

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2018**

	Individual quarter ended		Year-to-date endear-to-date end	
	31.05.2018	31.05.2017	31.05.2018	31.05.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	7,105	6,657	28,980	28,333
Cost of sales	(5,524)	(6,282)	(23,921)	(24,651)
Gross profit	1,581	375	5,059	3,682
Other income	249	474	1,256	1,787
Administrative expenses	(1,380)	(2,149)	(4,670)	(7,866)
Other operating expenses	14	-	(110)	-
Finance costs	(50)	(33)	(166)	(66)
Profit/(Loss) before taxation	414	(1,333)	1,369	(2,463)
Tax expense	(856)	171	(1,148)	(600)
Net (loss)/profit for the financial period	(442)	(1,162)	221	(3,063)
(Loss)/Profit attributable to:				
Equity holders of the Company	(666)	(1,244)	(792)	(4,128)
Non-controlling interests	224	82	1,013	1,065
	(442)	(1,162)	221	(3,063)
(Loss)/Profit per ordinary share attributable to equity holders of the Company				
- Basic	Sen (0.14)	Sen (0.26)	Sen (0.17)	Sen (0.87)

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 2017 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 2018**

	Individual quarter ended		Year-to-date endear-to-date end	
	31.05.2018	31.05.2017	31.05.2018	31.05.2017
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial period	(442)	(1,162)	221	(3,063)
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	(442)	(1,162)	221	(3,063)
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(666)	(1,244)	(792)	(4,128)
Non-controlling interests	224	82	1,013	1,065
	(442)	(1,162)	221	(3,063)

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 2017 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 2018**

	Unaudited 31.05.2018 RM'000	Audited 31.05.2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,040	29,805
Investment in associate	1,802	1,802
	28,842	31,607
Current assets		
Inventories	-	-
Trade and other receivables	8,734	8,694
Other current assets	1,181	1,210
Tax recoverable	4	818
Other investments	1,671	830
Short term deposits with licensed banks	139	135
Cash and bank balances	7,566	9,185
	19,295	20,872
TOTAL ASSETS	48,137	52,479
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	6,562	10,320
Loan and borrowings	1,240	631
Provision for taxation	299	333
	8,101	11,284
Non-current liabilities		
Deferred tax liabilities	4,713	4,827
Loan and borrowings	2,582	1,398
	7,295	6,225
TOTAL LIABILITIES	15,396	17,509
NET ASSETS	32,741	34,970
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(8,131)	(7,339)
	24,059	24,851
Non-controlling interests	8,682	10,119
TOTAL EQUITY	32,741	34,970
TOTAL EQUITY AND LIABILITIES	48,137	52,479
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 2017 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 MAY 2018

	Attributable to equity holders of the Company				Non-controlling interest	Total equity
	----- Non-Distributable-----	Distributable				
	Share capital	Merger reserve	Accumulated loss	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000		
As at 1 June 2016	23,664	8,526	(3,211)	28,979	14,670	43,649
Total comprehensive income	-	-	(4,128)	(4,128)	1,065	(3,063)
Transactions with owners						-
Dividend paid to Non-controlling interests	-	-	-	-	(5,488)	(5,488)
Disposal of a subsidiary	-	-	-	-	(128)	(128)
Balance at 31 May 2017	23,664	8,526	(7,339)	24,851	10,119	34,970
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
Dividend paid to Non-controlling interests	-	-	-	-	(2,450)	(2,450)
Balance at 31 May 2018	23,664	8,526	(8,131)	24,059	8,682	32,741

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 2017 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 2018**

	Year-to-date ended	
	31.05.2018	31.05.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,369	(2,463)
Adjustments for non-cash items:		
Depreciation	4,039	4,069
Interest expense	166	66
Interest income	(373)	(483)
Others	(242)	2,346
Operating profit before working capital changes	4,959	3,535
Net changes in working capital	(3,769)	6,414
Income tax paid	(482)	(1,223)
Net cash generated from operating activities	708	8,726
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,294)	(2,302)
Net disposal of a subsidiary	-	781
Proceed from disposal of property, plant and equipment	263	37
Proceed from disposal of non-current assets held for sale	-	88
Additional investments in other investments	(842)	(301)
Increase of deposits with licensed banks	(3)	(3)
Interest received	373	483
Net cash used in investing activities	(1,503)	(1,217)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(166)	(66)
Dividend paid to non-controlling interest	(2,450)	(5,488)
Net withdrawal/(repayment) of borrowings	1,793	(555)
Others	-	-
Net cash generated used in financing activities	(823)	(6,109)
Net decrease in cash and cash equivalents	(1,618)	1,400
Cash and cash equivalents at the beginning of the financial year	9,185	7,757
Effect of exchange rate changes	-	28
Cash and cash equivalents at the end of the financial period	7,567	9,185
Cash and cash equivalents		
Cash and bank balances	7,566	9,185
Bank overdrafts	-	-
Short term deposits with licensed banks	139	135
	7,705	9,320
Deposits with maturity more than three months	(138)	(135)
	7,567	9,185

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 2017 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 2018

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 2017. 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 2017.

For the financial periods up and including the financial year ended 31 May 2017, 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 2017.

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 2017 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 2017:

Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 107 Disclosure Initiative

Amendments to MFRS 12 Annual Improvements to MFRS Standards 2014 – 2016 Cycle

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 2017.

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 2018, 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 2018.

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 2018.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 May 2018.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 31 May 2018

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
31 May 2018	RM'000	RM'000	RM'000	RM'000
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>
31 May 2017				
Revenue				
External revenue	27,553	780	-	28,333
Inter-segment revenue	12	-	(12)	-
Total revenue	<u>27,565</u>	<u>780</u>		<u>28,333</u>
Segment results	1,326	(3,723)	-	(2,397)
Finance costs				<u>(66)</u>
Loss before taxation				(2,463)
Tax expense				<u>(600)</u>
Net loss for the financial year				<u>(3,063)</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 2018.

A11 Capital commitments

As at 31 May 2018, the Group has no material capital commitments in respect of property, plant and equipment.

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 2018.

A13 Changes in contingent liabilities

The Group does not have any contingent liabilities as at 31 May 2018.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 31 May 2018 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 period financial quarter ended 31 May 2018

For the financial year ended 31 May 2018, the Group posted higher revenue of RM29.0 million compared to RM28.3 million last year. As a result, The Group reported profit before taxation ("PBT") of RM1.4 million for the current financial period compared to loss before taxation of RM2.5 million for last year.

During the financial quarter ended 31 May 2018, the Group posted higher revenue of RM7.1 million compared to RM6.7 million last year. The Group reported higher PBT of RM0.4 million for the current financial quarter compared to loss before taxation of RM1.3 million in the corresponding quarter last year.

Review of business segments for the financial year ended 31 May 2018

For the financial year ended 31 May 2018, the Logistics segment posted higher revenue of RM29.0 million in the current financial year compared to RM27.5 million in the last financial year. Segmental profit increased to RM3.2 million compared to RM1.3 million last year. The improved performance was mainly due to higher sales secured and the gain on disposal of equipment amounting to RM0.3 million during the financial year.

Lower revenue recorded in Others segment was primarily due to disposal of Ancom Components Sdn Bhd to the holding company, Ancom berhad, on 2 August 2016 which its results are no longer accounted for in the current financial year. This segment reported a lower segmental loss of RM1.6 million as compared with RM3.7 million last year. The results of others segment are mainly attributed to corporate expenses incurred by the investment holding company.

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

The Group posted revenue of RM7.1 million and reported PBT of RM0.4 million for the current and immediate preceding financial quarter.

B3 Prospects for the next financial year

The tank farm business should continue to remain stable as the demand for such facilities is expected to remain strong. The chemical transportation business continues to face intense competition and there is a need to upgrade our fleet to remain competitive. 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. Nevertheless, 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

	Individual quarter ended 31.05.2018 RM'000	Year-to-date ended 31.05.2018 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(44)	(373)
Gain on disposal of Property, plant and equipment	(83)	(263)
Finance costs	50	166
Depreciation and amortisation	1,014	4,039
	<hr/>	<hr/>

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	31.05.2018	31.05.2017	31.05.2018	31.05.2017
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	1,135	858	1,427	1,507
Foreign income tax	-	-	-	-
	<hr/> 1,135	<hr/> 858	<hr/> 1,427	<hr/> 1,507
Over provision in prior years:				
Malaysian income tax	(164)	(214)	(164)	(92)
Foreign income tax	-	-	-	-
	<hr/> 971	<hr/> 644	<hr/> 1,263	<hr/> 1,415
Deferred taxation:				
Transfer to deferred taxation	(514)	(664)	(514)	(664)
Under provision in prior years	399	(151)	399	(151)
	<hr/> 856	<hr/> (171)	<hr/> 1,148	<hr/> 600

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 May 2018

B9 Borrowings

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

	31.05.2018	31.05.2017
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	1,240	631
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	2,582	1,398
	<u>3,822</u>	<u>2,029</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 2018.

B12 Earnings per shareBasic earnings per share

	Individual quarter ended		Year-to-date ended	
	31.05.2018	31.05.2017	31.05.2018	31.05.2017
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)	(666)	(1,244)	(792)	(4,128)
Loss per ordinary share (sen)				
- Basic	<u>(0.14)</u>	<u>(0.26)</u>	<u>(0.17)</u>	<u>(0.87)</u>

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.