

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

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2021**

	Individual quarter ended		Year-to-date ended	
	30.11.2021	30.11.2020	30.11.2021	30.11.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	7,766	7,295	14,892	14,856
Cost of sales	(5,713)	(5,641)	(11,213)	(11,362)
Gross profit	2,053	1,654	3,679	3,494
Other income	248	458	371	598
Administrative expenses	(1,283)	(1,297)	(2,539)	(2,618)
Other operating expenses	(7)	(19)	(27)	(33)
Finance costs	(143)	(169)	(299)	(300)
Profit before taxation	868	627	1,185	1,141
Tax expense	(299)	(226)	(542)	(466)
Net profit for the financial period	569	401	643	675
Profit attributable to:				
Owners of the parent	246	194	71	180
Non-controlling interests	323	207	572	495
	569	401	643	675
Profit per ordinary share attributable to owners of the parent	Sen	Sen	Sen	Sen
- Basic and diluted	0.05	0.04	0.02	0.04

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 2021 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 30 NOVEMBER 2021**

	Individual quarter ended		Year-to-date ended	
	30.11.2021	30.11.2020	30.11.2021	30.11.2020
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial year	569	401	643	675
Other comprehensive income				
Items that may be reclassified subsequently to				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	569	401	643	675
Total comprehensive income attributable to:				
Owners of the parent	246	194	71	180
Non-controlling interests	323	207	572	495
	569	401	643	675

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 2021 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 30 NOVEMBER 2021**

	Unaudited 30.11.2021 RM'000	Audited 31.05.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	16,084	18,069
Rights-of-use assets	9,092	9,310
Investment in associate	2,219	2,219
	27,395	29,598
Current assets		
Trade and other receivables	18,668	18,594
Tax recoverable	6	5
Other investments	2,212	2,191
Short term deposits with licensed banks	154	152
Cash and bank balances	3,820	2,875
	24,860	23,817
TOTAL ASSETS	52,255	53,415
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	13,484	12,942
Loan and borrowings	552	552
Short term lease liabilities	1,829	3,090
Provision for taxation	375	235
	16,240	16,819
Non-current liabilities		
Deferred tax liabilities	3,300	3,478
Long term lease liabilities	2,446	2,726
Loan and borrowings	234	510
	5,980	6,714
TOTAL LIABILITIES	22,220	23,533
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(8,649)	(8,720)
	23,541	23,470
Non-controlling interests	6,494	6,412
TOTAL EQUITY	30,035	29,882
TOTAL EQUITY AND LIABILITIES	52,255	53,415
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 2021 and the accompanying notes to this Interim Financial Report.

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2021

	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 2020	23,664	8,526	(9,102)	23,088	7,245	30,333
Total comprehensive income	-	-	382	382	1,008	1,390
Transactions with owners						
Disposal of a subsidiary	-	-	-	-	315	315
Dividend paid to non-controlling interests	-	-	-	-	(2,156)	(2,156)
Total transactions with owners	-	-	-	-	(1,841)	(1,841)
Balance as at 31 May 2021	23,664	8,526	(8,720)	23,470	6,412	29,882
Total comprehensive income	-	-	71	71	572	643
Transaction with owners						
Dividend paid to Non-controlling interests	-	-	-	-	(490)	(490)
Balance as at 30 November 2021	23,664	8,526	(8,649)	23,541	6,494	30,035

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 2021 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 FLOW
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2021**

	Year-to-date ended	
	30.11.2021	30.11.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,185	1,141
Adjustments for non-cash items:		
Depreciation and amortisation	2,834	2,897
Interest expense	299	300
Interest income	(1)	(31)
Others	(135)	(326)
Operating profit before working capital changes	4,182	3,981
Net changes in working capital	468	(967)
Income tax paid	(581)	(531)
Net cash generated from operating activities	4,069	2,483
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(424)	(802)
Proceed from disposal of property, plant and equipment	114	145
Net cash outflow on disposal of a subsidiary	-	(2)
Sale of other investments	-	1,078
Placement of deposits pledged to a licensed bank	(2)	(3)
Interest received	1	31
Net cash used in investing activities	(725)	447
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(161)	(85)
Dividend paid to non-controlling interest of a subsidiary	(490)	(1,568)
Payment for lease liabilities	(1,472)	(1,593)
Net repayment of borrowings	(276)	(276)
Others	-	-
Net cash used in financing activities	(2,399)	(3,522)
Net decrease in cash and cash equivalents	945	(592)
Cash and cash equivalents at the beginning of the financial year	2,875	3,642
Effect of exchange rate changes	-	-
Cash and cash equivalents at the end of the financial period	3,820	3,050
Cash and cash equivalents		
Cash and bank balances	3,820	3,050
Short term deposits with licensed banks	154	151
	3,974	3,201
Deposits with maturity more than three (3) months	(154)	(151)
	3,820	3,050

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 2021 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 30 NOVEMBER 2021**

**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 2021. 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 2021.

For the financial periods up and including the financial year ended 31 May 2021, 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 2021.

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 2021 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 2021:

Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)

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 2021.

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 2021, 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 2021.

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 2021.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 30 November 2021.

A9 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 2021.

A10 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
30 November 2021				
Revenue				
External revenue	14,892	-	-	14,892
Inter-segment revenue	-	-	-	-
Total revenue	<u>14,892</u>	<u>-</u>		<u>14,892</u>
Segment results	2,384	(900)	-	1,484
Finance costs				<u>(299)</u>
Profit before taxation				1,185
Tax expense				<u>(542)</u>
Net profit for the financial period				<u>643</u>
30 November 2020				
Revenue				
External revenue	14,856	-	-	14,856
Inter-segment revenue	-	-	-	-
Total revenue	<u>14,856</u>	<u>-</u>		<u>14,856</u>
Segment results	2,175	(734)	-	1,441
Finance costs				<u>(300)</u>
Profit before taxation				1,141
Tax expense				<u>(466)</u>
Net profit for the financial period				<u>675</u>

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	37
- Approved but not contracted for	15,000
	<u>15,037</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 2021.

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 2021.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 30 November 2021 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 period and quarter ended 30 November 2021

For the six months ended 30 November 2021, the Group posted revenue of RM14.9 million for the current financial period which is almost similar to the corresponding period last year. Nevertheless, the Group reported higher profit before taxation ("PBT") of RM1.2 million compared to RM1.1 million for the corresponding period last year.

During the financial quarter ended 30 November 2021, the Group posted higher revenue of RM7.8 million compared to RM7.3 million for the corresponding period last year. Consequently, the Group reported higher PBT of RM0.9 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 30 November 2021

For the six months ended 30 November 2021, the Logistics segment posted revenue of RM14.9 million. This segment reported a higher segmental profit of RM2.4 million compared to RM2.2 million in the corresponding period last year mainly due to improvement of results in tank farm business.

The results of others segment are mainly attributed to corporate expenses incurred by the investment holding company. This segment reported higher segmental loss of RM0.9 million for the current financial period compared to RM0.7 million in 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 RM7.1 million in the immediate preceding quarter due to improved activities of the domestic manufacturing industries. The MCO and lockdown has depressed the result of the previous quarter. Consequently, the Group reported higher PBT of RM0.9 million for the current financial quarter as compared to PBT RM0.3 million the immediate preceding financial quarter.

B3 Current year prospects

The petrochemicals industry was already experiencing a slowdown due to low demand and market uncertainties. The COVID-19 Pandemic has further exacerbated the situation when economy was made standstill with measures imposed to slow the spread of the disease. The second MCO and lockdown effective June 2021 until August 2021 has adverse impact on the operation and business of the company in the first quarter of the financial year.

The Board will continue to exercise caution in managing the business. Management has implemented immediate austerity measures since the start of the Covid-19 pandemic in March 2020 and is continuously exploring ways to build new capabilities 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 30.11.2021 RM'000	Year-to-date ended 30.11.2021 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	-	(1)
Loss on foreign exchange	7	27
Fair value gain on other investment	10	21
Finance costs	143	299
Gain on disposal of property plant and equipment	114	114
Depreciation and amortisation	1,408	2,834

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	30.11.2021	30.11.2020	30.11.2021	30.11.2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	356	226	719	466
Under provision in prior years:				
Malaysian income tax	-	-	-	-
	356	226	719	466
Deferred taxation:				
Transfer to deferred taxation	(57)	-	(177)	-
Under provision in prior years	-	-	-	-
	299	226	542	466

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 had on 16 July 2020 announced that the Company and its holding company, Ancom Berhad ("Ancom"), had entered into a Heads of Agreement ("HOA") with S7 Holdings Sdn Bhd ("S7"), Merrington Assets Limited ("MAL"), MY E.G. Capital Sdn Bhd ("MYEG Capital") and Avocat Sdn Bhd ("Avocat") for the following:

(S7, MAL, MYEG Capital and Avocat shall be collectively referred to as "Vendors" and ALB, Ancom and Vendors shall be collectively referred to as "Parties")

- i. Proposed acquisition by ALB of the entire share capital of S5 Holdings Inc. (Company No.: LL14071) ("S5") from the Vendors at a price to be agreed by the Parties, subject to a valuation report to be issued by an independent valuer to be agreed by the Parties, and in return ALB shall issue new ordinary shares in ALB ("ALB Shares") based on RM0.10 per share ("Consideration Shares") to the Vendors ("Proposed Acquisition");
- ii. Proposed Mandatory General Offer by the Vendors for the shares of ALB which are not owned by the Vendors upon completion of the Proposed Acquisition ("Proposed Mandatory General Offer");
- iii. Proposed private placement of new ordinary shares to be issued by ALB after the Proposed Acquisition ("Proposed Private Placement");
- iv. Proposed offer for sale of part of the Consideration Shares in ALB to be held by the Vendors upon completion of the Proposed Acquisition to independent third party investors ("Proposed Offer for Sale"); and
- v. Proposed disposal by ALB of Synergy Trans-Link Sdn Bhd ("STL"), a wholly-owned subsidiary of ALB, to Nylex (Malaysia) Berhad ("Nylex"), a 50.25% subsidiary of Ancom, at a valuation to be agreed by ALB and Nylex and upon such terms and conditions to be determined later ("Proposed Disposal"). For avoidance of doubt, the Proposed Acquisition, the Proposed Mandatory General Offer, Proposed Private Placement and Proposed Offer for Sale are not conditional upon the Proposed Disposal.

(Proposed Acquisition, Proposed Mandatory General Offer, Proposed Private Placement, Proposed Offer for Sale and Proposed Disposal shall be collectively be referred to as "Proposals")

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:

	30.11.2021	31.05.2021
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	552	552
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	234	510
	786	1,062

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 2021.

B12 Earnings per share

Basic earnings per share

	Individual quarter ended		Year-to-date ended	
	30.11.2021	30.11.2020	30.11.2021	30.11.2020
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)	246	194	71	180
Profit per ordinary share (sen)				
- Basic	0.05	0.04	0.02	0.04

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.