

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

(Incorporated in Malaysia)

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

	Individual quarter ended		Year-to-date ended	
	31.08.2019	31.08.2018	31.08.2019	31.08.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	7,868	6,932	7,868	6,932
Cost of sales	(6,097)	(5,463)	(6,097)	(5,463)
Gross profit	1,771	1,469	1,771	1,469
Other income	148	297	148	297
Administrative expenses	(1,069)	(1,005)	(1,069)	(1,005)
Finance costs	(112)	(61)	(112)	(61)
Profit before taxation	738	700	738	700
Tax expense	(263)	(253)	(263)	(253)
Net profit for the financial period	475	447	475	447
Profit attributable to:				
Owners of the parent	191	160	191	160
Non-controlling interests	284	287	284	287
	475	447	475	447
Earnings per ordinary share attributable to owners of the parent	Sen	Sen	Sen	Sen
- Basic	0.04	0.03	0.04	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 2019 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 2019**

	Individual quarter ended		Year-to-date ended	
	31.08.2019	31.08.2018	31.08.2019	31.08.2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	475	447	475	447
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	475	447	475	447
Total comprehensive income attributable to:				
Owners of the parent	191	160	191	160
Non-controlling interests	284	287	284	287
	475	447	475	447

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 2019 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 2019**

	Unaudited 31.08.2019 RM'000	Audited 31.05.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,971	30,573
Investment in associate	1,802	1,802
	31,773	32,375
Current assets		
Trade and other receivables	12,440	9,165
Tax recoverable	-	-
Other investments	2,684	2,163
Short term deposits with licensed banks	143	143
Cash and bank balances	3,184	4,582
	18,451	16,053
TOTAL ASSETS	50,224	48,428
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	5,601	4,314
Loan and borrowings	2,922	3,306
Provision for taxation	232	289
	8,755	7,909
Non-current liabilities		
Deferred tax liabilities	4,351	4,351
Loan and borrowings	5,177	4,702
	9,528	9,053
TOTAL LIABILITIES	18,283	16,962
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(8,551)	(8,742)
	23,639	23,448
Non-controlling interests	8,302	8,018
TOTAL EQUITY	31,941	31,466
TOTAL EQUITY AND LIABILITIES	50,224	48,428
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 2019 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 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 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 2019/1 June 2019	23,664	8,526	(8,742)	23,448	8,018	31,466
Total comprehensive income	-	-	191	191	284	475
Transactions with owners						
Dividend paid to Non-controlling interests	-	-	-	-	-	-
Balance as at 31 August 2019	23,664	8,526	(8,551)	23,639	8,302	31,941

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 2019 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 2019**

	Year-to-date ended	
	31.08.2019	31.08.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	738	700
Adjustments for non-cash items:		
Depreciation	1,200	1,015
Interest expense	112	61
Interest income	(59)	(69)
Others	1	(2)
Operating profit before working capital changes	1,992	1,705
Net changes in working capital	(1,986)	(4,157)
Income tax paid	(320)	(116)
Net cash generated from operating activities	(314)	(2,568)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(387)	(1,424)
Proceed from disposal of property, plant and equipment	-	302
Additional investments in other investments	(522)	(418)
Increase of deposits with licensed banks	(1)	-
Interest received	59	69
Net cash used in investing activities	(851)	(1,471)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(112)	(61)
Dividend paid to non-controlling interest of a subsidiary	-	-
Net withdrawal of borrowings	(121)	971
Net cash used in financing activities	(233)	910
Net decrease in cash and cash equivalents	(1,398)	(3,129)
Cash and cash equivalents at the beginning of the financial year	4,582	7,566
Effect of exchange rate changes	-	-
Cash and cash equivalents at the end of the financial period	3,184	4,437
Cash and cash equivalents		
Cash and bank balances	3,184	4,437
Short term deposits with licensed banks	143	141
	3,327	4,578
Deposits with maturity more than three months	(143)	(141)
	3,184	4,437

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 2019 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 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 2019. 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 2019.

For the financial periods up and including the financial year ended 31 May 2019, 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 2019.

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 2019 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 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 3	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 11	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 112	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 123	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 119	Plan, Amendment, Curtailment or Settlement

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 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 August 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 August 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 August 2019.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 August 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 August 2019				
Revenue				
External revenue	7,868	-	-	7,868
Inter-segment revenue	-	-	-	-
Total revenue	<u>7,868</u>	<u>-</u>		<u>7,868</u>
Segment results	1,198	(348)	-	850
Finance costs				<u>(112)</u>
Profit before taxation				738
Tax expense				<u>(263)</u>
Net profit for the financial period				<u>475</u>
31 August 2018				
Revenue				
External revenue	6,932	-	-	6,932
Inter-segment revenue	-	-	-	-
Total revenue	<u>6,932</u>	<u>-</u>		<u>6,932</u>
Segment results	1,103	(342)	-	761
Finance costs				<u>(61)</u>
Profit before taxation				700
Tax expense				<u>(253)</u>
Net profit for the financial period				<u>447</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 August 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	88
- Approved but not contracted for	-
	<u>88</u>

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 2019.

A13 Changes in contingent liabilities

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

A14 Subsequent events

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

For the financial quarter ended 31 August 2019, the Group posted higher revenue of RM7.9 million compared to RM6.9 million for the corresponding period last year. The Group reported constant profit before taxation ("PBT") of RM0.7 for the current financial year and last financial year.

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

During the financial quarter ended 31 August 2019, the Logistics segment posted higher revenue of RM7.9 million in the current financial year compared to RM6.9 million in the last financial year. Consequently, this segment reported a higher segmental profit of RM1.2 million compared to RM1.1 million last financial year.

The results of others segment are mainly attributed to corporate expenses incurred by the investment holding company. This segment reported a segmental loss of RM0.3 million for the current and last financial 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 decreased slightly to RM7.9 million from RM8.0 million in the immediate preceding quarter. Nevertheless, the Group reported higher PBT of RM0.7 million for the current financial quarter as compared to PBT RM0.5 million the immediate preceding financial quarter.

B3 Current year prospects

The petrochemicals industry is experiencing a slowdown given low demand and market uncertainties. This could negatively affect the movement and carriage of chemical products, which may weaken demand for the road transportation and tank farm services that the Group provides. Barring any unforeseen circumstances, however, the Board is of the view that the Group will continue to achieve satisfactory performance in the remaining of the financial year. The Board will continue to exercise caution in managing the business.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 31 August 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 31.08.2019 RM'000	Year-to-date ended 31.08.2019 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(59)	(59)
Finance costs	112	112
Property, plant and equipment written off	59	59
Depreciation and amortisation	1,200	1,200

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	31.08.2019	31.08.2018	31.08.2019	31.08.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	263	253	263	253
Foreign income tax	-	-	-	-
	263	253	263	253
Under/(Over) provision in prior years:				
Malaysian income tax	-	-	-	-
Foreign income tax	-	-	-	-
	263	253	263	253
Deferred taxation:				
Transfer to deferred taxation	-	-	-	-
Under provision in prior years	-	-	-	-
	263	253	263	253

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 2019

B9 Borrowings

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

	31.08.2019	31.05.2019
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	2,922	3,306
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	<u>5,177</u>	<u>4,702</u>
	<u>8,099</u>	<u>8,008</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 August 2019.

B12 Earnings per shareBasic earnings per share

	Individual quarter ended		Year-to-date endear-to-date ende	
	31.08.2019	31.08.2018	31.08.2019	31.08.2018
Weighted average number of ordinary shares ('000)	<u>473,286</u>	473,286	<u>473,286</u>	473,286
Net profit attributable to owners of the parent (RM'000)	<u>191</u>	160	<u>191</u>	160
Earnings per ordinary share (sen)				
- Basic	<u>0.04</u>	0.03	<u>0.04</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.