

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2019**

	Individual quarter ended		Year-to-date ended	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	7,928	7,479	15,796	14,411
Cost of sales	(6,159)	(5,867)	(12,256)	(11,330)
Gross profit	1,769	1,612	3,540	3,081
Other income	165	304	313	601
Administrative expenses	(1,399)	(1,642)	(2,468)	(2,647)
Other operating expenses	(1)	(5)	(1)	(5)
Finance costs	(109)	(82)	(221)	(143)
Profit before taxation	425	187	1,163	887
Tax expense	(268)	(109)	(531)	(362)
Net profit for the financial period	157	78	632	525
(Loss)/Profit attributable to:				
Owners of the parent	(106)	(190)	85	(30)
Non-controlling interests	263	268	547	555
	157	78	632	525
(Loss)/Earnings per ordinary share attributable to owners of the parent	Sen	Sen	Sen	Sen
- Basic	(0.02)	(0.04)	0.02	(0.01)

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 30 NOVEMBER 2019**

	Individual quarter ended		Year-to-date ended	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	157	78	632	525
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	<u>157</u>	<u>78</u>	<u>632</u>	<u>525</u>
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(106)	(190)	85	(30)
Non-controlling interests	<u>263</u>	<u>268</u>	<u>547</u>	<u>555</u>
	<u>157</u>	<u>78</u>	<u>632</u>	<u>525</u>

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 30 NOVEMBER 2019**

	Unaudited 30.11.2019 RM'000	Audited 31.05.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,829	30,573
Rights-of-use assets	4,056	-
Investment in associate	1,802	1,802
	35,687	32,375
Current assets		
Trade and other receivables	11,174	9,165
Tax recoverable	2	-
Other investments	2,706	2,163
Short term deposits with licensed banks	143	143
Cash and bank balances	3,925	4,582
	17,950	16,053
TOTAL ASSETS	53,637	48,428
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	5,961	4,314
Loan and borrowings	2,958	3,306
Short term lease liabilities	427	-
Provision for taxation	41	289
	9,387	7,909
Non-current liabilities		
Deferred tax liabilities	4,351	4,351
Long term lease liabilities	3,629	-
Loan and borrowings	4,956	4,702
	12,936	9,053
TOTAL LIABILITIES	22,323	16,962
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(8,657)	(8,742)
	23,533	23,448
Non-controlling interests	7,781	8,018
TOTAL EQUITY	31,314	31,466
TOTAL EQUITY AND LIABILITIES	53,637	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 30 NOVEMBER 2019

	Attributable to equity holders of the Company			Total	Non-controlling interests	Total equity
	----- Non-Distributable-----	Distributable				
	Share capital	Merger reserve	Accumulated loss	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	85	85	547	632
Transactions with owners						
Dividend paid to Non-controlling interests	-	-	-	-	(784)	(784)
Balance as at 30 November 2019	23,664	8,526	(8,657)	23,533	7,781	31,314

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 30 NOVEMBER 2019**

	Year-to-date ended	
	30.11.2019	30.11.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,163	887
Adjustments for non-cash items:		
Depreciation	2,429	2,124
Interest expense	221	143
Interest income	(121)	(143)
Others	(20)	(92)
Operating profit before working capital changes	3,672	2,919
Net changes in working capital	(363)	(3,482)
Income tax paid	(780)	(347)
Net cash generated from operating activities	2,529	(910)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,775)	(4,733)
Proceed from disposal of property, plant and equipment	110	392
Additional investments in other investments	(543)	(1,439)
Increase of deposits with licensed banks	-	(2)
Interest received	121	143
Net cash used in investing activities	(2,087)	(5,639)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(221)	(143)
Dividend paid to non-controlling interest of a subsidiary	(784)	-
Net withdrawal of borrowings	(94)	2,709
Net cash used in financing activities	(1,099)	2,566
Net decrease in cash and cash equivalents	(657)	(3,983)
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	3,925	3,583
Cash and cash equivalents		
Cash and bank balances	3,925	3,583
Short term deposits with licensed banks	143	141
	4,068	3,724
Deposits with maturity more than three months	(143)	(141)
	3,925	3,583

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 30 NOVEMBER 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 other than the following:

MFRS 16 Leases

The Group has adopted MFRS 16 Leases using the modified retrospective approach with a date of initial application on 1 June 2019. As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance lease and operating lease under the MFRS 117 Leases are no longer required.

Under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

In respect of the lessor accounting, MFRS 16 retains most of the requirements in MFRS 117. Lessor continues to classify its leases as operating leases or finance leases, and account for them differently.

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 30 November 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 30 November 2019.

A7 Debt and equity securities

There was no issuance, cancellation, repurchase or repayment of debt and equity securities during the financial quarter ended 30 November 2019.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 30 November 2019

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 30 November 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
30 November 2019				
Revenue				
External revenue	15,796	-	-	15,796
Inter-segment revenue	-	-	-	-
Total revenue	<u>15,796</u>	<u>-</u>		<u>15,796</u>
Segment results	2,408	(1,024)	-	1,384
Finance costs				<u>(221)</u>
Profit before taxation				1,163
Tax expense				<u>(531)</u>
Net profit for the financial period				<u>632</u>
30 November 2018				
Revenue				
External revenue	14,411	-	-	14,411
Inter-segment revenue	25	-	(25)	-
Total revenue	<u>14,436</u>	<u>-</u>		<u>14,411</u>
Segment results	2,382	(1,352)	-	1,030
Finance costs				<u>(143)</u>
Profit before taxation				887
Tax expense				<u>(362)</u>
Net profit for the financial period				<u>525</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 30 November 2019.

Ancom Logistics Berhad (6614-W)

Notes to the Interim Financial Report for the financial quarter ended 30 November 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	2,065
- Approved but not contracted for	-
	<u>2,065</u>

A12 Changes in composition of the Group

There were no material changes in the composition of the Group for the financial quarter ended 30 November 2019.

A13 Changes in contingent liabilities

The Group does not have any contingent liabilities as at 30 November 2019.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 30 November 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 30 November 2019

For the six months ended 30 November 2019, the Group posted higher revenue of RM15.8 million compared to RM14.4 million for the corresponding period last year. Consequently, the Group reported higher profit before taxation ("PBT") of RM1.2 million for the current financial period compared to RM0.9 million last year.

During the financial quarter ended 30 November 2018, the Group posted higher revenue of RM7.9 million compared to RM7.5 million last year. Consequently, the Group reported higher PBT of RM0.4 million for the current financial quarter as compared to RM0.2 million in the corresponding quarter last year.

Review of business segments for the financial period ended 30 November 2019

For the six months ended 30 November 2019, the Logistics segment posted higher revenue of RM15.8 million in the current financial period compared to RM14.4 million in the corresponding financial period last year. This segment reported segmental profit of RM2.4 million for the current and last financial years.

The others segment reported a lower segmental loss of RM1.0 million for the current financial period compared with RM1.4 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

The Group posted revenue of RM7.9 million for the current and immediate preceding quarter. Nevertheless, the Group reported lower PBT of RM0.4 million for the current financial quarter as compared to PBT RM0.7 million the immediate preceding financial quarter due to marginal increase in operating costs.

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 30 November 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 30.11.2019 RM'000	Year-to-date ended 30.11.2019 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(62)	(121)
Finance costs	109	221
Gain on disposal of property plant and equipment	(20)	(20)
Depreciation and amortisation	1,229	2,429

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	268	109	531	362
Foreign income tax	-	-	-	-
	268	109	531	362
Under/(Over) provision in prior years:				
Malaysian income tax	-	-	-	-
Foreign income tax	-	-	-	-
	268	109	531	362
Deferred taxation:				
Transfer to deferred taxation	-	-	-	-
Under provision in prior years	-	-	-	-
	268	109	531	362

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 30 November 2019

B9 Borrowings

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

	30.11.2019	31.05.2019
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	2,958	3,306
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	4,956	4,702
	<u>7,914</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 30 November 2019.

B12 Earnings per shareBasic earnings per share

	Individual quarter ended		Year-to-date ended	
	30.11.2019	30.11.2018	30.11.2019	31.08.2018
Weighted average number of ordinary shares ('000)	473,286	473,286	473,286	473,286
Net profit attributable to owners of the parent (RM'000)	(106)	(190)	85	(30)
Earnings per ordinary share (sen)				
- Basic	(0.02)	(0.04)	0.02	(0.01)

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.