

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2018**

	Individual quarter ended		Year-to-date ended	
	31.08.2018	31.08.2017	31.08.2018	31.08.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	6,932	7,567	6,932	7,567
Cost of sales	(5,463)	(6,211)	(5,463)	(6,211)
Gross profit	1,469	1,356	1,469	1,356
Other income	297	395	297	395
Administrative expenses	(1,005)	(1,228)	(1,005)	(1,228)
Other operating expenses	-	(3)	-	(3)
Finance costs	(61)	(36)	(61)	(36)
Profit before taxation	700	484	700	484
Tax expense	(253)	(153)	(253)	(153)
Net profit for the financial period	447	331	447	331
Profit attributable to:				
Equity holders of the Company	160	93	160	93
Non-controlling interests	287	238	287	238
	447	331	447	331
Profit per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
- Basic	0.03	0.02	0.03	0.02

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 2018 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 2018**

	Individual quarter ended		Year-to-date ended	
	31.08.2018	31.08.2017	31.08.2018	31.08.2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	447	331	447	331
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	447	331	447	331
Total comprehensive income attributable to:				
Equity holders of the Company	160	93	160	93
Non-controlling interests	287	238	287	238
	447	331	447	331

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 2018 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 2018**

	Unaudited 31.08.2018 RM'000	Audited 31.05.2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,148	27,040
Investment in associate	1,802	1,802
	28,950	28,842
Current assets		
Inventories	-	-
Trade and other receivables	14,908	9,145
Tax recoverable	7	4
Other investments	2,088	1,671
Short term deposits with licensed banks	141	139
Cash and bank balances	4,437	7,566
	21,581	18,525
TOTAL ASSETS	50,531	47,367
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	7,581	5,792
Loan and borrowings	1,238	1,240
Provision for taxation	439	299
	9,258	7,331
Non-current liabilities		
Deferred tax liabilities	4,713	4,713
Loan and borrowings	3,556	2,582
	8,269	7,295
TOTAL LIABILITIES	17,527	14,626
NET ASSETS	33,004	32,741
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(8,155)	(8,131)
	24,035	24,059
Non-controlling interests	8,969	8,682
TOTAL EQUITY	33,004	32,741
TOTAL EQUITY AND LIABILITIES	50,531	47,367
Net assets per share attributable to owners of the parent (RM)	0.05	0.05

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 2018 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 2018

	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	Distributable Accumulated loss RM'000			
Balance as at 1 June 2017	23,664	8,526	(7,339)	24,851	10,119	34,970
Total comprehensive income	-	-	(792)	(792)	1,013	221
Transactions with owners						-
Dividend paid to Non-controlling interests	-	-	-	-	(2,450)	(2,450)
Balance at 31 May 2017	23,664	8,526	(8,131)	24,059	8,682	32,741
Balance as at 1 June 2018, as previously reported	23,664	8,526	(8,131)	24,059	8,682	32,741
Effect on the adoption of MFRS 9	-	-	(184)	(184)	-	(184)
Restated balance as at 1 June 2018	23,664	8,526	(8,315)	23,875	8,682	32,557
Total comprehensive income	-	-	160	160	287	447
Balance at 31 August 2018	23,664	8,526	(8,155)	24,035	8,969	33,004

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 2018 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 2018**

	Year-to-date ended	
	31.08.2018	31.08.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	700	484
Adjustments for non-cash items:		
Depreciation	1,015	1,004
Interest expense	61	36
Interest income	(69)	(109)
Others	(2)	2
Operating profit before working capital changes	1,705	1,417
Net changes in working capital	(4,157)	(5,393)
Income tax paid	(116)	(230)
Net cash used in operating activities	(2,568)	(4,206)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,424)	(610)
Proceed from disposal of property, plant and equipment	302	-
Additional investments in other investments	(418)	(408)
Increase of deposits with licensed banks	-	(3)
Interest received	69	109
Net cash used in investing activities	(1,471)	(912)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(61)	(36)
Net withdrawal of borrowings	972	780
Others	(1)	-
Net cash generated from financing activities	910	744
Net decrease in cash and cash equivalents	(3,129)	(4,374)
Cash and cash equivalents at the beginning of the financial year	7,566	9,185
Effect of exchange rate changes	-	-
Cash and cash equivalents at the end of the financial period	4,437	4,811
Cash and cash equivalents		
Cash and bank balances	4,437	4,811
Short term deposits with licensed banks	141	137
	4,578	4,948
Deposits with maturity more than three months	(141)	(137)
	4,437	4,811

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 2018 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 2018

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 2018. 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 2018.

For the financial periods up and including the financial year ended 31 May 2018, 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 2018.

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 2018 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 2018:

MFRS 9	Financial Instruments (IFRS as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014 – 2016 Cycle
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transaction
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014 – 2016 Cycle
Amendments to MFRS 140	Transfers of Investment Property
Clarification to MFRS 15	
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 31 August 2018

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

MFRS 9, Financial Instruments

The Group adopted MFRS 9, Financial Instruments on 1 June 2018. MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The three principal classifications categories for financial assets are: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

There was no material impact on the accounting for the Group's financial assets upon initial application of the new classification requirements.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

As allowed by the transitional provision of MFRS 9, the Group has applied MFRS 9 retrospectively on the initial application date of 1 June 2018 and has elected not to restate comparatives. The cumulative effect of initially applying of this Standard will be an adjustment to the opening retained profits as at 1 June 2018.

The impacts of adopting MFRS 9 to opening balances of the Group as at 1 June 2018 are as follows:

Statements of financial position

	Impact of change in account policies		
	As previously reported RM'000	Retrospective adjustment MFRS 9 RM'000	Restated balance RM'000
Current assets			
Trade and other receivables	9,145	(184)	8,961
Equity			
Accumulated losses	(8,131)	(184)	(8,315)

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 2018.

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 August 2018, 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 August 2018.

A7 Debt and equity securities

There was no issuance, cancellation, repurchase or repayment of debt and equity securities during the financial quarter ended 31 August 2018.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 August 2018.

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.

	Logistics	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
31 August 2018				
Revenue				
External revenue	6,932	-	-	6,932
Inter-segment revenue	11	-	(11)	-
Total revenue	6,943	-		6,932
Segment results	1,103	(342)	-	761
Finance costs				(61)
Profit before taxation				700
Tax expense				(253)
Net profit for the financial year				447
31 August 2017				
Revenue				
External revenue	7,567	-	-	7,567
Inter-segment revenue	5	-	(5)	-
Total revenue	7,572	-		7,567
Segment results	972	(452)	-	520
Finance costs				(36)
Profit before taxation				484
Tax expense				(153)
Net profit for the financial year				331

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 31 August 2018

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 2018.

A11 Capital commitments

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

	RM'000
Property, plant and equipment	
- Approved and contracted for	625
- Approved but not contracted for	-
	<hr/>
	625
	<hr/>

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 2018.

A13 Changes in contingent liabilities

The Group does not have any contingent liabilities as at 31 August 2018.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 31 August 2018 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 August 2018

For the financial quarter ended 31 August 2018, the Group posted lower revenue of RM6.9 million compared to RM7.6 million last year. Nevertheless, the Group reported higher profit before taxation ("PBT") of RM0.7 million for the current financial year compared to RM0.5 million last year.

Review of business segments for the period financial year ended 31 August 2018

During the financial quarter ended 31 August 2018, the Logistics segment posted lower revenue of RM6.9 million in the current financial year compared to RM7.6 million last year. Nevertheless, this segment reported a higher segmental profit of RM1.1 million compared to RM1.0 million last year. The improved of results mainly due to better cost management in chemical transportation business.

The results of others segment are mainly attributed to corporate expenses incurred by the investment holding company. This segment reported a lower segmental loss of RM0.3 million as compared with RM0.5 million last year due to lower corporate expenses incurred in the current financial quarter.

B2 Material change in the results for the current financial quarter as compared with immediate preceding financial quarter

Revenue for the current financial quarter decreased to RM6.9 million from RM7.1 million in the immediate preceding quarter. However, the Group reported higher PBT of RM0.7 million for the current financial quarter as compared to RM0.4 million the immediate preceding financial quarter.

B3 Current year prospects

The tank farm business should continue to remain stable as the demand for such facilities is expected to remain strong. The chemical transportation business continues to face intense competition and there is a need to upgrade our fleet to remain competitive. Barring any unforeseen circumstances, the Board is of the view that the financial performance and prospects of the Group for the remaining of the financial year should be satisfactory. 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 Profit before taxation

	Individual quarter ended 31.08.2018 RM'000	Year-to-date ended 31.08.2018 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(69)	(69)
Gain on disposal of Property, plant and equipment	(2)	(2)
Finance costs	61	61
Depreciation and amortisation	1,015	1,015
	<hr/>	<hr/>

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	31.08.2018	31.08.2017	31.08.2018	31.08.2017
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	253	153	253	153
Foreign income tax	-	-	-	-
	<hr/> 253	<hr/> 153	<hr/> 253	<hr/> 153
Over provision in prior years:				
Malaysian income tax	-	-	-	-
Foreign income tax	-	-	-	-
	<hr/> 253	<hr/> 153	<hr/> 253	<hr/> 153
Deferred taxation:				
Transfer to deferred taxation	-	-	-	-
Under provision in prior years	-	-	-	-
	<hr/> 253	<hr/> 153	<hr/> 253	<hr/> 153

The effective tax rate of the Group is higher than the statutory rate 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 August 2018

B9 Borrowings

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

	31.08.2018	31.05.2018
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	1,238	1,240
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	3,556	2,582
	4,794	3,822

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 August 2018.

B12 Earnings per shareBasic earnings per share

	Individual quarter ended		Year-to-date ended	
	31.08.2018	31.08.2017	31.08.2018	31.08.2017
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)	160	93	160	93
Net profit per ordinary share (sen)				
- Basic	0.03	0.02	0.03	0.02

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.