

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

(Incorporated in Malaysia)

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

	Individual quarter ended		Year-to-date ended	
	31.08.2022	31.08.2021	31.08.2022	31.08.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	7,333	7,126	7,333	7,126
Cost of sales	(5,652)	(5,500)	(5,652)	(5,500)
Gross profit	1,681	1,626	1,681	1,626
Other income	228	123	228	123
Administrative expenses	(1,608)	(1,256)	(1,608)	(1,256)
Other operating expenses	-	(20)	-	(20)
Finance costs	(125)	(156)	(125)	(156)
Profit before taxation	176	317	176	317
Tax expense	(237)	(243)	(237)	(243)
Net (loss)/profit for the financial period	(61)	74	(61)	74
(Loss)/Profit attributable to:				
Owners of the parent	(199)	(175)	(199)	(175)
Non-controlling interests	138	249	138	249
	(61)	74	(61)	74
Loss per ordinary share attributable to owners of the parent	Sen	Sen	Sen	Sen
- Basic and diluted	(0.04)	(0.04)	(0.04)	(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 2022 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 AUGUST 2022**

	Individual quarter ended		Year-to-date ended	
	31.08.2022	31.08.2021	31.08.2022	31.08.2021
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial period	(61)	74	(61)	74
Other comprehensive income				
Items that may be reclassified subsequently to				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/income	(61)	74	(61)	74
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(199)	(175)	(199)	(175)
Non-controlling interests	138	249	138	249
	(61)	74	(61)	74

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 2022 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 AUGUST 2022**

	Unaudited 31.08.2022 RM'000	Audited 31.05.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	17,146	18,246
Rights-of-use assets	4,496	4,709
Investment in associate	2,219	2,219
	23,861	25,174
Current assets		
Trade and other receivables	18,543	14,742
Tax recoverable	275	275
Other investments	1,844	2,232
Short term deposits with licensed banks	157	155
Cash and bank balances	5,383	5,621
	26,202	23,025
TOTAL ASSETS	50,063	48,199
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	15,889	13,016
Loan and borrowings	372	510
Short term lease liabilities	1,195	1,651
Provision for taxation	100	36
	17,556	15,213
Non-current liabilities		
Deferred tax liabilities	3,064	3,212
Long term lease liabilities	1,220	1,490
	4,284	4,702
TOTAL LIABILITIES	21,840	19,915
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(10,636)	(10,437)
	21,554	21,753
Non-controlling interests	6,669	6,531
TOTAL EQUITY	28,223	28,284
TOTAL EQUITY AND LIABILITIES	50,063	48,199
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 2022 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 31 AUGUST 2022

	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 2021	23,664	8,526	(8,720)	23,470	6,412	29,882
Total comprehensive (loss)/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
Total comprehensive (loss)/income	-	-	(199)	(199)	138	(61)
Balance as at 31 August 2022	23,664	8,526	(10,636)	21,554	6,669	28,223

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 2022 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 AUGUST 2022**

	Year-to-date ended	
	31.08.2022	31.08.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	176	317
Adjustments for non-cash items:		
Depreciation and amortisation	1,387	1,426
Interest expense	125	156
Interest income	(1)	(1)
Others	(98)	(11)
Operating profit before working capital changes	1,589	1,887
Net changes in working capital	(928)	(656)
Income tax paid	(321)	(478)
Net cash from operating activities	340	753
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(75)	(47)
Proceed from disposal of property, plant and equipment	87	-
Sale of other investments	400	-
Placement of deposits pledged to a licensed bank	(2)	(2)
Interest received	1	1
Net cash from/(used in) investing activities	411	(48)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(81)	(82)
Dividend paid to non-controlling interest of a subsidiary	-	(490)
Payment for lease liabilities	(770)	(1,045)
Net repayment of borrowings	(138)	(138)
Net cash used in financing activities	(989)	(1,755)
Net decrease in cash and cash equivalents	(238)	(1,050)
Cash and cash equivalents at the beginning of the financial year	5,621	2,875
Effect of exchange rate changes	-	-
Cash and cash equivalents at the end of the financial period	5,383	1,825
Cash and cash equivalents		
Cash and bank balances	5,383	1,825
Short term deposits with licensed banks	157	154
	5,540	1,979
Deposits with maturity more than three (3) months	(157)	(154)
	5,383	1,825

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 2022 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 AUGUST 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 2022. 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 2022.

For the financial periods up and including the financial year ended 31 May 2022, 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 2022.

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 2022 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 2022:

Annual Improvements to MFRS standards 2018 - 2020

Amendments to MFRS 3 Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract

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 2022.

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 August 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 August 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 August 2022.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 August 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 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
31 August 2022				
Revenue				
External revenue	7,333	-	-	7,333
Inter-segment revenue	-	-	-	-
Total revenue	<u>7,333</u>	<u>-</u>		<u>7,333</u>
Segment results	818	(517)	-	301
Finance costs				<u>(125)</u>
Profit before taxation				176
Tax expense				<u>(237)</u>
Net loss for the financial period				<u>(61)</u>
31 August 2021				
Revenue				
External revenue	7,126	-	-	7,126
Inter-segment revenue	-	-	-	-
Total revenue	<u>7,126</u>	<u>-</u>		<u>7,126</u>
Segment results	907	(434)	-	473
Finance costs				<u>(156)</u>
Share of results of associate				-
Profit before taxation				<u>317</u>
Tax expense				<u>(243)</u>
Net profit for the financial period				<u>74</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 August 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	23,126
- Approved but not contracted for	409
	<u>23,535</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 August 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 2022.

A14 Subsequent events

There were no events subsequent to the end of the financial quarter ended 31 August 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 quarter ended 31 August 2022

For the financial quarter ended 31 August 2022, the Group posted higher revenue of RM7.3 million compared to RM7.1 million for the corresponding period last year. The Group reported lower profit before taxation ("PBT") of RM0.2 million for the current financial period compared to RM0.3 million for the corresponding period last year due to higher administrative expenses incurred.

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

During the financial quarter ended 31 August 2022, the Logistics segment posted higher revenue of RM7.3 million compared to RM7.1 million for the corresponding period last year. This segment reported a lower segmental profit of RM0.8 million compared to RM0.9 million in the corresponding period last year mainly due to higher operating costs.

The results of others segment are mainly attributed to corporate expenses incurred by the investment holding company. This segment reported higher segmental loss of RM0.5 million for the current financial period compared to RM0.4 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 decreased to RM7.3 million from RM7.8 million in the immediate preceding quarter. The Group reported PBT of RM0.2 million for the current financial quarter as compared to loss before taxation of RM1.3 million the immediate preceding financial quarter. The improvement of results is mainly due to one off corporate expenses incurred in relation to the acquisition of S5 was recognised in the immediate preceding quarter.

B3 Current year prospects

The domestic economy grew 8.9% in the second quarter (April to June 2022), boosted by expansion in domestic demand and resilient export, but a slowdown in global growth is expected to pose a risk to the outlook until December 2022. In addition, inflationary pressure remains high, and many customers are still cautionary in their outlook.

The Board will continue to exercise caution in managing the business. Management will continue to explore 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 31.08.2022 RM'000	Year-to-date ended 31.08.2022 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(1)	(1)
Gains on foreign exchange	(15)	(15)
Fair value gain on other investment	(12)	(12)
Finance costs	125	125
Gain on disposal of property plant and equipment	(86)	(86)
Depreciation and amortisation	1,385	1,385

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	31.08.2022	31.08.2021	31.08.2022	31.08.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	385	363	385	363
Deferred taxation:				
Transfer to deferred taxation	(148)	(120)	(148)	(120)
	237	243	237	243

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:

	31.08.2022	31.05.2022
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	<u>372</u>	<u>510</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 August 2022.

B12 Loss per ordinary share

Basic loss per ordinary share

	Individual quarter ended		Year-to-date ended	
	31.08.2022	31.08.2021	31.08.2022	31.08.2021
Weighted average number of ordinary shares ('000)	<u>473,286</u>	473,286	<u>473,286</u>	473,286
Net loss attributable to owners of the parent (RM'000)	<u>(199)</u>	(175)	<u>(199)</u>	(175)
Loss per ordinary share (sen)				
- Basic	<u>(0.04)</u>	(0.04)	<u>(0.04)</u>	(0.04)

Diluted loss per ordinary share

Diluted loss per ordinary share is the same as basic loss 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.