attributable to ordinary equity holders of the Company (RM'000)	567	850	567	850
Earnings per ordinary share (sen)				
- Basic	0.12	0.18	0.12	0.18

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 August 2013 into realised and unrealised profits is as follows:

Total retained profits of the Group	RM'000
- Realised	(170)
- Unrealised	(8,298)
	(8,468)
Less: Consolidation adjustments	3,206
As per consolidated financial statements	(5,262)

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries
Petaling Jaya

29 October 2013