

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2022**

	Individual quarter ended		Year-to-date ended	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	8,110	7,766	15,443	14,892
Cost of sales	(5,877)	(5,713)	(11,529)	(11,213)
Gross profit	2,233	2,053	3,914	3,679
Other income	407	248	635	371
Administrative expenses	(2,307)	(1,283)	(3,915)	(2,539)
Other operating expenses	-	(7)	-	(27)
Finance costs	(114)	(143)	(239)	(299)
Profit before taxation	219	868	395	1,185
Tax expense	(329)	(299)	(566)	(542)
Net (loss)/profit for the financial period	(110)	569	(171)	643
(Loss)/Profit attributable to:				
Owners of the parent	(441)	246	(640)	71
Non-controlling interests	331	323	469	572
	(110)	569	(171)	643
(Loss)/Profit per ordinary share attributable to owners of the parent	Sen	Sen	Sen	Sen
- Basic and diluted	(0.09)	0.05	(0.14)	0.02

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 30 NOVEMBER 2022**

	Individual quarter ended		Year-to-date ended	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial period	(110)	569	(171)	643
Other comprehensive income				
Items that may be reclassified subsequently to				
Foreign currency translation	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss)/income	(110)	569	(171)	643
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(441)	246	(640)	71
Non-controlling interests	331	323	469	572
	(110)	569	(171)	643

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 30 NOVEMBER 2022**

	Unaudited 30.11.2022 RM'000	Audited 31.05.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,785	18,246
Rights-of-use assets	4,336	4,709
Investment in associate	2,219	2,219
	25,340	25,174
Current assets		
Trade and other receivables	15,482	14,742
Tax recoverable	6	275
Other investments	654	2,232
Short term deposits with licensed banks	157	155
Cash and bank balances	3,674	5,621
	19,973	23,025
TOTAL ASSETS	45,313	48,199
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	11,992	13,016
Loan and borrowings	234	510
Short term lease liabilities	870	1,651
Provision for taxation	394	36
	13,490	15,213
Non-current liabilities		
Deferred tax liabilities	2,528	3,212
Long term lease liabilities	1,182	1,490
	3,710	4,702
TOTAL LIABILITIES	17,200	19,915
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		
Share capital	23,664	23,664
Reserves	8,526	8,526
Accumulated loss	(11,077)	(10,437)
	21,113	21,753
Non-controlling interests	7,000	6,531
TOTAL EQUITY	28,113	28,284
TOTAL EQUITY AND LIABILITIES	45,313	48,199
Net assets per share attributable to owners of the parent (RM)	0.04	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 30 NOVEMBER 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	-	-	(640)	(640)	469	(171)
Balance as at 30 November 2022	23,664	8,526	(11,077)	21,113	7,000	28,113

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 30 NOVEMBER 2022**

	Year-to-date ended	
	30.11.2022	30.11.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	395	1,185
Adjustments for non-cash items:		
Depreciation and amortisation	2,779	2,834
Interest expense	239	299
Interest income	(2)	(1)
Others	(108)	(135)
Operating profit before working capital changes	3,303	4,182
Net changes in working capital	(1,764)	468
Income tax paid	(623)	(581)
Net cash from operating activities	916	4,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,893)	(424)
Proceed from disposal of property, plant and equipment	87	114
Purchase of rights-of-use assets	-	(414)
Sale of other investments	1,600	-
Placement of deposits pledged to a licensed bank	(2)	(2)
Interest received	2	1
Net cash from/(used in) investing activities	(1,206)	(725)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(158)	(161)
Dividend paid to non-controlling interest of a subsidiary	-	(490)
Payment for lease liabilities	(1,223)	(1,472)
Net repayment of borrowings	(276)	(276)
Net cash used in financing activities	(1,657)	(2,399)
Net decrease in cash and cash equivalents	(1,947)	945
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	3,674	3,820
Cash and cash equivalents		
Cash and bank balances	3,674	3,820
Short term deposits with licensed banks	157	154
	3,831	3,974
Deposits with maturity more than three (3) months	(157)	(154)
	3,674	3,820

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 30 NOVEMBER 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 30 November 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 30 November 2022.

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 2022.

A8 Dividends

There was no dividend declared and/or paid during the financial quarter ended 30 November 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	Others	Elimination	Total
30 November 2022	RM'000	RM'000	RM'000	RM'000
Revenue				
External revenue	15,443	-	-	15,443
Inter-segment revenue	-	-	-	-
Total revenue	<u>15,443</u>	<u>-</u>		<u>15,443</u>
Segment results	2,312	(1,678)	-	634
Finance costs				<u>(239)</u>
Profit before taxation				395
Tax expense				<u>(566)</u>
Net loss for the financial period				<u>(171)</u>
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>
Share of results of associate				-
Profit before taxation				<u>1,185</u>
Tax expense				<u>(542)</u>
Net profit for the financial period				<u>643</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 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	24,120
- Approved but not contracted for	-
	<u>24,120</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 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 30 November 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 30 November 2022

For the six months ended 30 November 2022, the Group posted higher revenue of RM15.4 million for the current financial period compared to RM14.9 million for the corresponding period last year. Nevertheless, the Group reported lower profit before taxation ("PBT") of RM0.4 million compared to RM1.2 million for the corresponding period last year.

During the financial quarter ended 30 November 2022, the Group posted higher revenue of RM8.1 million compared to RM7.8 million for the corresponding period last year. The Group reported lower PBT of RM0.2 million for the current financial period compared to RM0.9 million for the corresponding period last year due to higher administrative expenses incurred.

Review of business segments for the financial period ended 30 November 2022

For the six months ended 30 November 2022, the Logistics segment posted higher revenue of RM15.4 million compared to RM14.9 million for the corresponding period last year. This segment reported a lower segmental profit of RM2.3 million compared to RM2.4 million in the corresponding period last year.

The results of others segment are mainly attributed to corporate expenses incurred by the investment holding company. This segment reported higher segmental loss of RM1.7 million for the current financial period compared to RM0.9 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 RM8.1 million compared to RM7.3 million in the immediate preceding quarter. The Group reported PBT of RM0.2 million for both current and immediate preceding financial 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 30.11.2022 RM'000	Year-to-date ended 30.11.2022 RM'000
The profit before taxation is stated after charging/(crediting):		
Interest income	(1)	(2)
Gains on foreign exchange	-	(15)
Fair value gain on other investment	(10)	(22)
Finance costs	114	239
Gain on disposal of property plant and equipment	-	(86)
Depreciation and amortisation	<u>1,392</u>	<u>2,777</u>

B6 Tax expense

	Individual quarter ended		Year-to-date ended	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	865	356	1,250	719
Deferred taxation:				
Transfer to deferred taxation	(536)	(57)	(684)	(177)
	<u>329</u>	<u>299</u>	<u>566</u>	<u>542</u>

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:

	30.11.2022	31.05.2022
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	<u>234</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 30 November 2022.

B12 (Loss)/Earnings per ordinary shareBasic (loss)/earnings per ordinary share

	Individual quarter ended		Year-to-date ended	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
Weighted average number of ordinary shares ('000)	<u>473,286</u>	473,286	<u>473,286</u>	473,286
Net (loss)/profit attributable to owners of the parent (RM'000)	<u>(441)</u>	246	<u>(640)</u>	71
(Loss)/Profit per ordinary share (sen)				
- Basic	<u>(0.09)</u>	0.05	<u>(0.14)</u>	0.02

Diluted (loss)/earnings per ordinary share

Diluted (loss)/earnings per ordinary share is the same as basic (loss)/earnings 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.