

**ANCOM LOGISTICS BERHAD** (Registration No: 196601000150 (6614-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE 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>7,939</b>	6,841	<b>30,477</b>	30,930
Cost of sales	<b>(6,250)</b>	(5,503)	<b>(23,538)</b>	(24,218)
Gross profit	<b>1,689</b>	1,338	<b>6,939</b>	6,712
Other income	<b>185</b>	112	<b>926</b>	723
Administrative expenses	<b>(1,662)</b>	(1,040)	<b>(5,384)</b>	(4,708)
Other operating expenses	<b>19</b>	(7)	<b>(11)</b>	(11)
Finance costs	<b>(160)</b>	(322)	<b>(629)</b>	(649)
Share of results of associate	<b>417</b>	-	<b>417</b>	-
Profit before taxation	<b>488</b>	81	<b>2,258</b>	2,067
Tax expense	<b>(161)</b>	(671)	<b>(868)</b>	(1,436)
Net profit/(loss) for the financial year	<b>327</b>	(590)	<b>1,390</b>	631
<b>Profit/(Loss) attributable to:</b>				
Owners of the parent	<b>116</b>	(700)	<b>382</b>	(360)
Non-controlling interests	<b>211</b>	110	<b>1,008</b>	991
	<b>327</b>	(590)	<b>1,390</b>	631
<b>Profit/(Loss) per ordinary share</b>				
<b>attributable to owners of the parent</b>	<b>Sen</b>	Sen	<b>Sen</b>	Sen
- Basic and diluted	<b>0.02</b>	(0.15)	<b>0.08</b>	(0.08)

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 2020 and the accompanying notes to this Interim Financial Report.

**ANCOM LOGISTICS BERHAD** (Registration No: 196601000150 (6614-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 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/(loss) for the financial year	<b>327</b>	(590)	<b>1,390</b>	631
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	<b>327</b>	(590)	<b>1,390</b>	631
Total comprehensive income/(loss) attributable to:				
Owners of the parent	<b>116</b>	(700)	<b>382</b>	(360)
Non-controlling interests	<b>211</b>	110	<b>1,008</b>	991
	<b>327</b>	(590)	<b>1,390</b>	631

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 2020 and the accompanying notes to this Interim Financial Report.

**ANCOM LOGISTICS BERHAD** (Registration No: 196601000150 (6614-W))

(Incorporated in Malaysia)

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

	<b>Unaudited 31.05.2021 RM'000</b>	Audited 31.05.2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	18,069	21,403
Rights-of-use assets	9,310	10,296
Investment in associate	2,219	1,802
	<b>29,598</b>	33,501
<b>Current assets</b>		
Trade and other receivables	18,856	9,370
Tax recoverable	5	3
Other investments	2,191	2,650
Short term deposits with licensed banks	152	148
Cash and bank balances	2,875	3,642
	<b>24,079</b>	15,813
<b>TOTAL ASSETS</b>	<b>53,677</b>	<b>49,314</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	13,205	4,495
Loan and borrowings	552	552
Short term lease liabilities	3,090	3,708
Provision for taxation	235	144
	<b>17,082</b>	8,899
<b>Non-current liabilities</b>		
Deferred tax liabilities	3,478	4,234
Long term lease liabilities	2,726	4,786
Loan and borrowings	510	1,062
	<b>6,714</b>	10,082
<b>TOTAL LIABILITIES</b>	<b>23,796</b>	18,981
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(8,720)	(9,102)
	<b>23,470</b>	23,088
<b>Non-controlling interests</b>	<b>6,411</b>	7,245
<b>TOTAL EQUITY</b>	<b>29,881</b>	30,333
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>53,677</b>	49,314
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.05</b>	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 2020 and the accompanying notes to this Interim Financial Report.

**ANCOM LOGISTICS BERHAD** (Registration No: 196601000150 (6614-W))

(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
	----- Non-Distributable-----	Distributable				
	Share capital RM'000	Merger reserve RM'000	Accumulated loss RM'000			
<b>Restated balance as at 1 June 2019</b>	23,664	8,526	(8,742)	<b>23,448</b>	8,018	<b>31,466</b>
Total comprehensive (loss)/income	-	-	(360)	<b>(360)</b>	991	<b>631</b>
<b>Transactions with owners</b>						
Dividend paid to Non-controlling interests	-	-	-	-	(1,764)	<b>(1,764)</b>
<b>Balance as at 31 May 2020/1 June 2020</b>	<b>23,664</b>	<b>8,526</b>	<b>(9,102)</b>	<b>23,088</b>	<b>7,245</b>	<b>30,333</b>
Total comprehensive income	-	-	382	<b>382</b>	1,008	<b>1,390</b>
<b>Transactions with owners</b>						
Disposal of a subsidiary	-	-	-	-	314	<b>314</b>
Dividend paid to Non-controlling interests	-	-	-	-	(2,156)	<b>(2,156)</b>
	-	-	-	-	(1,842)	<b>(1,842)</b>
<b>Balance as at 31 May 2021</b>	<b>23,664</b>	<b>8,526</b>	<b>(8,720)</b>	<b>23,470</b>	<b>6,411</b>	<b>29,881</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.

**ANCOM LOGISTICS BERHAD** (Registration No: 196601000150 (6614-W))

(Incorporated in Malaysia)

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

	Year-to-date ended	
	31.05.2021 RM'000	31.05.2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,258	2,067
Adjustments for non-cash items:		
Depreciation and amortisation	5,833	5,814
Interest expense	629	649
Interest income	(33)	(143)
Others	(694)	(123)
<b>Operating profit before working capital changes</b>	<b>7,993</b>	<b>8,264</b>
Net changes in working capital	(241)	1,178
Income tax paid	(1,535)	(1,701)
<b>Net cash generated from operating activities</b>	<b>6,217</b>	<b>7,741</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(860)	(932)
Proceed from disposal of property, plant and equipment	67	722
Net cash outflow on disposal of a subsidiary	(2)	-
Sale/(Purchase) of other investments	490	(400)
Placement of deposits pledged to a licensed bank	(4)	(5)
Interest received	33	143
Others	(60)	(1,267)
<b>Net cash used in investing activities</b>	<b>(336)</b>	<b>(1,739)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(225)	(105)
Dividend paid to non-controlling interest of a subsidiary	(2,156)	(1,764)
Payment for lease liabilities	(3,714)	(4,569)
Net withdrawal of borrowings	(552)	(506)
<b>Net cash used in financing activities</b>	<b>(6,647)</b>	<b>(6,944)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(766)</b>	<b>(942)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>3,642</b>	<b>4,582</b>
Effect of exchange rate changes	(1)	2
<b>Cash and cash equivalents at the end of the financial period</b>	<b>2,875</b>	<b>3,642</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	2,875	3,642
Short term deposits with licensed banks	152	148
	<b>3,027</b>	<b>3,790</b>
Deposits with maturity more than three months	(152)	(148)
	<b>2,875</b>	<b>3,642</b>

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.

## **ANCOM LOGISTICS BERHAD**

(Incorporated in Malaysia)

(Company No: 6614-W)

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 MAY 2021**

#### **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 2020. 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 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 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 2020.

##### **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 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:

- 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.

##### **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 2020.

**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 2021, 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 2021.

**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 2021.

**A8 Dividends**

There was no dividend declared and/or paid during the financial quarter ended 31 May 2021.

**A9 Changes in composition of the Group**

There were no material changes in the composition of the Group for the financial quarter ended 31 May 2021.

**A10 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 RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>31 May 2021</b>				
<b>Revenue</b>				
External revenue	30,477	-	-	<b>30,477</b>
Inter-segment revenue	-	-	-	-
Total revenue	<u>30,477</u>	<u>-</u>	<u>-</u>	<u><b>30,477</b></u>
Segment results	4,308	(1,838)	-	<b>2,470</b>
Finance costs				<b>(629)</b>
Share of results of associate				<b>417</b>
Profit before taxation				<u><b>2,258</b></u>
Tax expense				<u><b>(868)</b></u>
<b>Net profit for the financial year</b>				<u><b>1,390</b></u>
<b>31 May 2020</b>				
<b>Revenue</b>				
External revenue	30,930	-	-	<b>30,930</b>
Inter-segment revenue	-	-	-	-
Total revenue	<u>24,089</u>	<u>-</u>	<u>-</u>	<u><b>30,930</b></u>
Segment results	4,460	(1,744)	-	<b>2,716</b>
Finance costs				<b>(649)</b>
Share of results of associate				-
Profit before taxation				<u><b>2,067</b></u>
Tax expense				<u><b>(1,436)</b></u>
<b>Net profit for the financial year</b>				<u><b>631</b></u>

#### **A11 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.

#### **A12 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	283
- Approved but not contracted for	15,000
	<u>15,283</u>

#### **A13 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.

#### **A14 Subsequent events**

There were no events subsequent to the end of the financial quarter ended 31 May 2021 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 2021**

For the financial year ended 31 May 2021, the Group posted lower revenue of RM30.5 million compared to RM30.9 million last year due to the negative effect of COVID-19 in the first half of FY2021. Nevertheless, the Group reported higher profit before taxation ("PBT") of RM2.3 million for the current financial year compared to RM2.1 million in last year mainly due to share of associate profit of RM0.4 million.

During the financial quarter ended 31 May 2021, the Group posted higher revenue of RM7.9 million compared to RM6.8 million in the corresponding quarter last year. Last year result was affected by the MCO which started on 18<sup>th</sup> March 2020. Consequently, the Group reported higher PBT of RM0.5 million for the current financial quarter as compared to RM0.1 million in the corresponding quarter last year.

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

For the financial year ended 31 May 2021, the Logistics segment posted lower revenue of RM30.5 million compared to RM30.9 million last year. This is due to the prolong impact of COVID-19 whereby many companies are still operating below their norm. Consequently, this segment reported a lower segmental profit of RM4.3 million compared to RM4.5 million in last year.

The results of others segment are mainly attributed to corporate expenses incurred by the investment holding company. This segment reported higher segmental loss of RM1.8 million for the current financial period compared to RM1.7 million in corresponding period last year.

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

Revenue for the current financial quarter increased to RM7.9 million as compared to RM7.7 million in the immediate preceding quarter. The Group reported lower PBT of RM0.5 million for the current financial quarter as compared to PBT of RM0.6 million in the immediate preceding financial quarters.

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

The petrochemicals industry was already experiencing a slowdown due to low demand and market uncertainties from the USA-China trade dispute. But the last few months has seen a recovery of this sector. The COVID-19 Pandemic has further exacerbated the situation when the global and domestic economic activities slow down due to the measures imposed to control spread of the disease. The MCO has severely impacted the operation and business of the companies especially our trucking business. But it is showing recovery although some business is still not operating at their norm.

The Board will continue to exercise caution in managing the business. Management has implemented immediate austerity measures and is exploring ways to build new capabilities 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 profit before taxation is stated after charging/(crediting):		
Interest income	(1)	(33)
Gain on foreign exchange	(40)	(28)
Fair value gain on other investment	(10)	(41)
Finance costs	160	629
Gain on disposal of property plant and equipment	43	(66)
Gain on disposal of a subsidiary	-	(217)
Depreciation and amortisation	1,490	5,833
Property, plant and equipment written off	37	37
Reversal of impairment loss on receivables	(29)	(29)
	<u>          </u>	<u>          </u>

**B6 Tax expense**

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31.05.2021</b>	<b>31.05.2020</b>	<b>31.05.2021</b>	<b>31.05.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax expense based on profit for the financial period:				
Malaysian income tax	<b>866</b>	756	<b>1,573</b>	1,521
Under provision in prior years:				
Malaysian income tax	<b>52</b>	32	<b>52</b>	32
	<u><b>918</b></u>	<u>788</u>	<u><b>1,625</b></u>	<u>1,553</u>
Deferred taxation:				
Transfer to deferred taxation	<b>(474)</b>	(468)	<b>(474)</b>	(468)
Under provision in prior years	<b>(283)</b>	351	<b>(283)</b>	351
	<u><b>161</b></u>	<u>671</u>	<u><b>868</b></u>	<u>1,436</u>

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 other than the following:

ALB had on 16 July 2020 announced that the Company and its holding company, Ancom Berhad ("Ancom"), 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. (Company No.: LL14071) ("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 Synergy Trans-Link Sdn Bhd ("STL"), a wholly-owned subsidiary of ALB, 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")

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

## **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:

	<b>31.05.2021</b>	31.05.2020
	<b>RM'000</b>	RM'000
<b>SHORT TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>552</b>	552
<b>LONG TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>510</b>	1,062
	<b><u>1,062</u></b>	<u>1,614</u>

**B10 Material litigation**

The Group does not have any material litigation as at the date of this Interim Financial Report.

**B11 Dividend**

There was no dividend declared and/or paid during the financial quarter and period ended 31 May 2021.

**B12 Earnings per share**

Basic earnings per share

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31.05.2021</b>	31.05.2020	<b>31.05.2021</b>	30.11.2019
Weighted average number of ordinary shares ('000)	<b><u>473,286</u></b>	473,286	<b><u>473,286</u></b>	473,286
Net profit/(loss) attributable to owners of the parent (RM'000)	<b><u>116</u></b>	(700)	<b><u>382</u></b>	(360)
<b>Earnings/(Loss) per ordinary share (sen)</b> - Basic	<b><u>0.02</u></b>	(0.15)	<b><u>0.08</u></b>	(0.08)

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.