

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR FINANCIAL QUARTER ENDED 31 MAY 2021**

	Individual quarter ended		Year-to-date ended	
	31.05.2021	31.05.2020	31.05.2021	31.05.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>445,891</b>	309,448	<b>1,538,476</b>	1,472,285
Cost of sales	<b>(380,495)</b>	(256,506)	<b>(1,290,266)</b>	(1,263,804)
Gross profit	<b>65,396</b>	52,942	<b>248,210</b>	208,481
Other income	<b>4,876</b>	7,014	<b>11,959</b>	21,535
Distribution expenses	<b>(27,482)</b>	(20,001)	<b>(96,020)</b>	(90,618)
Administrative expenses	<b>(20,879)</b>	(33,876)	<b>(83,004)</b>	(104,094)
Other operating expenses	<b>(2,181)</b>	(9,060)	<b>(14,091)</b>	(14,278)
Finance costs	<b>(2,890)</b>	(5,790)	<b>(12,734)</b>	(19,070)
Share of results of associates	<b>(386)</b>	(1,399)	<b>(2,389)</b>	(2,788)
Profit before taxation	<b>16,454</b>	(10,170)	<b>51,931</b>	(832)
Tax expense	<b>(2,760)</b>	(6,958)	<b>(18,445)</b>	(18,060)
Net profit for the financial year	<b>13,694</b>	(17,128)	<b>33,486</b>	(18,892)
<b>Net profit/(loss) attributable to</b>				
Owners of the parent	<b>7,611</b>	(11,799)	<b>23,945</b>	(9,696)
Non-controlling interests	<b>6,083</b>	(5,329)	<b>9,541</b>	(9,196)
	<b>13,694</b>	(17,128)	<b>33,486</b>	(18,892)
<b>Earnings/(loss) per ordinary share attributable to equity holders of the Company</b>				
Basic earnings/(loss) per share (sen)	<b>3.19</b>	(5.24)	<b>10.05</b>	(4.31)
Diluted earnings/(loss) per share (sen)	<b>2.75</b>	(5.24)	<b>8.67</b>	(4.31)

The Unaudited Condensed Income Statement should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2020 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR FINANCIAL QUARTER ENDED 31 MAY 2021**

	Individual quarter ended		Year-to-date ended	
	31.05.2021	31.05.2020	31.05.2021	31.05.2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	<b>13,694</b>	(17,128)	<b>33,486</b>	(18,892)
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	<b>1,637</b>	(4,432)	<b>(5,861)</b>	(2,788)
Re-measurement of defined benefit liabilities	<b>(461)</b>	(37)	<b>(992)</b>	(58)
Other comprehensive (loss)/income, net of tax	<b>1,176</b>	(4,469)	<b>(6,853)</b>	(2,846)
<b>Total comprehensive income/(loss)</b>	<b>14,870</b>	(21,597)	<b>26,633</b>	(21,738)
Total comprehensive income/(loss) attributable to				
Owners of the parent	<b>8,359</b>	(13,788)	<b>20,131</b>	(10,818)
Non-controlling interests	<b>6,511</b>	(7,809)	<b>6,502</b>	(10,920)
	<b>14,870</b>	(21,597)	<b>26,633</b>	(21,738)

The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2020 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2021**

	Unaudited 31.05.2021 RM'000	Audited 31.05.2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	190,654	200,660
Investment properties	314	326
Investment in associates	5,718	7,867
Investment in a joint venture	-	-
Other investments	415	448
Intangible assets	6,014	21,968
Goodwill on consolidation	70,112	68,330
Rights-of-use assets	110,150	104,324
Deferred tax assets	25,376	25,988
	<b>408,753</b>	429,911
<b>Current assets</b>		
Inventories	175,024	128,873
Receivables	355,592	287,279
Amounts owing by associates	9,510	8,565
Amount owing by a joint venture	-	-
Current tax assets	5,112	4,275
Other investments	3,031	3,288
Cash and cash equivalents	105,803	97,115
	<b>654,072</b>	529,395
Non-current assets held for sale	6,680	-
<b>TOTAL ASSETS</b>	<b>1,069,505</b>	959,306
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	256,043	245,766
Reserves	111,626	75,629
Less : Treasury Shares, at cost	(6,248)	(9,688)
	<b>361,421</b>	311,707
Non-controlling interests	119,990	111,854
<b>TOTAL EQUITY</b>	<b>481,411</b>	423,561
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	50,704	70,847
Long term lease liabilities	25,179	10,988
Deferred tax liabilities	10,468	10,877
Provision for retirement benefits	4,679	4,561
	<b>91,030</b>	97,273
<b>Current liabilities</b>		
Payables	219,671	154,072
Amounts owing to associates	2,491	62
Borrowings	250,092	251,221
Short term lease liabilities	15,723	24,126
Contract liabilities	5,280	3,970
Current tax payables	3,807	5,021
	<b>497,064</b>	438,472
<b>Total Liabilities</b>	<b>588,094</b>	535,745
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,069,505</b>	959,306
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>1.49</b>	1.40

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 2020 and the accompanying notes to this Interim Financial Report.

**ANCOM BERHAD** (Registration No. 196901000122 (8440-M))  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2021**

	Attributable to equity holders of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Foreign exchange reserve RM'000	Share options reserve RM'000	Treasury shares RM'000	Retained Profits RM'000			
<b>Balance as at 1 June 2019</b>	245,766	273	10,706	-	(5,566)	64,283	<b>315,462</b>	139,443	<b>454,905</b>
Total comprehensive loss	-	-	(1,064)	-	-	(9,754)	<b>(10,818)</b>	(10,920)	<b>(21,738)</b>
<b>Transactions with owners</b>									
Additional interest in subsidiaries	-	-	-	-	-	467	<b>467</b>	(1,767)	<b>(1,300)</b>
Acquisition of a subsidiary	-	-	-	-	-	-	-	1,149	<b>1,149</b>
Repurchase of ordinary shares of the Company	-	-	-	-	(4,122)	-	<b>(4,122)</b>	-	<b>(4,122)</b>
Accretion of equity interest of a subsidiary	-	-	1,110	-	-	10,435	<b>11,545</b>	(11,545)	-
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	(2,854)	<b>(2,854)</b>
Disposal of equity interest in subsidiaries	-	-	-	-	-	(827)	<b>(827)</b>	982	<b>155</b>
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(870)	<b>(870)</b>
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(1,764)	<b>(1,764)</b>
	-	-	1,110	-	(4,122)	10,075	<b>7,063</b>	(16,669)	<b>(9,606)</b>
<b>Balance as at 31 May 2020/1 June 2020</b>	245,766	273	10,752	-	(9,688)	64,604	<b>311,707</b>	111,854	<b>423,561</b>
Total comprehensive (loss)/income	-	-	(2,822)	-	-	22,953	<b>20,131</b>	6,502	<b>26,633</b>
<b>Transactions with owners</b>									
Ordinary shares issued pursuant to private placement									
- private placement	8,591	-	-	-	-	-	<b>8,591</b>	-	<b>8,591</b>
- Employees' Share Option Scheme ("ESOS")	1,704	-	-	(524)	-	-	<b>1,180</b>	-	<b>1,180</b>
Share issue expenses	(18)	-	-	-	-	-	<b>(18)</b>	-	<b>(18)</b>
Acquisition of subsidiaries	-	-	-	-	-	-	-	379	<b>379</b>
Disposal of equity interest of subsidiaries to non-controlling interests	-	-	-	-	-	11,659	<b>11,659</b>	1,934	<b>13,593</b>
Accretion of equity interest of a subsidiary	-	-	-	-	-	(152)	<b>(152)</b>	152	-
Resold of ordinary shares of the Company	-	-	-	-	3,440	2,427	<b>5,867</b>	-	<b>5,867</b>
Share options granted under ESOS	-	-	-	3,641	-	-	<b>3,641</b>	149	<b>3,790</b>
Dividend-in-specie	-	-	-	-	-	(1,185)	<b>(1,185)</b>	1,176	<b>(9)</b>
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(2,156)	<b>(2,156)</b>
	10,277	-	-	3,117	3,440	12,749	<b>29,583</b>	1,634	<b>31,217</b>
<b>Balance as at 31 May 2021</b>	<b>256,043</b>	<b>273</b>	<b>7,930</b>	<b>3,117</b>	<b>(6,248)</b>	<b>100,306</b>	<b>361,421</b>	<b>119,990</b>	<b>481,411</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 2020 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2021**

	Year-to-date ended	
	31.05.2021	31.05.2020
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	51,931	(832)
Adjustments for non-cash items	57,758	81,025
Operating profit before working capital changes	<u>109,689</u>	<u>80,193</u>
Inventories	(42,035)	41,423
Receivables	(57,508)	100,966
Payables	65,231	(77,100)
Group companies	1,484	(542)
Net cash generated from operations	<u>76,861</u>	<u>144,940</u>
Income tax paid	(20,124)	(18,066)
Retirement benefit paid	(226)	(775)
Net cash generated from operating activities	<u>56,511</u>	<u>126,099</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(12,627)	(14,313)
Interest received	685	1,212
Acquisition of a subsidiary	(1,071)	-
Acquisition of associates	(240)	-
Proceed from disposal of equity interest in a subsidiary	13,593	155
Purchase of intangible assets	(74)	(725)
Proceeds from disposal of property, plant and equipment	1,851	1,034
Sale/(Purchase) of other investments	290	(14)
Acquisition of additional interests in subsidiaries	-	(1,300)
Net cash inflows on acquisition of a subsidiary	-	152
Net cash outflow on disposal of a subsidiary	-	(115)
Purchase of right-of-use assets	(233)	(279)
Purchase of treasury shares of a subsidiary from non-controlling interests	-	(2,854)
(Placement)/Withdrawal of short term deposits:		
- pledged with licensed banks	(4)	(5)
- with maturity period more than three months	421	(1,432)
Net cash generated from/(used in) investing activities	<u>2,591</u>	<u>(18,484)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interest of subsidiaries	(2,156)	(1,764)
Dividend paid to non-controlling interest	-	(870)
Interest paid	(11,100)	(16,916)
Repayment of lease liabilities	(30,326)	(30,886)
Net repayment of borrowings	(8,691)	(42,956)
Dividends paid	(9)	-
Proceed from issuance of share capital:		
- private placement	8,573	-
- ESOS	1,180	-
Proceed from resale/(Purchase) of treasury shares in open market	5,867	(4,122)
Net cash used in financing activities	<u>(36,662)</u>	<u>(97,514)</u>
<b>Net increase in cash and cash equivalents</b>	<u>22,440</u>	<u>10,101</u>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>73,049</u>	<u>62,913</u>
<b>Effect of exchange rate changes</b>	<u>(754)</u>	<u>35</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u>94,735</u>	<u>73,049</u>
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	90,833	80,025
Bank overdrafts	(7,678)	(20,259)
Short term deposits	14,970	17,090
	<u>98,125</u>	<u>76,856</u>
Less : Short term deposits pledged to banks	(152)	(148)
Short term deposits with maturity more than 3 months	(3,238)	(3,659)
	<u>94,735</u>	<u>73,049</u>

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 2020 and the accompanying notes to this Interim Financial Report.



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**A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2021**

**A1. Basis of preparation**

This Interim Financial Report of Ancom Berhad ("Ancom" or "the Company") and its subsidiaries ("Group") is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and Rule 9.22(2) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Board ("Listing Requirements").

This Interim Financial Report of the Group should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 May 2020. These explanatory notes attached to the 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 2020.

For the financial periods up and including the financial year ended 31 May 2020, the Group prepared its financial report in accordance with Malaysian Financial Reporting Standards ("MFRS") 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 2020 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 2020:

**Accounting Standards and amendments:**

Amendments to References to the Conceptual Framework in MFRS Standards  
Amendments to MFRS 3 Definition of a Business  
Amendments to MFRS 101 and MFRS 108 Definition of Material  
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

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

**A2 Auditors' report**

The audited financial statements of Ancom and its subsidiaries for the financial year ended 31 May 2020 were not subject to any audit qualification.

**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 were no material changes in estimates amounts reported that have a material effect on the financial quarter ended 31 May 2021.

**A6. 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 2021 except for the following:

## (a) Issued and paid up ordinary shares

During the financial quarter and financial period to date, the issued and paid up ordinary shares of the Company was increased from 240,849,284 to 254,491,472 by way of:

- issuance of 12,100,000 new ordinary shares pursuant to the Private Placement.
- Issuance of 1,542,188 new ordinary shares pursuant to the Employee' Share Option Scheme ("ESOS")

## (b) Treasury Shares

During the financial quarter and financial period to date, the Company (resale)/repurchase its own shares as follows:

	Number of shares (resale)/repurchase	Price per share		Average RM	(Cost of disposal)/ Consideration paid RM
		Highest RM	Lowest RM		
<b>Shares resale</b>					
June 2020	(3,450,000)	0.815	0.680	0.730	(1,808,242)
July 2020	(1,709,300)	1.050	0.705	0.752	(895,892)
January 2021	(300,000)	1.200	0.920	1.066	(157,840)
Mar-21	(1,249,000)	1.570	1.230	1.436	(657,143)
<b>Shares repurchase</b>					
August 2020	<u>100,000</u>	1.150	0.720	0.901	<u>79,354</u>
Total for the financial period	<u>(6,608,300)</u>				<u>(3,439,763)</u>

As at 31 May 2021, the Company holds 11,875,059 Treasury Shares at a cost of RM6,247,882.

**A7. Segmental results**

Segmental information for the financial period ended 31 May 2021.

	<b>YTD -31 May 2021</b>							
	<b>Investment holdings and others RM'000</b>	<b>Agricultural Chemicals RM'000</b>	<b>Industrial Chemicals RM'000</b>	<b>Logistics RM'000</b>	<b>Media RM'000</b>	<b>Polymer RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>31 May 2021</b>								
<b>Revenue</b>								
External revenue	19,982	332,028	1,042,128	39,928	12,672	91,738	-	1,538,476
Inter-segment revenue	25,390	81,746	226	8,103	-	30	(115,495)	-
Total revenue	<u>45,372</u>	<u>413,774</u>	<u>1,042,354</u>	<u>48,031</u>	<u>12,672</u>	<u>91,768</u>		<u>1,538,476</u>
Segment results	(20,075)	47,104	30,518	6,403	(691)	5,345	(1,550)	67,054
Finance costs								(12,734)
Share of results of associates								(2,389)
Profit before taxation								<u>51,931</u>
Tax expense								(18,445)
<b>Net profit for the financial year</b>								<u>33,486</u>
<b>31 May 2020</b>								
<b>Revenue</b>								
External revenue	21,494	241,241	1,028,684	42,149	51,798	86,919	-	1,472,285
Inter-segment revenue	22,472	73,628	215	9,252	31	16	(105,614)	-
Total revenue	<u>43,966</u>	<u>314,869</u>	<u>1,028,899</u>	<u>51,401</u>	<u>51,829</u>	<u>86,935</u>		<u>1,472,285</u>
Segment results	(24,001)	35,764	820	6,319	(3,598)	6,201	(479)	21,026
Finance costs								(19,070)
Share of results of associates								(2,788)
Loss before taxation								<u>(832)</u>
Tax expense								(18,060)
<b>Net loss for the financial year</b>								<u>(18,892)</u>



**A8. Dividends**

There was no dividend declared and/or paid during the financial quarter ended 31 May 2021 other than as disclosed in Note B11.

**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 May 2021.

**A10. Subsequent events**

There were no material events subsequent to the end of the financial year up to the date of this Report that have not been reflected in the Interim Financial Statements.

**A11. Changes in composition of the Group**

There were 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.

**A12. Changes in contingent liabilities**

There were no material changes to the contingent liabilities disclosed since the last Audited financial statements for the financial year ended 31 May 2020.

**A13. Capital commitments**

The capital commitments as at the end of the reporting date are as follows:

	<b>RM'000</b>
Property, plant and equipment	
- Approved and contracted for	22,741
- Approved but not contracted for	24,835
	<u>47,576</u>

**B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of Group's performance**

**Overall review for the financial quarter ended 31 May 2021**

For the financial year ended 31 May 2021, the Group recorded higher revenue of RM1.54 billion as compared with RM1.47 billion in last year. The improvement in revenue was primarily due to higher contribution from the Agricultural Chemical Division. Consequently, the Group reported higher profit before taxation ("PBT") of RM51.9 million as compared to loss before taxation ("LBT") of RM0.8 million in last year.

For the financial quarter ended 31 May 2021, the Group recorded higher revenue of RM445.9 million as compared with RM309.4 million in the corresponding quarter last year. As a result, the Group recorded higher PBT of RM16.5 million compared to LBT of RM10.2 million in the corresponding quarter last year. The LBT recorded in the corresponding quarter last year was mainly due to lower revenue reported caused by the impact of COVID-19 Pandemic coupled with goodwill impairment and impairment loss on investment in associates of RM5.5 million and RM3.0 million respectively.

The effective rate of taxation for the Group is higher than the statutory tax rate mainly due to losses in certain subsidiaries that are not available for set-off against taxable profits in other companies within the Group.

**Review of business segments for the financial quarter ended 31 May 2021**

Investment Holding and others

The results in this segment includes investment holding, education, information technology ("IT") and electrical businesses. For the current financial quarter, the division posted higher revenue of RM5.3 million compared with RM4.8 million in the corresponding quarter last year. Consequently, the Division reported lower segmental loss of RM9.3 million in the current financial quarter compared with segmental loss of RM9.6 million in the corresponding financial quarter last year.

Agricultural Chemicals

The Agricultural Chemicals division reported higher revenue of RM79.9 million for the current financial quarter compared with RM62.1 million in the corresponding quarter last year supported by higher sales. Segmental profit improved to RM9.3 million in the current financial quarter compared with RM8.9 million in the corresponding quarter last year in line with higher revenue.

Industrial Chemicals

The Industrial Chemicals Division's revenue has also grown 52.6% to RM325.1 million for current financial quarter from RM213.0 million in corresponding quarter last year. This was largely attributed to higher revenue posted by the Distribution segment. In tandem with higher revenue, the Division reversed its losses and contributed higher segmental profit of RM13.1 million for the current quarter compared to segmental loss of RM1.5 million in the corresponding quarter last year. The improved profitability was mainly driven by much higher product average selling prices in line with global crude oil prices.

### Logistics

The Logistics Division recorded higher revenue of RM11.9 million compared with RM10.9 million in the corresponding quarter last year. Segmental profit grew to RM2.3 million compared with RM1.7 million in the corresponding quarter last year on improved vessel utilisation.

### Media

The impact of COVID-19 pandemic on our advertising business has been severe as social activities were curtailed and advertising expenses slashed. Revenue fell to only RM1.6 million for the current financial quarter compared to RM7.1 million in the corresponding quarter last year. Nevertheless, the division reported segmental profit of RM3.0 million compared with segmental loss of RM2.2 million in the corresponding quarter last year mainly due to renegotiation of cost structure and reversal of overprovision for expenses and impairments.

### Polymer

The Polymer Division achieved higher revenue of RM22.3 million for the current financial quarter, which represents an increase of 93.9% from RM11.5 million in the corresponding quarter last year, due to higher sales volume and improved margins for certain products. Consequently, the Division reversed its segmental loss of RM1.0 million suffered in the same financial quarter last year and recorded a segmental profit of RM 0.9 million for the current financial quarter.

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

For the current financial quarter ended 31 May 2021, the Group posted higher revenue of RM445.9 million compared with RM389.2 million in the immediate preceding quarter. The Group's result improved to PBT of RM16.5 million in the current financial quarter compared to RM14.8 million in the immediate preceding quarter.

## **B3. Prospects for the next financial year**

The COVID-19 Pandemic has caused major disruptions to the economy. Despite the challenges faced, the Group has managed to perform satisfactory in the current financial year. However, the prolonged lockdown imposed will continue to restrict economy activities and may dampen the outlook in the coming financial year.

The Board will continue to exercise caution in managing the Group's business. Management would continue with austerity measures and is exploring ways to sustain our business in the immediate term while continue to build new capabilities and capacities for long term growth.

**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**

	<b>Individual quarter ended 31.05.2021 RM'000</b>	<b>Year-to-date ended 31.05.2021 RM'000</b>
The (loss)/profit before taxation is stated after charging/(crediting):		
Finance costs	2,890	12,734
Share options granted under ESOS	861	3,790
Depreciation and amortisation	10,012	41,641
Loss on foreign exchange	(3,763)	1,508
Loss on disposal of property, plant and equipment	557	431
Fair value loss on investment	(113)	(243)
Property, plant and equipment written off	(565)	179
Reversal of impairment loss on receivables	(2,086)	(3,203)
Interest income	(273)	(685)

**B6. Tax expense**

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31.05.2021</b>	31.05.2020	<b>31.05.2021</b>	31.05.2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	<b>5,130</b>	3,586	<b>18,031</b>	13,610
Foreign income tax	<b>(493)</b>	484	<b>1,979</b>	3,374
	<b>4,637</b>	4,070	<b>20,010</b>	16,984
Over provision in prior years	<b>(69)</b>	606	<b>662</b>	606
	<b>4,568</b>	4,676	<b>20,672</b>	17,590
Deferred taxation:				
Relating to origination and reversal of temporary differences	<b>513</b>	2,355	<b>94</b>	534
Over provision in prior years	<b>(2,321)</b>	(73)	<b>(2,321)</b>	(64)
	<b>2,760</b>	6,958	<b>18,445</b>	18,060

The effective rate of taxation for the Group is higher than the statutory tax rate mainly due to losses in certain subsidiaries that are not available for set-off against taxable profits in other companies within the Group.

## **B7. Status of corporate proposals**

There were no corporate proposals announced and not completed as at the date of this report other than the following:

- (a) Ancom had on 16 July 2020 announce that the Company and its 45.06% subsidiary, Ancom Logistics Berhad ("ALB"), had entered into a Heads of Agreement ("HOA") with S7 Holdings Sdn Bhd ("S7"), Merrington Assets Limited ("MAL"), MY E.G. Capital Sdn Bhd ("MYEG Capital") and Avocat Sdn Bhd ("Avocat") for the following:

(S7, MAL, MYEG Capital and Avocat shall be collectively referred to as "Vendors" and ALB, Ancom and Vendors shall be collectively referred to as "Parties")

- (i) Proposed acquisition by ALB of the entire share capital of S5 Holdings Inc. ("S5") from the Vendors at a price to be agreed by the Parties, subject to a valuation report to be issued by an independent valuer to be agreed by the Parties, and in return ALB shall issue new ordinary shares in ALB ("ALB Shares") based on RM0.10 per share ("Consideration Shares") to the Vendors ("Proposed Acquisition");
- (ii) Proposed Mandatory General Offer by the Vendors for the shares of ALB which are not owned by the Vendors upon completion of the Proposed Acquisition ("Proposed Mandatory General Offer");
- (iii) Proposed private placement of new ordinary shares to be issued by ALB after the Proposed Acquisition ("Proposed Private Placement");
- (iv) Proposed offer for sale of part of the Consideration Shares in ALB to be held by the Vendors upon completion of the Proposed Acquisition to independent third party investors ("Proposed Offer for Sale"); and
- (v) Proposed disposal by ALB of its subsidiaries, namely Synergy Trans-Link Sdn Bhd, Ancom Chem-Quest Terminals Sdn Bhd and Pengangkutan Cogent Sdn Bhd, to Nylex (Malaysia) Berhad ("Nylex"), a 50.25% subsidiary of Ancom, at a valuation to be agreed by ALB and Nylex and upon such terms and conditions to be determined later ("Proposed Disposal"). For avoidance of doubt, the Proposed Acquisition, the Proposed Mandatory General Offer, Proposed Private Placement and Proposed Offer for Sale are not conditional upon the Proposed Disposal.

(Proposed Acquisition, Proposed Mandatory General Offer, Proposed Private Placement, Proposed Offer for Sale and Proposed Disposal shall be collectively be referred to as "Proposals")

Upon completion of the Proposals, ALB shall cease to be a subsidiary of Ancom.

- (b) Ancom had on 28 April 2021 announced that the Company submitted a formal proposal to the Board of Directors of Nylex ("Nylex Board") to acquire all the assets and liabilities of Nylex ("the Offer"). The Offer entails the acquisition by Ancom for all the business of Nylex for a total consideration of RM179,287,212 ("Proposed Acquisitions of Nylex Business").

On 28 June 2021, Nylex Board (save for Dato' Siew Ka Wei, being an interested director) has accepted the Offer, subject to, among others, the approvals of the non-interested shareholders of Nylex and the relevant regulatory authorities, where required.

Ancom and its wholly owned subsidiary, Nylex Holdings Sdn Bhd, had on 29 July 2021, entered into the Sale of Business Agreement with Nylex in respect of the Proposed Acquisition of Nylex Business.

As at the date of this report, the Proposals are yet to be completed.

## B8. Utilisation of proceeds

The issued and paid up ordinary shares of the Company was increased from 240,849,284 to 252,949,284 by way of issuance of 12,100,000 new ordinary shares at an issue price of RM0.71 each, amounting to RM8,591,000 pursuant to the Private Placement.

As at the reporting date, the Company has yet to utilise the proceeds raised from the Private Placement except for the amount utilised for expenses in relation to the Private Placement which amounted to RM86,000.

## B9. Borrowings

	<b>31.05.2021</b>	31.05.2020
	<b>RM'000</b>	RM'000
<b>SHORT TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>51,522</b>	50,739
United States Dollar	<b>17,895</b>	20,210
Vietnamese Dong	<b>11,226</b>	6,454
	<b>80,643</b>	77,403
Unsecured:		
Ringgit Malaysia	<b>139,044</b>	140,367
United States Dollar	<b>30,405</b>	33,451
	<b>169,449</b>	173,818
<b>Total short term borrowings</b>	<b>250,092</b>	251,221
<b>LONG TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>23,867</b>	36,080
United States Dollar	<b>26,837</b>	34,767
<b>Total long term borrowings</b>	<b>50,704</b>	70,847
<b>Total borrowings</b>	<b>300,796</b>	322,068

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

**B10. Material litigation**

There was no change in material litigation since the date of the last financial quarter.

**B11. Dividend**

On 21 September 2020, the Company proposed a final dividend for the financial year ended 31 May 2020 by way of distribution of up to 25,294,284 ordinary shares in Ancom Logistics Berhad ("ALB"), representing approximately 5.34% equity interest in ALB ("Dividend-in-Specie"), pursuant to the Dividend-in-Specie approved at the Company's Annual General Meeting held on 21 October 2020.

The Dividend-in-Specie was completed on 4 December 2020 by crediting 23,922,795 ALB shares to the Central Depository System accounts of the Shareholders of the Company.

There was no other dividend declared and/or paid during the financial quarter ended 31 May 2021 other than as disclosed above.

**B12. Earnings per share**Basic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to the owners of the parents by the weighted average number of ordinary shares in issue during the financial period as follows:

Net profit/(loss) attributable to owners of the parent	7,611	(11,799)	23,945	(9,696)
Weighted average number of ordinary shares in issue ('000)	238,352	225,184	238,352	225,184
<b>Basic earnings/(loss) per share (sen)</b>	<b>3.19</b>	<b>(5.24)</b>	<b>10.05</b>	<b>(4.31)</b>

Diluted earnings per share

Net profit/(loss) attributable to owners of the parent	7,611	(11,799)	23,945	(9,696)
Weighted average number of ordinary shares in issue ('000)	238,352	225,184	238,352	225,184
Dilutive potential ordinary shares				
- ESOS	9,716	-	9,716	-
- Warrants	28,245	-	28,245	-
Adjusted weighted average number of ordinary shares in issues ('000)	276,313	225,184	276,313	225,184
<b>Diluted earnings/(loss) per share (sen)</b>	<b>2.75</b>	<b>(5.24)</b>	<b>8.67</b>	<b>(4.31)</b>