

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2019**

	Individual quarter ended		Year-to-date ended	
	31.05.2019	31.05.2018	31.05.2019	31.05.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	8,028	7,105	29,697	28,980
Cost of sales	(6,395)	(5,524)	(23,371)	(23,921)
Gross profit	1,633	1,581	6,326	5,059
Other income	243	249	1,012	1,256
Administrative expenses	(1,257)	(1,380)	(4,980)	(4,670)
Other operating expenses	(46)	14	(63)	(110)
Finance costs	(100)	(50)	(330)	(166)
Profit before taxation	473	414	1,965	1,369
Tax expense	(399)	(856)	(1,196)	(1,148)
Net profit/(loss) for the financial year	74	(442)	769	221
(Loss)/Profit attributable to:				
Equity holders of the Company	(165)	(666)	(344)	(792)
Non-controlling interests	239	224	1,113	1,013
	74	(442)	769	221
Loss per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
- Basic	(0.03)	(0.14)	(0.07)	(0.17)

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 MAY 2019**

	Individual quarter ended		Year-to-date ended	
	31.05.2019	31.05.2018	31.05.2019	31.05.2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	74	(442)	769	221
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	74	(442)	769	221
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(165)	(666)	(344)	(792)
Non-controlling interests	239	224	1,113	1,013
	74	(442)	769	221

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 MAY 2019**

	Unaudited 31.05.2019 RM'000	Audited 31.05.2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,573	27,040
Investment in associate	1,802	1,802
	32,375	28,842
Current assets		
Trade and other receivables	9,219	9,145
Tax recoverable	-	4
Other investments	2,163	1,671
Short term deposits with licensed banks	143	139
Cash and bank balances	4,582	7,566
	16,107	18,525
TOTAL ASSETS	48,482	47,367
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	4,368	5,792
Loan and borrowings	3,306	1,240
Provision for taxation	289	299
	7,963	7,331
Non-current liabilities		
Deferred tax liabilities	4,351	4,713
Loan and borrowings	4,702	2,582
	9,053	7,295
TOTAL LIABILITIES	17,016	14,626
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(8,742)	(8,131)
	23,448	24,059
Non-controlling interests	8,018	8,682
TOTAL EQUITY	31,466	32,741
TOTAL EQUITY AND LIABILITIES	48,482	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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL QUARTER ENDED 31 MAY 2019

	----- Non-Distributable-----		Distributable		Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Merger reserve RM'000	Accumulated loss RM'000	Total 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 as at 31 May 2018	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	-	-	(267)	(267)	(13)	(280)
Restated balance as at 1 June 2018	23,664	8,526	(8,398)	23,792	8,669	32,461
Total comprehensive income	-	-	(344)	(344)	1,113	769
Transactions with owners						
Dividend paid to Non-controlling interests	-	-	-	-	(1,764)	(1,764)
Balance as at 31 May 2019	23,664	8,526	(8,742)	23,448	8,018	31,466

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 MAY 2019**

	Year-to-date ended	
	31.05.2019	31.05.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,965	1,369
Adjustments for non-cash items:		
Depreciation	4,497	4,039
Interest expense	330	166
Interest income	(279)	(331)
Others	(31)	(144)
Operating profit before working capital changes	6,482	5,099
Net changes in working capital	(1,777)	(3,844)
Income tax paid	(1,565)	(482)
Net cash generated from operating activities	3,140	773
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,446)	(319)
Proceed from disposal of property, plant and equipment	536	263
Additional investments in other investments	(493)	(800)
Increase of deposits with licensed banks	(4)	(4)
Interest received	279	331
Net cash used in investing activities	(2,128)	(529)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(330)	(166)
Dividend paid to non-controlling interest of a subsidiary	(1,764)	(2,450)
Net withdrawal of borrowings	(1,902)	818
Net cash used in financing activities	(3,996)	(1,798)
Net decrease in cash and cash equivalents	(2,984)	(1,554)
Cash and cash equivalents at the beginning of the financial year	7,566	9,185
Effect of exchange rate changes	-	(65)
Cash and cash equivalents at the end of the financial period	4,582	7,566
Cash and cash equivalents		
Cash and bank balances	4,582	7,566
Short term deposits with licensed banks	143	139
	4,725	7,705
Deposits with maturity more than three months	(143)	(139)
	4,582	7,566

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 MAY 2019

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

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Notes to the Interim Financial Report for the financial quarter ended 31 May 2019

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	(281)	8,864
Equity			
Accumulated losses	(8,131)	(268)	(8,399)
Non-controlling interest	8,682	(13)	8,669

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.

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Notes to the Interim Financial Report for the financial quarter ended 31 May 2019

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 2019, 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 2019.

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 2019.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 May 2019.

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Notes to the Interim Financial Report for the financial quarter ended 31 May 2019

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 May 2019				
Revenue				
External revenue	29,697	-	-	29,697
Inter-segment revenue	48	-	(48)	-
Total revenue	<u>29,745</u>	<u>-</u>		<u>29,697</u>
Segment results	4,568	(2,273)	-	2,295
Finance costs				<u>(330)</u>
Profit before taxation				1,965
Tax expense				<u>(1,196)</u>
Net profit for the financial year				<u>769</u>
31 May 2018				
Revenue				
External revenue	28,980	-	-	28,980
Inter-segment revenue	32	-	(32)	-
Total revenue	<u>29,012</u>	<u>-</u>		<u>28,980</u>
Segment results	3,162	(1,627)	-	1,535
Finance costs				<u>(166)</u>
Profit before taxation				1,369
Tax expense				<u>(1,148)</u>
Net profit for the financial year				<u>221</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 2019.

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	149
- Approved but not contracted for	-
	<u>149</u>

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Notes to the Interim Financial Report for the financial quarter ended 31 May 2019

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 2019.

A13 Changes in contingent liabilities

The Group does not have any contingent liabilities as at 31 May 2019.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 31 May 2019 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 financial quarter ended 31 May 2019

For the financial year ended 31 May 2019, the Group posted higher revenue of RM29.7 million compared to RM29.0 million for the corresponding period last year. Consequently, the Group reported higher profit before taxation ("PBT") of RM2.0 million for the current financial year compared to RM1.4million last financial year.

During the financial quarter ended 31 May 2019, the Group posted higher revenue of RM8.0 million compared to RM7.1 million last year. The Group reported higher PBT of RM0.5 million for the current financial quarter compared to RM0.4 million in the corresponding financial quarter last year.

Review of business segments for the financial period ended 31 May 2019

For the financial year ended 31 May 2019, the Logistics segment posted higher revenue of RM29.7 million in the current financial year compared to RM29.0 million in the last financial year. Consequently, this segment reported a higher segmental profit of RM4.6 million compared to RM3.2 million last financial year. The improved result was mainly due to better cost management in chemical transportation business.

The others segment reported a higher segmental loss of RM2.3 million for the current financial year compared with RM1.6 million in the last financial year. The segmental loss in the current financial year mainly incurred for payroll and corporate expenses.

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 RM8.0 million from RM7.3 million in the immediate preceding quarter. Nevertheless, the Group reported lower PBT of RM0.4 million for the current financial quarter as compared to PBT RM0.6 million the immediate preceding financial quarter.

B3 Prospects for the next financial year

The chemical industry is experiencing a slowdown. This will affect the movement and carriage of chemical products and therefore the demand for road transportation and tank farms may weaken. Barring any unforeseen circumstances, the Board is of the view that the financial performance and prospects of the Group for the next financial year should be satisfactory. The Board will continue to exercise caution in managing the business.

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Notes to the Interim Financial Report for the financial quarter ended 31 May 2019

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 31.05.2019 RM'000	Year-to-date ended 31.05.2019 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(49)	(279)
Gain on disposal of Property, plant and equipment	5	(89)
Property, plant and equipment written off	-	-
Finance costs	100	330
Property, plant and equipment written off	59	59
Impairment loss on receivables	169	169
Depreciation and amortisation	1,222	4,497

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	31.05.2019	31.05.2018	31.05.2019	31.05.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	693	1,135	1,490	1,427
Foreign income tax	-	-	-	-
	693	1,135	1,490	1,427
Under/(Over) provision in prior years:				
Malaysian income tax	69	(165)	69	(165)
Foreign income tax	-	-	-	-
	762	970	1,559	1,262
Deferred taxation:				
Transfer to deferred taxation	(381)	(514)	(381)	(514)
Under provision in prior years	18	400	18	400
	399	856	1,196	1,148

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.

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Notes to the Interim Financial Report for the financial quarter ended 31 May 2019

B9 Borrowings

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

	31.05.2019	31.05.2018
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	2,800	1,240
Secured:		
Ringgit Malaysia	506	-
	3,306	1,240
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	4,702	2,582
	11,314	5,062

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 2019.

B12 Earnings per shareBasic earnings per share

	Individual quarter ended		Year-to-date ended	
	31.05.2019	31.05.2018	31.05.2019	31.05.2018
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)	(165)	(666)	(344)	(792)
Net loss per ordinary share (sen)				
- Basic	(0.03)	(0.14)	(0.07)	(0.17)

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.