

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR FINANCIAL QUARTER ENDED 31 AUGUST 2017**

	Individual quarter ended		Year-to-date ended	
	31/8/2017	31/8/2016	31/8/2017	31/8/2016
	RM'000	RM'000	RM'000	RM'000
Revenue	419,535	356,149	419,535	356,149
Cost of sales	(361,226)	(306,869)	(361,226)	(306,869)
Gross profit	58,309	49,280	58,309	49,280
Other income	6,452	6,266	6,452	6,266
Distribution expenses	(23,278)	(20,397)	(23,278)	(20,397)
Administrative expenses	(28,999)	(26,654)	(28,999)	(26,654)
Other operating expenses	(1,741)	(1,562)	(1,741)	(1,562)
Finance costs	(3,642)	(2,730)	(3,642)	(2,730)
Share of results of associates	(85)	-	(85)	-
Profit before taxation	7,016	4,203	7,016	4,203
Tax expense	(4,462)	(3,948)	(4,462)	(3,948)
Net profit for the financial period	2,554	255	2,554	255
Net profit/(loss) attributable to				
Equity holders of the Company	1,109	692	1,109	692
Non-controlling interests	1,445	(437)	1,445	(437)
	2,554	255	2,554	255
Earnings per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
Basic and diluted earnings per ordinary share	0.52	0.32	0.52	0.32

The Unaudited Condensed Income Statement should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL QUARTER ENDED 31 AUGUST 2017**

	Individual quarter ended		Year-to-date endear-to-date ende	
	31/8/2017	31/8/2016	31/8/2017	31/8/2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	2,554	255	2,554	255
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	(479)	(1,397)	(479)	(1,397)
Re-measurement of defined benefit liability	-	-	-	(9)
Other comprehensive income, net of tax	(479)	(1,397)	(479)	(1,406)
Total comprehensive income	2,075	(1,142)	2,075	(1,151)
Total comprehensive income attributable to				
Equity holders of the Company	890	124	890	124
Non-controlling interests	1,185	(1,275)	1,185	(1,275)
	2,075	(1,151)	2,075	(1,151)

The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2017 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2017**

	Unaudited 31/8/2017 RM'000	Audited 31/5/2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	289,357	292,559
Investment properties	371	359
Investment in associates	2,032	2,117
Investment in a joint venture	-	-
Other investments	3,065	1,037
Intangible assets	3,348	3,574
Goodwill on consolidation	99,462	99,663
Deferred tax assets	26,564	26,486
	424,199	425,795
Current assets		
Inventories	139,847	148,101
Receivables	425,844	423,601
Amounts owing by associates	7,887	6,933
Amount owing by a joint venture	56	56
Derivative assets	-	-
Current tax assets	2,350	2,345
Other investments	1,274	1,593
Cash and cash equivalents	120,992	135,317
	698,250	717,946
Non-current assets held for sales	-	-
TOTAL ASSETS	1,122,449	1,143,741
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	218,956	218,956
Reserves	87,717	86,827
Less : Treasury Shares, at cost	(2,473)	(2,473)
	304,200	303,310
Non-controlling interests	167,851	166,918
TOTAL EQUITY	472,051	470,228
LIABILITIES		
Non-current liabilities		
Borrowings	60,189	60,172
Deferred tax liabilities	9,530	9,525
Provision for retirement benefits	4,306	4,221
	74,025	73,918
Current liabilities		
Payables	292,800	277,710
Amounts owing to associates	41	41
Borrowings	276,289	315,468
Derivatives liabilities	-	-
Current tax payables	7,243	6,376
	576,373	599,595
Total Liabilities	650,398	673,513
TOTAL EQUITY AND LIABILITIES	1,122,449	1,143,741
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.41	1.40

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 2017 and the accompanying notes to this Interim Financial Report.

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2017**

	Attributable to equity holders of the Company							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share Premium RM'000	Capital reserve RM'000	Foreign exchange reserve RM'000	Capital redemption reserve RM'000	Treasury shares RM'000	Retained Profits RM'000			
Balance as at 1 June 2016	218,956	4,332	203	11,265	4,987	(2,377)	45,119	282,485	159,013	441,498
Total comprehensive income	-	-	-	2,976	-	-	17,478	20,454	15,829	36,283
Transactions with owners										
Disposal of equity interest of a subsidiaries	-	-	-	-	-	-	467	467	(433)	34
Additional interests in a subsidiary	-	-	-	-	-	-	-	-	490	490
Repurchase of ordinary shares of the Company	-	-	-	-	-	(96)	-	(96)	-	(96)
Remeasurement of aacquisition of a subsidiary	-	-	-	-	-	-	-	-	(119)	(119)
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	-	(198)	(198)
Disposal of equity interest of a subsidiaries	-	-	-	-	-	-	-	-	-	-
Capital repayment and reduction of a subsidiary	-	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,081)	(2,081)
Balance as at 31 May 2017	218,956	4,332	203	14,241	4,987	(2,473)	63,064	303,310	166,918	470,228
Balance as at 1 June 2017	218,956	4,332	203	14,241	4,987	(2,473)	63,064	303,310	166,918	470,228
Total comprehensive income	-	-	-	(219)	-	-	1,109	890	1,185	2,075
Transactions with owners										
Disposal of equity interest of a subsidiaries	-	-	-	-	-	-	-	-	-	-
Additional interests in a subsidiary	-	-	-	-	-	-	-	-	148	148
Repurchase of ordinary shares of the Company	-	-	-	-	-	-	-	-	-	-
Remeasurement of aacquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(400)	(400)
Balance at 31 August 2017	218,956	4,332	203	14,022	4,987	(2,473)	64,173	304,200	167,851	472,051

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 2017 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2017**

	Year-to-date ended	
	31/8/2017 RM'000	31/8/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,016	4,203
Adjustments for non-cash items	6,697	9,241
Operating profit before working capital changes	<u>13,713</u>	<u>13,444</u>
Inventories	8,254	2,436
Receivables	(267)	(20,147)
Payables	15,534	(2,247)
Group companies	(953)	(262)
Net cash generated used in operations	<u>36,281</u>	<u>(6,776)</u>
Income tax paid	(3,673)	(4,388)
Net cash from/(used in) operating activities	<u>32,608</u>	<u>(11,164)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,665)	(17,257)
Interest received	345	327
Purchase of intangible assets	(5)	(342)
Purchase of other investments	(1,708)	(46)
Disposal of equity interest in subsidiaries	150	72
Purchase of treasury shares of a subsidiary from non-controlling interests	-	(115)
Placement of short term deposits pledged to licensed banks	(351)	(368)
Net cash used in investing activities	<u>(4,234)</u>	<u>(17,729)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interest of subsidiaries	(400)	-
Interest paid	(3,642)	(2,730)
Repayments of hire-purchase and lease creditors	(299)	(624)
Drawdown of borrowings	(30,253)	27,047
Purchase of ordinary shares of the Company from owners	-	(57)
Net cash (used in)/from financing activities	<u>(34,594)</u>	<u>23,636</u>
Net decrease in cash and cash equivalents	<u>(6,220)</u>	<u>(5,257)</u>
Cash and cash equivalents at the beginning of the financial year	107,314	75,916
Effect of exchange rate changes	156	(3,732)
Cash and cash equivalents at the end of the financial year	<u>101,250</u>	<u>66,927</u>
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	92,904	59,646
Bank overdrafts	(13,420)	(13,125)
Short term deposits	<u>28,089</u>	<u>28,038</u>
	107,573	74,559
Less : Short term deposits pledged to banks	(6,186)	(7,498)
Short term deposits with maturity more than 3 months	(137)	(134)
	<u>101,250</u>	<u>66,927</u>

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 2017 and the accompanying notes to this Interim Financial Report.



ANCOM BERHAD

(Company No. 8440-M)
Incorporated in Malaysia

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2017

A1. Basis of preparation

This Interim Financial Report of Ancom Berhad ("Ancom" or "the Company") and its subsidiaries ("Group") is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and Rule 9.22(2) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Board ("Listing Requirements").

This Interim Financial Report of the Group should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 May 2017. These explanatory notes attached to the 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 2017.

For the financial periods up and including the financial year ended 31 May 2017, the Group prepared its financial report in accordance with Malaysian Financial Reporting Standards ("MFRS") 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 2017 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 2016:

Accounting Standards and amendments:

Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 107 Disclosure Initiative
Amendments to MFRS 12 Annual Improvements to MFRS Standards 2014 – 2016 Cycle

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

A2 Auditors' report

The audited financial statements of Ancom and its subsidiaries for the financial year ended 31 May 2017 were not subject to any audit qualification.

A3. Seasonality or cyclicity

The operations of the Group were not significantly affected by any seasonal and cyclical factors.

A4. Items of unusual nature and amount

The Group's assets, liabilities, equity, net income or cash flows were not affected by items that are material and unusual because of their nature, size or incidence in the current financial year.

A5. Changes in estimates

There was no material changes in estimates amounts reported that have a material effect on the financial quarter ended 31 August 2017.

A6. Debt and equity securities

There was no issuance, cancellation, repurchase, resale or repayment of debt securities and equity securities during the financial quarter ended 31 August 2017 except for the following:

Treasury shares:

As at 31 August 2017, the Company holds 3,779,327 Treasury Shares at a cost of RM2,472,731.

A7. Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 August 2017.

A8. Segmental results

Segmental information for the financial period ended 31 August 2017.

	Investment holdings and others RM'000	Agricultural and Industrial Chemicals RM'000	Logistics RM'000	Information Technology RM'000	Media RM'000	Polymer RM'000	Elimination RM'000	Total RM'000
31 August 2017								
Revenue								
External revenue	1,167	342,872	12,133	2,743	29,086	31,534	-	419,535
Inter-segment revenue	1,399	9,972	1,851	134	-	-	(13,356)	-
Total revenue	<u>2,566</u>	<u>352,844</u>	<u>13,984</u>	<u>2,877</u>	<u>29,086</u>	<u>31,534</u>		<u>419,535</u>
Segment results	(7,602)	12,310	2,064	(1,105)	106	4,654	316	10,743
Operating profits								10,743
Finance costs								(3,642)
Share of results of associates								(85)
Profit before taxation								<u>7,016</u>
Tax expense								(4,462)
Net profit for the financial year								<u>2,554</u>
31 August 2016								
Revenue								
External revenue	1,084	293,620	6,849	1,194	24,339	29,063	-	356,149
Inter-segment revenue	1,366	9,814	2,068	-	-	-	(13,248)	-
Total revenue	<u>2,450</u>	<u>303,434</u>	<u>8,917</u>	<u>1,194</u>	<u>24,339</u>	<u>29,063</u>		<u>356,149</u>
Segment results	(5,134)	10,672	844	(509)	(2,605)	3,283	382	6,933
Finance costs								(2,730)
Profit before taxation								<u>4,203</u>
Tax expense								(3,948)
Net profit for the financial year								<u>255</u>

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 31 August 2017.

A10. Subsequent events

There were no material events subsequent to the end of the financial year up to the date of this Report that have not been reflected in the Interim Financial Statements.

A11. Changes in composition of the Group

There was no material changes in the composition of the Group for the current quarter and financial year-to-date including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuing operations.

A12. Changes in contingent liabilities

The Group's contingent liabilities stood at RM28.9 million as at the end of the reporting period.

A13. 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	129
- Approved but not contracted for	61
	<u>190</u>

B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group's performance

Overall review for the financial year ended 31 August 2017

For the financial quarter ended 31 August 2017, the Group recorded higher revenue of RM419.5 million as compared with RM356.1 million in the corresponding last year. Consequently, profit before taxation ("PBT") increased to RM7.0 million compared with RM4.2 million in the corresponding period last year.

The effective rate of taxation for the Group is higher than the statutory tax rate mainly due to losses in certain subsidiaries that are not available for set-off against taxable profits in other companies within the Group.

Review of business segments for the financial quarter ended 31 August 2017

Investment Holding and others

The result in this segment includes investment holding, education and electrical businesses. During the current financial quarter, the division posted higher revenue of RM1.2 million compared with RM1.1 million in the corresponding quarter last year. The segment reported a higher segmental loss of RM7.6 million for the current financial quarter compared with RM5.1 million in the corresponding quarter last year. The segmental loss in the current financial quarter mainly incurred for corporate expenses in the investment holding company.

Agricultural and Industrial Chemicals

There is a general improvement in the average selling prices and higher volume sold for Industrial Chemical Products. As a result, the division achieved higher revenue of RM342.9 million for the current financial quarter compared with RM293.6 million in the corresponding quarter last year. Segmental profit increased slightly to RM12.3 million in the current financial quarter compared with RM10.7 million in the corresponding quarter last year.

Logistics

The Logistics Division posted higher revenue of RM12.1 million compared to RM6.8 million in the corresponding quarter last year, after incorporating revenue generated by the new vessel which was constructed and delivered by the Japanese builder in mid-January 2017. The division reported higher segmental profit of RM2.1 million compared with RM0.8 million in the corresponding quarter last year.

Information Technology ("IT")

The IT Division recorded higher revenue of RM2.7 million compared with RM1.1 million in the corresponding quarter last year. Nevertheless, IT division posted higher segmental loss of RM1.1 million compared with segmental loss of RM0.6 million in the corresponding quarter last year due to higher operating costs incurred.

Media

The Media division posted higher revenue of RM29.1 million compared with RM24.3 million in the corresponding financial quarter last year as the division has managed to book in some major advertising contracts in the quarter. Segmental results improved to segmental profit of RM0.1 million in the current financial quarter compared with segmental loss of RM2.6 million in the corresponding quarter last year on higher revenue coupled with lower operating costs.

Polymer

The Polymer Division recorded higher revenue of RM31.5 million for the current financial quarter compared with RM29.1 million in the corresponding quarter last year mainly due to higher contribution by its manufacturing plant in Shah Alam. The Division registered higher segmental profit of RM4.7 million compared with RM3.3 million in the same period last year, as a result of improved sales performance.

B2. Material change in the results for the current quarter as compared with the immediate preceding quarter

For the current financial quarter ended 31 August 2017, the Group posted lower revenue of RM419.5 million compared with RM477.5 million in the immediate preceding quarter. The Group posted lower PBT of RM7.0 million in the current financial quarter compared with RM11.0 million in the immediate preceding quarter.

B3. Current year prospects

The key business segments, Agricultural and Industrial Chemical Division and Polymer Division have posted better performance during the financial year. However, sustainability of global demand remains uncertain and pace of recovery has been slower than expected. Despite the challenging outlook in the media industry, the media segment has shown resilient during the current financial year. Management expects that the Media Division should continue to perform satisfactory barring any unforeseen circumstances.

As there remain uncertainties in the global economic situations, which may have an impact to the Group's businesses, the Board will continue to exercise caution in managing the Group's businesses for the remaining of the financial year. The Board will continue to explore ways to improve revenue growth while strengthening its operational and productivity efficiencies.

The Board is of the view that, barring unforeseen circumstances, the financial performance and prospects of the Group will be satisfactory for the remaining of the financial year.

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 31/8/2017 RM'000	Year-to-date ended 31/8/2017 RM'000
The profit before taxation is stated after charging/(crediting):		
Finance costs	3,642	3,642
Depreciation and amortisation	6,070	6,070
Foreign exchange loss	478	478
Provision for and write-off of inventories	824	824
Fair value loss on investment	139	139
Gain on disposal of Property, plant and equipment	(170)	(170)
Write back of inventories written off	(905)	(905)
Reversal of impairment loss on receivables	(35)	(35)
Interest income	(345)	(345)

B6. Tax expense

	Individual quarter ended		Year-to-date ended	
	31/8/2017	31/8/2016	31/8/2017	31/8/2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	3,977	2,686	3,977	2,686
Foreign income tax	559	702	559	702
	4,536	3,388	4,536	3,388
Over provision in prior years:				
Malaysian income tax	-	(255)	-	(255)
Foreign income tax	-	-	-	-
	4,536	3,133	4,536	3,133
Deferred taxation:				
Relating to original or reversal of temporary differences	(74)	740	(74)	740
Under provision in prior years	-	75	-	75
	4,462	3,948	4,462	3,948

The effective rate of taxation for the Group is higher than the statutory tax rate mainly due to losses in certain subsidiaries that are not available for set-off against taxable profits in other companies within the Group.

B7. Utilisation of proceeds

The Company does not have any unutilised proceeds raised from any corporate exercise.

B8. Status of corporate proposals

There were no corporate proposals announced but not completed at the date of issuance of this Interim Financial Report.

B9. Borrowings

	31/8/2017	31/5/2017
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	67,740	69,742
Indonesian Ruppiah	-	-
United States Dollar	25,204	34,073
Vietnamese Dong	9,615	3,389
	102,559	107,204
Unsecured:		
Ringgit Malaysia	168,718	208,264
United States Dollar	5,012	-
Singapore Dollar	-	-
Hong Kong Dollar	-	-
Indonesian Ruppiah	-	-
	173,730	208,264
Total short term borrowings	276,289	315,468
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	10,659	10,514
United States Dollar	49,530	49,658
Indonesian Ruppiah	-	-
Total long term borrowings	60,189	60,172
TOTAL BORROWINGS	336,478	375,640

Borrowings denominated in foreign currencies are stated at Ringgit Malaysia equivalent as at the reporting dates stated above.

B10. Material litigation

There was no material litigation pending as at the date of this Interim Financial Report.

B11. Dividend

There was no dividend declared and/or paid during the financial quarter ended 31 August 2017.

B12. Earnings per shareBasic earnings per share

The basic earnings per share is calculated by dividing the net loss attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period as follows:

	Individual quarter ended		Year-to-date ended	
	31/8/2017	31/8/2016	31/8/2017	31/8/2016
Number of ordinary shares ('000)	218,956	218,956	218,956	218,956
Less: Treasury shares ('000)	(2,473)	(2,327)	(2,473)	(2,434)
	216,483	216,629	216,483	216,522
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	1,109	692	1,109	692
Weighted average number of ordinary shares in issue ('000)	215,177	215,292	215,177	215,292
Basic earnings/(loss) per ordinary share (sen)	0.52	0.32	0.52	0.32

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 period.

B13. Disclosure of realised and unrealised profits

The breakdown of retained profits of the Group as at 31 August 2017 into realised and unrealised profits is as follows:

Total retained profits of the Group	RM'000
- Realised	19,919
- Unrealised	17,034
	36,953
Less: Consolidation adjustments	(27,220)
As per consolidated financial statements	64,173