

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2022**

	Individual quarter ended		Year-to-date ended	
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	7,817	7,939	29,949	30,477
Cost of sales	(5,974)	(6,250)	(22,712)	(23,538)
Gross profit	1,843	1,689	7,237	6,939
Other income	208	185	680	926
Administrative expenses	(3,217)	(1,662)	(7,085)	(5,384)
Other operating expenses	(4)	19	(23)	(11)
Finance costs	(127)	(160)	(560)	(629)
Share of results of associate	-	417	-	417
(Loss)/Profit before taxation	(1,297)	488	249	2,258
Tax expense	(116)	(161)	(867)	(868)
Net (loss)/profit for the financial period	(1,413)	327	(618)	1,390
(Loss)/Profit attributable to:				
Owners of the parent	(1,670)	116	(1,717)	382
Non-controlling interests	257	211	1,099	1,008
	(1,413)	327	(618)	1,390
(Loss)/Profit per ordinary share attributable to owners of the parent	Sen	Sen	Sen	Sen
- Basic and diluted	(0.35)	0.02	(0.36)	0.08

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 31 MAY 2022**

	Individual quarter ended		Year-to-date ended	
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial period	(1,413)	327	(618)	1,390
Other comprehensive income				
Items that may be reclassified subsequently to				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/income	(1,413)	327	(618)	1,390
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(1,670)	116	(1,717)	382
Non-controlling interests	257	211	1,099	1,008
	(1,413)	327	(618)	1,390

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 31 MAY 2022**

	Unaudited 31.05.2022 RM'000	Audited 31.05.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,246	18,069
Rights-of-use assets	4,709	9,310
Investment in associate	2,219	2,219
	25,174	29,598
Current assets		
Trade and other receivables	14,742	18,594
Tax recoverable	275	5
Other investments	2,232	2,191
Short term deposits with licensed banks	155	152
Cash and bank balances	5,621	2,875
	23,025	23,817
TOTAL ASSETS	48,199	53,415
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	13,016	12,942
Loan and borrowings	510	552
Short term lease liabilities	1,651	3,090
Provision for taxation	36	235
	15,213	16,819
Non-current liabilities		
Deferred tax liabilities	3,212	3,478
Long term lease liabilities	1,490	2,726
Loan and borrowings	-	510
	4,702	6,714
TOTAL LIABILITIES	19,915	23,533
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(10,437)	(8,720)
	21,753	23,470
Non-controlling interests	6,531	6,412
TOTAL EQUITY	28,284	29,882
TOTAL EQUITY AND LIABILITIES	48,199	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 31 MAY 2022

	Attributable to equity holders of the Company			Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	----- Non-Distributable----- Share capital RM'000	Merger reserve RM'000	Distributable 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	-	-	(1,717)	(1,717)	1,099	(618)
Transaction with owners						
Dividend paid to Non-controlling interests	-	-	-	-	(980)	(980)
Balance as at 31 May 2022	23,664	8,526	(10,437)	21,753	6,531	28,284

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 31 MAY 2022**

	Year-to-date ended	
	31.05.2022 RM'000	31.05.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	249	2,258
Adjustments for non-cash items:		
Depreciation and amortisation	5,687	5,834
Interest expense	560	629
Interest income	(3)	(33)
Others	(152)	(753)
Operating profit before working capital changes	6,341	7,935
Net changes in working capital	3,923	(10,644)
Income tax paid	(1,602)	(1,535)
Net cash from/(used in) operating activities	8,662	(4,244)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(782)	(305)
Proceed from disposal of property, plant and equipment	114	67
Net cash outflow on disposal of a subsidiary	-	(2)
Sale of other investments	-	500
Placement of deposits pledged to a licensed bank	(3)	(4)
Interest received	3	33
Others	-	10,441
Net cash (used in)/from investing activities	(668)	10,730
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(317)	(224)
Dividend paid to non-controlling interest of a subsidiary	(980)	(2,156)
Payment for lease liabilities	(3,399)	(4,330)
Net repayment of borrowings	(552)	(552)
Net cash used in financing activities	(5,248)	(7,262)
Net increase/(decrease) in cash and cash equivalents	2,746	(776)
Cash and cash equivalents at the beginning of the financial year	2,875	3,642
Effect of exchange rate changes	-	9
Cash and cash equivalents at the end of the financial period	5,621	2,875
Cash and cash equivalents		
Cash and bank balances	5,621	2,875
Short term deposits with licensed banks	155	152
	5,776	3,027
Deposits with maturity more than three (3) months	(155)	(152)
	5,621	2,875

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)

(Company No: 6614-W)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 MAY 2022

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 31 May 2022, 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 2022.

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 2022.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 May 2022.

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 tank & warehouse rental and transportation services. It also includes freight forwarding, packing and crafting services
- (b) The other segment is involved in investment holding activities.

Ancom Logistics Berhad (Registration No: 196601000150 (6614-W))

Notes to the Interim Financial Report for the financial quarter ended 31 May 2022

	Logistics RM'000	Others RM'000	Elimination RM'000	Total RM'000
31 May 2022				
Revenue				
External revenue	29,949	-	-	29,949
Inter-segment revenue	-	-	-	-
Total revenue	<u>29,949</u>	<u>-</u>		<u>29,949</u>
Segment results	4,464	(3,655)	-	809
Finance costs				<u>(560)</u>
Profit before taxation				249
Tax expense				<u>(867)</u>
Net loss for the financial year				<u>(618)</u>
31 May 2021				
Revenue				
External revenue	30,477	-	-	30,477
Inter-segment revenue	-	-	-	-
Total revenue	<u>30,477</u>	<u>-</u>		<u>30,477</u>
Segment results	4,317	(1,847)	-	2,470
Finance costs				<u>(629)</u>
Share of results of associate				417
Profit before taxation				<u>2,258</u>
Tax expense				<u>(868)</u>
Net profit for the financial year				<u>1,390</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 2022.

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	260
- Approved but not contracted for	<u>23,100</u>
	<u>23,360</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 May 2022.

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 31 May 2022 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 31 May 2022

For the financial year ended 31 May 2022, the revenue of the Group decreased slightly to RM29.9 million compared to RM30.5 million for the corresponding period last year. Consequently, the Group reported lower profit before taxation ("PBT") of RM0.2 million for the current financial period compared to RM2.3 million for the corresponding period last year.

During the financial quarter ended 31 May 2022, the Group posted lower revenue of RM7.8 million compared to RM7.9 million last year. The Group reported Loss before taxation of RM1.3 million for the current financial quarter as compared to PBT of RM0.5 million in the corresponding quarter last year mainly due to higher corporate expenses incurred during the financial period.

Review of business segments for the financial period ended 31 May 2022

For the financial year ended 31 May 2022, the Logistics segment posted lower revenue of RM29.9 million compared to RM30.5 million for the corresponding period last year. This is due to the impact of the Covid-19 pandemic that affects the transportation business. Despite lower revenue, this segment reported a higher segmental profit of RM4.5 million compared to RM4.3 million in corresponding period last year due to cost optimization exercise.

The results of others segment are mainly attributed to corporate expenses incurred by the investment holding company. This segment reported higher segmental loss of RM3.7 million for the current financial period compared to RM1.8 million in corresponding period last year mainly due to corporate restructuring expenses incurred in relation to the acquisition of S5 during the 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 to RM7.8 million as compared to RM7.9 million in the immediate preceding quarter. The Group reported loss before taxation of RM1.3 million for current financial quarter compared to PBT of RM0.4 million in the immediate preceding financial quarter.

B3 Prospects for the next financial year

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 31.05.2022 RM'000	Year-to-date ended 31.05.2022 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(1)	(3)
Loss on foreign exchange	7	26
Fair value gain on other investment	(10)	(41)
Finance costs	127	560
Gain on disposal of property plant and equipment	-	(114)
Depreciation and amortisation	1,449	5,687
Impairment loss on receivables	(23)	(23)

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	281	865	1,356	1,572
(Over)/Under provision in prior years:				
Malaysian income tax	(224)	52	(224)	52
	57	917	1,132	1,624
Deferred taxation:				
Transfer to deferred taxation	163	(474)	(161)	(474)
Over provision in prior years	(104)	(282)	(104)	(282)
	116	161	867	868

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.

B9 Borrowings

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

	31.05.2022	31.05.2021
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	510	552
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	-	510
	510	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 31 May 2022.

B12 Earnings per share

Basic earnings per share

	Individual quarter ended		Year-to-date ended	
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
Weighted average number of ordinary shares ('000)	473,286	473,286	473,286	473,286
Net (loss)/profit attributable to owners of the parent (RM'000)	(1,670)	116	(1,717)	382
(Loss)/Profit per ordinary share (sen)				
- Basic	(0.35)	0.02	(0.36)	0.08

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.