

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2019**

	Individual quarter ended		Year-to-date ended	
	28.02.2019	28.02.2018	28.02.2019	28.02.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>7,258</b>	7,130	<b>21,669</b>	21,875
Cost of sales	<b>(5,646)</b>	(5,958)	<b>(16,976)</b>	(18,397)
Gross profit	<b>1,612</b>	1,172	<b>4,693</b>	3,478
Other income	<b>168</b>	276	<b>769</b>	1,007
Administrative expenses	<b>(1,076)</b>	(903)	<b>(3,723)</b>	(3,290)
Other operating expenses	<b>(12)</b>	(67)	<b>(17)</b>	(124)
Finance costs	<b>(87)</b>	(42)	<b>(230)</b>	(116)
Profit before taxation	<b>605</b>	436	<b>1,492</b>	955
Tax expense	<b>(435)</b>	21	<b>(797)</b>	(292)
Net profit for the financial period	<b>170</b>	457	<b>695</b>	663
<b>(Loss)/Profit attributable to:</b>				
Equity holders of the Company	<b>(149)</b>	153	<b>(179)</b>	(126)
Non-controlling interests	<b>319</b>	304	<b>874</b>	789
	<b>170</b>	457	<b>695</b>	663
<b>(Loss)/Profit per ordinary share attributable to equity holders of the Company</b>	<b>Sen</b>	Sen	<b>Sen</b>	Sen
- Basic	<b>(0.03)</b>	0.03	<b>(0.04)</b>	(0.03)

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 28 FEBRUARY 2019**

	Individual quarter ended		Year-to-date ended	
	28.02.2019	28.02.2018	28.02.2019	28.02.2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	<b>170</b>	457	<b>695</b>	663
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	<b>170</b>	457	<b>695</b>	663
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	<b>(149)</b>	153	<b>(179)</b>	(126)
Non-controlling interests	<b>319</b>	304	<b>874</b>	789
	<b>170</b>	457	<b>695</b>	663

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 28 FEBRUARY 2019**

	<b>Unaudited</b> <b>28.02.2019</b> <b>RM'000</b>	Audited 31.05.2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	29,381	27,040
Investment in associate	1,802	1,802
	<b>31,183</b>	28,842
<b>Current assets</b>		
Trade and other receivables	12,719	9,145
Tax recoverable	110	4
Other investments	3,137	1,671
Short term deposits with licensed banks	142	139
Cash and bank balances	2,176	7,566
	<b>18,284</b>	18,525
<b>TOTAL ASSETS</b>	<b>49,467</b>	<b>47,367</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	6,169	5,792
Loan and borrowings	536	1,240
Provision for taxation	116	299
	<b>6,821</b>	7,331
<b>Non-current liabilities</b>		
Deferred tax liabilities	4,713	4,713
Loan and borrowings	5,465	2,582
	<b>10,178</b>	7,295
<b>TOTAL LIABILITIES</b>	<b>16,999</b>	14,626
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(8,494)	(8,131)
	<b>23,696</b>	24,059
<b>Non-controlling interests</b>	<b>8,772</b>	8,682
<b>TOTAL EQUITY</b>	<b>32,468</b>	32,741
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>49,467</b>	47,367
<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 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 28 FEBRUARY 2019**

	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			
Balance as at 1 June 2017	23,664	8,526	(7,339)	<b>24,851</b>	10,119	<b>34,970</b>
Total comprehensive income	-	-	(792)	<b>(792)</b>	1,013	<b>221</b>
<b>Transactions with owners</b>						
Dividend paid to Non-controlling interests	-	-	-	-	(2,450)	<b>(2,450)</b>
<b>Balance as at 31 May 2018</b>	<b>23,664</b>	<b>8,526</b>	<b>(8,131)</b>	<b>24,059</b>	<b>8,682</b>	<b>32,741</b>
Balance as at 1 June 2018, as previously reported	23,664	8,526	(8,131)	<b>24,059</b>	8,682	<b>32,741</b>
Effect on the adoption of MFRS 9	-	-	(184)	<b>(184)</b>	-	<b>(184)</b>
Restated balance as at 1 June 2018	23,664	8,526	(8,315)	<b>23,875</b>	8,682	<b>32,557</b>
Total comprehensive income	-	-	(179)	<b>(179)</b>	874	<b>695</b>
<b>Transactions with owners</b>						
Dividend paid to Non-controlling interests	-	-	-	-	(784)	<b>(784)</b>
<b>Balance as at 28 February 2019</b>	<b>23,664</b>	<b>8,526</b>	<b>(8,494)</b>	<b>23,696</b>	<b>8,772</b>	<b>32,468</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 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 28 FEBRUARY 2019**

	Year-to-date ended	
	28.02.2019	28.02.2018
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,492	955
Adjustments for non-cash items:		
Depreciation	3,275	3,025
Interest expense	230	116
Interest income	(230)	(329)
Others	(94)	(180)
<b>Operating profit before working capital changes</b>	<b>4,673</b>	<b>3,587</b>
Net changes in working capital	(3,381)	(7,622)
Income tax paid	(1,086)	(123)
<b>Net cash generated from/(used in) operating activities</b>	<b>206</b>	<b>(4,158)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,914)	(976)
Proceed from disposal of property, plant and equipment	392	180
Additional investments in other investments	(1,467)	(428)
Increase of deposits with licensed banks	(3)	(3)
Interest received	230	329
<b>Net cash used in investing activities</b>	<b>(6,762)</b>	<b>(898)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(230)	(116)
Dividend paid to non-controlling interest	(784)	-
Net withdrawal of borrowings	2,180	1,105
<b>Net cash generated from financing activities</b>	<b>1,166</b>	<b>989</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,390)</b>	<b>(4,067)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>7,566</b>	<b>9,185</b>
Effect of exchange rate changes	-	-
<b>Cash and cash equivalents at the end of the financial period</b>	<b>2,176</b>	<b>5,118</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	2,176	5,118
Short term deposits with licensed banks	142	138
	<b>2,318</b>	<b>5,256</b>
Deposits with maturity more than three months	(142)	(138)
	<b>2,176</b>	<b>5,118</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 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 28 FEBRUARY 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 MFRS4	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

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**

	<b>Impact of change in account policies</b>		
	<b>As previously reported RM'000</b>	<b>Retrospective adjustment MFRS 9 RM'000</b>	<b>Restated balance RM'000</b>
<b>Current assets</b>			
Trade and other receivables	9,145	(184)	8,961
<b>Equity</b>			
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 28 February 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 were no material changes in estimates amounts reported in prior period that have a material effect on the financial quarter ended 28 February 2019.

**A7 Debt and equity securities**

There was no issuance, cancellation, repurchase or repayment of debt and equity securities during the financial quarter ended 28 February 2019.

**A8 Dividends**

There was no dividend declared and/or paid during the financial quarter ended 28 February 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 RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>28 February 2019</b>				
<b>Revenue</b>				
External revenue	21,669	-	-	<b>21,669</b>
Inter-segment revenue	38	-	(38)	-
Total revenue	<u>21,707</u>	<u>-</u>		<u><b>21,669</b></u>
Segment results	3,475	(1,753)	-	<b>1,722</b>
Finance costs				<u>(230)</u>
Profit before taxation				<b>1,492</b>
Tax expense				<u>(797)</u>
<b>Net profit for the financial period</b>				<u><b>695</b></u>
<b>28 February 2018</b>				
<b>Revenue</b>				
External revenue	21,875	-	-	<b>21,875</b>
Inter-segment revenue	21	-	(21)	-
Total revenue	<u>21,896</u>	<u>-</u>		<u><b>21,875</b></u>
Segment results	2,106	(1,035)	-	<b>1,071</b>
Finance costs				<u>(116)</u>
Profit before taxation				<b>955</b>
Tax expense				<u>(292)</u>
<b>Net profit for the financial period</b>				<u><b>663</b></u>



**Ancom Logistics Berhad (6614-W)**

Notes to the Interim Financial Report for the financial quarter ended 28 February 2019

**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 28 February 2019.

**A11 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	383
- Approved but not contracted for	-
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	383
	<hr/>

**A12 Changes in composition of the Group**

There were no material changes in the composition of the Group for the financial quarter ended 28 February 2019.

**A13 Changes in contingent liabilities**

The Group does not have any contingent liabilities as at 28 February 2019.

**A14 Subsequent events**

There were no events subsequent to the end of the financial quarter ended 28 February 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 28 February 2019**

For the nine months ended 28 February 2019, the Group posted lower revenue of RM21.7 million compared to RM21.9 million for the corresponding period last year. Nevertheless, the Group reported higher profit before taxation ("PBT") of RM1.5 million for the current financial period compared to RM1.0 million last year.

During the financial quarter ended 28 February 2019, the Group posted higher revenue of RM7.3 million compared to RM7.1 million last year. Consequently, the Group reported higher PBT of RM0.6 million for the current financial quarter as compared to RM0.4 million in the corresponding quarter last year.

**Review of business segments for the financial period ended 28 February 2019**

For the nine months ended 28 February 2019, the Logistics segment posted lower revenue of RM21.7 million in the current financial period compared to RM21.9 million in the corresponding financial period last year. Nevertheless, this segment reported a higher segmental profit of RM3.5 million compared to RM2.1 million last year. The improved result was mainly due to better cost management in chemical transportation business.

The others segment reported a higher segmental loss of RM1.8 million for the current financial period compared with RM1.0 million in the corresponding period last year. The segmental loss in the current financial period 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 decreased to RM7.3 million from RM7.5 million in the immediate preceding quarter. Nevertheless, the Group reported higher PBT of RM0.6 million for the current financial quarter as compared to PBT RM0.2 million the immediate preceding financial quarter.

**B3 Current year prospects**

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 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**

	<b>Individual quarter ended 28.02.2019 RM'000</b>	<b>Year-to-date ended 28.02.2019 RM'000</b>
The profit before taxation is stated after charging/(crediting):		
Interest income	(87)	(230)
Gain on disposal of Property, plant and equipment	-	(94)
Finance costs	87	230
Depreciation and amortisation	1,151	3,275
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**B6 Tax expense**

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>28.02.2019</b>	<b>28.02.2018</b>	<b>28.02.2019</b>	<b>28.02.2018</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	435	(21)	797	292
Foreign income tax	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	435	(21)	797	292
Over provision in prior years:				
Malaysian income tax	-	-	-	-
Foreign income tax	-	-	-	-
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	435	(21)	797	292
Deferred taxation:				
Transfer to deferred taxation	-	-	-	-
Under provision in prior years	-	-	-	-
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	435	(21)	797	292

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 28 February 2019

**B9 Borrowings**

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

	<b>28.02.2019</b>	31.05.2018
	<b>RM'000</b>	RM'000
<b>SHORT TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>536</b>	1,240
<b>LONG TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<u><b>5,465</b></u>	<u>2,582</u>
	<u><b>6,001</b></u>	<u>3,822</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 28 February 2019.

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

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>28.02.2019</b>	28.02.2018	<b>28.02.2019</b>	28.02.2018
Weighted average number of ordinary shares ('000)	<u><b>473,286</b></u>	473,286	<u><b>473,286</b></u>	473,286
Net (loss)/profit attributable to ordinary equity holders of the Company (RM'000)	<u><b>(149)</b></u>	153	<u><b>(179)</b></u>	(126)
<b>Net (loss)/profit per ordinary share (sen)</b>				
- Basic	<u><b>(0.03)</b></u>	0.03	<u><b>(0.04)</b></u>	(0.03)

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.