

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 29 FEBRUARY 2024**

	Individual quarter ended		Year-to-date ended	
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	7,844	7,404	23,689	22,847
Cost of sales	(6,155)	(5,536)	(18,725)	(17,065)
Gross profit	1,689	1,868	4,964	5,782
Other income	176	277	777	912
Administrative expenses	(1,746)	(1,472)	(5,019)	(5,387)
Other operating expenses	-	(10)	(3)	(10)
Finance costs	(64)	(90)	(213)	(329)
Profit before taxation	55	573	506	968
Tax expense	(145)	(163)	(581)	(729)
Net (loss)/profit for the financial period	(90)	410	(75)	239
(Loss)/Profit attributable to:				
Owners of the parent	(360)	108	(830)	(532)
Non-controlling interests	270	302	755	771
	(90)	410	(75)	239
(Loss)/Profit per ordinary share attributable to owners of the parent	Sen	Sen	Sen	Sen
- Basic and diluted	(0.08)	0.02	(0.18)	(0.11)

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 2023 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 29 FEBRUARY 2024**

	Individual quarter ended		Year-to-date ended	
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial period	(90)	410	(75)	239
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/income	(90)	410	(75)	239
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(360)	108	(830)	(532)
Non-controlling interests	270	302	755	771
	(90)	410	(75)	239

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 2023 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 29 FEBRUARY 2024**

	Unaudited 29.02.2024 RM'000	Audited 31.05.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,203	18,781
Rights-of-use assets	3,984	4,502
	33,187	23,283
Current assets		
Trade and other receivables	14,341	13,794
Current tax assets	419	475
Other investments	683	666
Short term deposits with a licensed bank	161	133
Cash and bank balances	4,064	5,822
	19,668	20,890
TOTAL ASSETS	52,855	44,173
EQUITY AND LIABILITIES		
Equity attributable to owners of the parents		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated losses	(11,652)	(10,822)
	20,538	21,368
Non-controlling interests	7,781	7,418
TOTAL EQUITY	28,319	28,786
Current liabilities		
Trade and other payables	9,658	9,132
Lease liabilities	1,174	1,952
Current tax liabilities	100	70
	10,932	11,154
Non-current liabilities		
Deferred tax liabilities	2,039	2,482
Lease liabilities	1,337	1,751
Borrowings	10,228	-
	13,604	4,233
TOTAL LIABILITIES	24,536	15,387
TOTAL EQUITY AND LIABILITIES	52,855	44,173
Net assets per ordinary share attributable to owners of the parent (RM)	0.04	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 2023 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 29 FEBRUARY 2024

	Attributable to owners 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 losses RM'000			
Balance as at 1 June 2022	23,664	8,526	(10,437)	21,753	6,531	28,284
Total comprehensive (loss)/income	-	-	(385)	(385)	887	502
Balance as at 31 May 2023/1 June 2023	23,664	8,526	(10,822)	21,368	7,418	28,786
Total comprehensive (loss)/income	-	-	(830)	(830)	755	(75)
Transaction with owners						
Dividend paid to non-controlling interests	-	-	-	-	(392)	(392)
	-	-	-	-	(392)	(392)
Balance as at 29 February 2024	23,664	8,526	(11,652)	20,538	7,781	28,319

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 2023 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 FLOWS
FOR THE FINANCIAL QUARTER ENDED 29 FEBRUARY 2024**

	29.02.2024	28.02.2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	506	968
Adjustments for non-cash items:		
Depreciation and amortisation	4,107	4,181
Interest expense	213	329
Interest income	(4)	(3)
Others	(156)	(1,325)
Operating profit before working capital changes	4,666	4,150
Net changes in working capital	(21)	(4,010)
Income tax paid	(938)	(828)
Net cash from operating activities	3,707	(688)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13,991)	(3,059)
Proceed from disposal of property, plant and equipment	245	228
Purchase of rights-of-use assets	-	(627)
Sale of other investments	-	1,600
Placement of short term deposits:		
- pledged with a licensed bank	(3)	(2)
- with maturity period more than three (3) months	(25)	-
Interest received	4	3
Winding up of an associate	-	3,290
Net cash used in investing activities	(13,770)	1,433
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(82)	(205)
Dividend paid to non-controlling interests	(392)	-
Payment for lease liabilities	(1,449)	(1,082)
Net drawdown/(repayment) of borrowings	10,228	(414)
Net cash from/(used in) financing activities	8,305	(1,701)
Net decrease in cash and cash equivalents	(1,758)	(956)
Cash and cash equivalents at the beginning of the financial period	5,822	5,621
Effect of exchange rate changes	-	-
Cash and cash equivalents at the end of the financial period	4,064	4,665
Cash and cash equivalents		
Cash and bank balances	4,064	4,665
Short term deposits with a licensed bank	161	157
	4,225	4,822
Short term deposits pledged with a licensed bank	(136)	(157)
Short term deposits with maturity more than three (3) months	(25)	-
	4,064	4,665

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2023 and the accompanying notes to this Interim Financial Report.

ANCOM LOGISTICS BERHAD
(Incorporated in Malaysia)
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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 29 FEBRUARY 2024**

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 29 FEBRUARY 2024

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 2023. 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 2023.

For the financial periods up and including the financial year ended 31 May 2023, 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 2023.

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 2023 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 2023:

- MFRS 7 Insurance Contracts
- Amendments to MFRS 7 Insurance Contracts
- Initial application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts)
- Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
- Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)

The adoption of the above pronouncements did not have any material impact on the Financial Statements of the Group.

A3 Auditors' report on preceding Audited Financial Statements

The auditors did not qualify the Group's Audited Financial Statements for the financial year ended 31 May 2023.

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 29 February 2024, 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 29 February 2024.

A7 Debt and equity securities

There was no issuance, cancellation, repurchase or repayment of debt and equity securities during the financial quarter ended 29 February 2024.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 29 February 2024.

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
29 February 2024				
Revenue				
External revenue	23,689	-	-	23,689
Inter-segment revenue	-	-	-	-
Total revenue	<u>23,689</u>	<u>-</u>		<u>23,689</u>
Segment results	2,636	(1,917)	-	719
Finance costs				<u>(213)</u>
Profit before taxation				506
Tax expense				<u>(581)</u>
Net loss for the financial period				<u>(75)</u>
28 February 2023				
Revenue				
External revenue	22,847	-	-	22,847
Inter-segment revenue	-	-	-	-
Total revenue	<u>22,847</u>	<u>-</u>		<u>22,847</u>
Segment results	3,434	(2,137)	-	1,297
Finance costs				<u>(329)</u>
Profit before taxation				968
Tax expense				<u>(729)</u>
Net profit for the financial period				<u>239</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 29 February 2024.

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	11,443
- Approved but not contracted for	76
	<u>11,519</u>

A12 Changes in composition of the Group

There were no material changes in the composition of the Group for the financial quarter ended 29 February 2024.

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 2023.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 29 February 2024 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 29 February 2024

For the nine months ended 29 February 2024, the Group posted higher revenue of RM23.7 million compared to RM22.8 million for the corresponding period last year. Consequently, the Group reported lower profit before taxation ("PBT") of RM0.5 million compared with RM1.0 million for the corresponding period last year.

During the financial quarter ended 29 February 2024, the Group posted higher revenue of RM7.8 million compared to RM7.4 million for the corresponding period last year. Nevertheless, the Group reported lower profit PBT of RM0.1 million for the current financial period compared to RM0.6 million for the corresponding period last year.

Review of business segments for the financial period ended 29 February 2024

For the nine months ended 29 February 2024, the Logistics segment posted higher revenue of RM23.7 million compared to RM22.8 million for the corresponding period last year. Nevertheless, this segment reported a lower segmental profit of RM2.6 million compared to RM3.4 million in the corresponding period last year primarily due to higher operating costs in trucking business.

The results of others segment are mainly attributed to corporate expenses incurred by the investment holding company. This segment reported lower segmental loss of RM1.9 million compared to RM2.1 million in the 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 RM7.8 million from RM8.0 million in the immediate preceding quarter. The Group reported PBT of RM0.1 million of both current and immediate preceding quarter.

B3 Current year prospects

The domestic economy grew at a pace of 5.6% in January to March of 2023 after growing at 7.1 % in October to December of 2022. The services sector continued to show rapid growth of 7.3% in January to March of 2023 following growth of 9.1% in October to December of 2022. The economic expansion was supported by sustained domestic demand with private expenditure and improvement in labour market conditions.

The pace of expansion is expected to moderate during 2023 calendar year due to the impact of high base year effects as well as the economic slowdown in key markets. Inflationary pressure remains high, and many customers are still cautionary in their outlook. The Board will continue to exercise caution in managing the business under these conditions. Management will continue to explore ways to build new capabilities and capacities 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

	Individual quarter ended 29.02.2024 RM'000	Year-to-date ended 29.02.2024 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(2)	(4)
Gain on foreign exchange	-	(79)
Fair value gain on other investment	(6)	(17)
Finance costs	64	213
Gain on disposal of property plant and equipment	-	(139)
Depreciation and amortisation	<u>1,293</u>	<u>4,107</u>

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	292	(78)	1,024	1,172
Deferred taxation:				
Transfer to deferred taxation	(147)	241	(443)	(443)
	<u>145</u>	<u>163</u>	<u>581</u>	<u>729</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 and its holding company, Ancom Nylex Berhad ("ANB"), had on 22 April 2024 entered into a Heads of Agreement ("HOA") with Greenheart Sdn Bhd ("GSB"), Choong Wee Keong ("CWK") and How Yoon For ("HYF") for the following:

(GSB, CWK and HYF shall be collectively referred to as "Vendors" and ALB, ANB and Vendors shall be collectively referred to as "Parties")

- (i) proposed acquisition by ALB of the entire share capital of Green Lagoon Technology Sdn Bhd ("GLTSB") from the Vendors for total consideration of RM120,000,000, subject to an independent valuation to be conducted on GLTSB during the due diligence and in return ALB shall issue 1,000,000,000 new ordinary shares in ALB ("ALB Share(s)" or "Share(s)") at an issue price of RM0.12 per Share, that will be listed and tradeable in the ACE Market to the GLTSB shareholders ("Consideration Shares") ("Proposed Acquisition");

- (ii) proposed exemption under subparagraph 4.08(1)(a) of the Rules on Takeovers, Mergers and Compulsory Acquisitions to the Vendors, other shareholders of GLTSB and their person(s) acting in concert (collectively, "PAC(s)") under Sections 216(2) and 216(3) of the Capital Markets and Services Act 2007 from the obligation to undertake a mandatory offer for the remaining ALB Shares not already owned by them pursuant to the Proposed Acquisition ("Proposed Exemption");
- (iii) proposed private placement of up to 183,333,334 new Shares (or such other number of new Shares as may be applicable) to ANB for the total sum of up to RM22,000,000.08 (or such other amount corresponding to such number of new ALB Shares to be issued), and to be settled in cash at the issue price of RM0.12 per ALB Share, provided that the total percentage of shareholding held by ANB directly and indirectly in the share capital of ALB on completion of the Proposed Acquisition shall not exceed such number of ALB Shares representing 21% of the entire share capital of ALB ("Proposed Private Placement"); and
- (iv) proposed disposal by ALB of all of its subsidiaries (i.e., Synergy Trans-Link Sdn Bhd and its subsidiaries, Pengangkutan Cogent Sdn Bhd and Ancom Nylex Terminals Sdn Bhd) to ANB at an independent valuation to be conducted and agreed by ALB and ANB and upon such terms and conditions to be determined later ("Proposed Disposal").

(The Proposed Acquisition, Proposed Exemption, Proposed Private Placement and Proposed Disposal shall be collectively referred to as "Proposals")

The Parties have each agreed that the HOA is legally binding on all Parties and the purpose of the Parties entering into the HOA is to record the salient terms of the Proposals which shall be incorporated into the Share Sale Agreement entered between the Vendors and ALB ("SSA") and such other documents to be executed between the Vendors and ALB upon such other terms and conditions to be mutually agreed between the Parties.

Other salient terms to be included in the SSA shall include but not limited to the following:

- (i) the total consideration for the purchase of the total share capital of GLTSB by ALB is RM120,000,000 ("Agreed Price") subject to an independent valuation to be conducted on GLTSB during due diligence and if the value in the valuation report is less than the Agreed Price, then the Vendors and ALB shall re-negotiate and revise the Agreed Price, Proposed Private Placement amount and any other relevant terms in good faith, and in return ALB shall issue the Consideration Shares (or such adjusted number of ALB Shares if the Agreed Price is revised) at the issue price of RM0.12 per Share that will be listed and tradeable on the ACE Market to the GLTSB shareholders;
- (ii) the Vendors shall jointly and severally provide a profit guarantee in favour of ALB that GLTSB will have no less than RM8,000,000.00 profit after tax on a consolidated basis for the first (1st) full financial year of GLTSB after completion of the Proposed Acquisition ("First Financial Year") and no less than RM10,000,000.00 profit after tax on a consolidated basis for the second (2nd) full financial year of GLTSB after completion of the Proposed Acquisition ("Second Financial Year") and any shortfall therein shall be compensated by the Vendors to ALB in cash. It shall be agreed between the Parties that any profit after tax of GLTSB on a consolidated basis procured in surplus of RM8,000,000.00 for First Financial Year shall for the purpose of calculation of the profit guarantee, be incorporated as profit after tax procured for the Second Financial Year. GSB or a company nominated by the Vendors to hold the Consideration Shares ("ALB Shareholder") shall provide a corporate

guarantee together with a written irrevocable undertaking that it shall continue to hold a minimal sum of RM8,000,000.00 worth of Consideration Share for the First Financial Year and a minimal of RM10,000,000.00 worth of Consideration Shares for the Second Financial Year ("Profit Guarantee ALB Shares") so as to satisfy the profit guarantee ("GSB Corporate Guarantee"). In event of any shortfall in the profit guarantee, and the Vendors fail to compensate ALB in cash, then the Vendors shall procure that the ALB Shareholder sells such Profit Guarantee ALB Shares sufficient for the shortfall and the proceeds are to be used to compensate ALB for the shortfall. The computation of the profit guarantee shall exclude any one-off or non-recurring income or expenses which are not in the ordinary course of the business.

For avoidance of doubt, the above Proposals are inter-conditional. All new issued and paid-up ALB Shares shall rank pari-passu or equally in all aspects with the existing ALB Shares.

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:

	29.02.2024	31.05.2023
	RM'000	RM'000
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	10,228	-

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 29 February 2024.

B12 (Loss)/Profit per ordinary shareBasic loss per ordinary share

	Individual quarter ended		Year-to-date ended	
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
Weighted average number of ordinary shares ('000)	473,286	473,286	473,286	473,286
(Loss)/Profit attributable to owners of the parents (RM'000)	(360)	108	(830)	(532)
Basic (loss)/profit per ordinary share (sen)	(0.08)	0.02	(0.18)	(0.11)

Diluted (loss)/profit per ordinary share

Diluted (loss)/profit per ordinary share is the same as basic (loss)/profit per ordinary share as there is no dilutive potential ordinary share.

The Company does not have convertible securities at the end of the reporting periods.