

ANCOM BERHAD (Company No: 8440-M)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR FINANCIAL QUARTER ENDED 28 FEBRUARY 2017**

| | Individual quarter ended | | Year-to-date ended | |
|---|--------------------------|-----------|--------------------|-------------|
| | 28-2-2017 | 29-2-2016 | 28-2-2017 | 29-2-2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 462,127 | 331,671 | 1,222,029 | 1,136,966 |
| Cost of sales | (395,735) | (291,130) | (1,042,396) | (1,009,665) |
| Gross profit | 66,392 | 40,541 | 179,633 | 127,301 |
| Other income | 6,704 | 1,943 | 17,643 | 6,043 |
| Distribution expenses | (20,567) | (15,678) | (62,262) | (49,585) |
| Administrative expenses | (27,826) | (20,481) | (81,207) | (59,357) |
| Other operating expenses | (626) | (284) | (5,107) | (1,394) |
| Finance costs | (3,062) | (2,272) | (8,533) | (8,531) |
| Profit before taxation | 21,015 | 3,769 | 40,167 | 14,477 |
| Tax expense | (5,695) | (3,511) | (18,763) | (13,180) |
| Net profit for the financial period | 15,320 | 258 | 21,404 | 1,297 |
| Net profit/(loss) attributable to | | | | |
| Equity holders of the Company | 11,702 | (216) | 13,265 | (1,800) |
| Non-controlling interests | 3,618 | 474 | 8,139 | 3,097 |
| | 15,320 | 258 | 21,404 | 1,297 |
| Earnings/(Loss) per ordinary share attributable to equity holders of the Company | Sen | Sen | Sen | Sen |
| Basic and diluted earnings per ordinary share | 5.44 | (0.10) | 6.16 | (0.83) |

The Unaudited Condensed Income Statement should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2016 and the accompanying notes to this Interim Financial Report.

ANCOM BERHAD (Company No: 8440-M)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL QUARTER ENDED 28 FEBRUARY 2017**

| | Individual quarter ended | | Year-to-date ended | |
|--|--------------------------|------------|--------------------|---------------|
| | 28-2-2017 | 29-2-2016 | 28-2-2017 | 29-2-2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit for the financial period | 15,320 | 258 | 21,404 | 1,297 |
| Other comprehensive income | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation | 476 | (156) | 13,051 | 19,761 |
| Re-measurement of defined benefit liability | 16 | - | 7 | - |
| Other comprehensive income, net of tax | 492 | (156) | 13,058 | 19,761 |
| Total comprehensive income | 15,812 | 102 | 34,462 | 21,058 |
| Total comprehensive income attributable to | | | | |
| Equity holders of the Company | 12,094 | (239) | 18,868 | 6,396 |
| Non-controlling interests | 3,718 | 341 | 15,594 | 14,662 |
| | 15,812 | 102 | 34,462 | 21,058 |

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 2016 and the accompanying notes to this Interim Financial Report.

ANCOM BERHAD (Company No: 8440-M)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2017**

| | Unaudited 28-2-2017 RM'000 | Audited 31-5-2016 RM'000 |
|---|----------------------------------|--------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 294,447 | 235,551 |
| Investment properties | 371 | 371 |
| Investment in associates | 3,438 | 3,023 |
| Investment in a joint venture | - | - |
| Other investments | 1,565 | 692 |
| Intangible assets | 3,818 | 4,499 |
| Goodwill on consolidation | 102,585 | 96,700 |
| Deferred tax assets | 25,403 | 26,230 |
| | 431,627 | 367,066 |
| Current assets | | |
| Inventories | 137,800 | 119,846 |
| Receivables | 426,506 | 315,773 |
| Amounts owing by associates | 17,718 | 5,685 |
| Amount owing by a joint venture | 56 | 56 |
| Derivative assets | - | - |
| Current tax assets | 1,628 | 3,291 |
| Other investments | 724 | 1,179 |
| Cash and cash equivalents | 122,384 | 99,835 |
| | 706,816 | 545,665 |
| Non-current assets held for sales | - | 51 |
| TOTAL ASSETS | 1,138,443 | 912,782 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 218,956 | 218,956 |
| Reserves | 85,250 | 65,906 |
| Less : Treasury Shares, at cost | (2,473) | (2,377) |
| | 301,733 | 282,485 |
| Non-controlling interests | 166,928 | 159,013 |
| TOTAL EQUITY | 468,661 | 441,498 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Borrowings | 78,562 | 15,855 |
| Deferred tax liabilities | 10,525 | 10,572 |
| Provision for retirement benefits | 4,238 | 3,808 |
| | 93,325 | 30,235 |
| Current liabilities | | |
| Payables | 301,409 | 222,535 |
| Amounts owing to associates | 10,152 | 101 |
| Borrowings | 257,686 | 213,683 |
| Derivatives liabilities | - | - |
| Current tax payables | 7,210 | 4,730 |
| | 576,457 | 441,049 |
| Total Liabilities | 669,782 | 471,284 |
| TOTAL EQUITY AND LIABILITIES | 1,138,443 | 912,782 |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | 1.39 | 1.31 |

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 2016 and the accompanying notes to this Interim Financial Report.

ANCOM BERHAD (Company No: 8440-M)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 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 2015 | 218,956 | 4,332 | 203 | 5,064 | 4,987 | (2,127) | 52,228 | 283,643 | 138,318 | 421,961 |
| Total comprehensive income/(loss) | - | - | - | 6,201 | - | - | (7,130) | (929) | 18,570 | 17,641 |
| Transactions with owners | | | | | | | | | | |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | 5,946 | 5,946 |
| Disposal of equity interest of a subsidiaries | - | - | - | - | - | - | 21 | 21 | 40 | 61 |
| Repurchase of ordinary shares of the Company | - | - | - | - | - | (250) | - | (250) | - | (250) |
| Repurchase of ordinary shares of a subsidiary from non-controlling interest | - | - | - | - | - | - | - | - | (300) | (300) |
| Disposal of equity interest of a subsidiaries | - | - | - | - | - | - | - | - | - | - |
| Capital repayment and reduction of a subsidiary | - | - | - | - | - | - | - | - | - | - |
| Dividend paid to non-controlling interests of subsidiaries | - | - | - | - | - | - | - | - | (3,561) | (3,561) |
| Balance as at 31 May 2016 | 218,956 | 4,332 | 203 | 11,265 | 4,987 | (2,377) | 45,119 | 282,485 | 159,013 | 441,498 |
| 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 | - | - | - | 5,596 | - | - | 13,272 | 18,868 | 15,594 | 34,462 |
| Transactions with owners | | | | | | | | | | |
| Disposal of equity interest of a subsidiaries | - | - | - | - | - | - | 476 | 476 | (439) | 37 |
| Additional interests in a subsidiary | - | - | - | - | - | - | - | - | 490 | 490 |
| Repurchase of ordinary shares of the Company | - | - | - | - | - | (96) | - | (96) | - | (96) |
| Remeasurement of aacquisition of a subsidiary | - | - | - | - | - | - | - | - | (113) | (113) |
| Repurchase of ordinary shares of a subsidiary from non-controlling interest | - | - | - | - | - | - | - | - | (198) | (198) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | (2,424) | (2,424) |
| Dividend paid to non-controlling interests of subsidiaries | - | - | - | - | - | - | - | - | (4,995) | (4,995) |
| Balance at 28 February 2017 | 218,956 | 4,332 | 203 | 16,861 | 4,987 | (2,473) | 58,867 | 301,733 | 166,928 | 468,661 |

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 2016 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2017**

| | Year-to-date ended | |
|--|-----------------------|----------------------|
| | 28-2-2017 RM'000 | 29-2-2016 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 40,167 | 14,477 |
| Adjustments for non-cash items | 32,350 | 22,887 |
| Operating profit before working capital changes | <u>72,517</u> | <u>37,364</u> |
| Inventories | (17,953) | (15,392) |
| Receivables | (108,707) | (12,627) |
| Payables | 79,320 | (27,476) |
| Group companies | (1,981) | (1,395) |
| Net cash generated used in operations | <u>23,196</u> | <u>(19,526)</u> |
| Income tax paid | (13,841) | (8,932) |
| Net cash from/(used in) operating activities | <u>9,355</u> | <u>(28,458)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (74,441) | (7,305) |
| Interest received | 934 | 1,302 |
| Purchase of intangible assets | (5) | (1,877) |
| Purchase of other investments | - | 1,355 |
| Disposal of equity interest in subsidiaries | (417) | - |
| Disposal/(Acquisition) of a subsidiary | 391 | (650) |
| Purchase of treasury shares of a subsidiary from non-controlling interests | (198) | (214) |
| Placement of short term deposits pledged to licensed banks | (368) | (54) |
| Others | - | (60) |
| Net cash used in investing activities | <u>(74,104)</u> | <u>(7,503)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid to non-controlling interest of subsidiaries | (4,995) | (3,561) |
| Interest paid | (8,533) | (8,531) |
| Capital repayment of a subsidiary | - | - |
| Dividend paid to shareholders of the Company | - | - |
| Repayments of hire-purchase and lease creditors | (1,455) | (2,380) |
| Drawdown of borrowings | 110,192 | 20,974 |
| Dividends paid to non-controlling interest | (2,424) | - |
| Purchase of ordinary shares of the Company from owners | (96) | (200) |
| Net cash from financing activities | <u>92,689</u> | <u>6,302</u> |
| Net increase/(decrease) in cash and cash equivalents | <u>27,940</u> | <u>(29,659)</u> |
| Cash and cash equivalents at the beginning of the financial year | 75,916 | 101,389 |
| Effect of exchange rate changes | (3,732) | (3,732) |
| Cash and cash equivalents at the end of the financial year | <u>100,124</u> | <u>67,998</u> |
| Cash and cash equivalents include the following: | | |
| | RM'000 | RM'000 |
| Cash and bank balances | 84,704 | 72,551 |
| Bank overdrafts | (14,628) | (19,533) |
| Short term deposits | <u>37,680</u> | <u>22,551</u> |
| | <u>107,756</u> | <u>75,569</u> |
| Less : Short term deposits pledged to banks | (7,497) | (7,462) |
| Short term deposits with maturity more than 3 months | (135) | (109) |
| | <u>100,124</u> | <u>67,998</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 2016 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 28 FEBRUARY 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 2016. 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 2016.

For the financial periods up and including the financial year ended 31 May 2016, 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 2016 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:

MFRS 14 Regulatory Deferral Accounts
Amendments to MFRSs Annual Improvements to 2012-2014 Cycle
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101 Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
Amendments to MFRS 127 Equity Method in Separate Financial Statements

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 2016 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 28 February 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 28 February 2017 except for the transactions described below.

For the current quarter and financial period, the details of Company's own shares purchased by the Company and held as Treasury Shares and the Treasury Shares resold pursuant to Section 67A of the Companies Act, 1965 are detailed as follows:

| Date Purchase | Number of shares purchased | Highest price RM | Lowest price RM | Average price RM | Total consideration paid RM |
|--------------------------------|-----------------------------------|-------------------------|------------------------|-------------------------|------------------------------------|
| June 2016 | 75,500 | 0.36 | 0.33 | 0.35 | 25,850 |
| July 2016 | 20,000 | 0.36 | 0.34 | 0.35 | 7,050 |
| August 2016 | 68,800 | 0.36 | 0.33 | 0.33 | 23,923 |
| September 2016 | 15,000 | 0.40 | 0.32 | 0.36 | 5,100 |
| October 2016 | 5,000 | 0.39 | 0.35 | 0.35 | 1,900 |
| November 2016 | 15,000 | 0.35 | 0.33 | 0.34 | 5,075 |
| December 2016 | 20,000 | 0.34 | 0.31 | 0.32 | 6,575 |
| January 2017 | 44,500 | 0.35 | 0.32 | 0.34 | 14,685 |
| February 2017 | 15,000 | 0.41 | 0.34 | 0.38 | 5,600 |
| March 2017 | | | | | |
| April 2017 | | | | | |
| May 2017 | | | | | |
| Total for the financial period | <u>278,800</u> | | | | <u>95,758</u> |

Note: The consideration above is inclusive of brokerage, contract stamp and clearing fees.

As at 28 February 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 28 February 2017.

A8. Segmental results

Segmental information for the financial period ended 28 February 2017.

| | Investment holdings and others | Agricultural and Industrial Chemicals | Logistics | Information Technology | Media | Polymer | Elimination | Total |
|-------------------------|--------------------------------------|---|-----------|---------------------------|---------|---------|-------------|-----------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 28 February 2017 | | | | | | | | |
| Revenue | | | | | | | | |
| External revenue | 7,629 | 1,016,677 | 20,916 | 9,936 | 74,594 | 92,277 | - | 1,222,029 |
| Inter-segment revenue | 5,490 | 35,706 | 6,966 | 381 | - | 832 | (49,375) | - |
| Total revenue | 13,119 | 1,052,383 | 27,882 | 10,317 | 74,594 | 93,109 | | 1,222,029 |
| Segment results | (20,149) | 52,978 | 98 | (1,490) | 4,488 | 10,475 | 2,300 | 48,700 |
| Finance costs | | | | | | | | (8,533) |
| Profit before taxation | | | | | | | | 40,167 |
| Tax expense | | | | | | | | (18,763) |
| Net profit | | | | | | | | 21,404 |
| 29 February 2016 | | | | | | | | |
| Revenue | | | | | | | | |
| External revenue | 2,725 | 941,035 | 15,991 | 19,010 | 73,663 | 84,542 | - | 1,136,966 |
| Inter-segment revenue | 2,520 | 2,801 | 5,266 | 140 | - | - | (10,727) | - |
| Total revenue | 5,245 | 943,836 | 21,257 | 19,150 | 73,663 | 84,542 | | 1,136,966 |
| Segment results | (12,047) | 28,695 | 1,717 | 1,041 | (5,588) | 8,847 | 343 | 23,008 |
| Finance costs | | | | | | | | (8,531) |
| Profit before taxation | | | | | | | | 14,477 |
| Tax expense | | | | | | | | (13,180) |
| Net profit | | | | | | | | 1,297 |

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 28 February 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 | 401 |
| - Approved but not contracted for | 69 |
| | <u>470</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 period ended 28 February 2017

For the nine months ended 28 February 2017, the Group recorded higher revenue of RM1.22 billion as compared with RM1.14 billion in the corresponding last year. Consequently, profit before taxation ("PBT") increased significantly to RM40.2 million compared with RM14.5 million in the corresponding period last year.

For the financial quarter ended 28 February 2017, the Group recorded higher revenue of RM462.1 million compared with RM331.7 million in the corresponding period last year. Consequently, PBT increased significantly to RM21.0 million compared with RM3.8 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 28 February 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 RM3.4 million compared with RM1.1 million in the corresponding quarter last year was mainly due to revenue generated from education business that acquired last year. As a result, the segment reported a lower loss of RM4.9 million for the current financial quarter compared with RM5.6 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 for Industrial Chemical Products. As a result, the division achieved higher revenue of RM392.0 million for the current financial quarter compared with RM268.4 million in the corresponding quarter last year. Segmental profit increased to RM23.3 million in the current financial quarter compared with RM9.6 million in the corresponding quarter last year.

Polymer

The Polymer Division recorded higher revenue of RM30.9 million for the current financial quarter compared with RM28.0 million in the corresponding quarter last year mainly due to higher contribution by its manufacturing plant in Surabaya, Indonesia. Consequently, the Division registered higher segmental profit of RM3.9 million compared with RM3.3 million in the same period last year.

Logistics

The Logistics Division posted higher revenue of RM6.8 million compared to RM4.7 million in the corresponding quarter last year. The newly acquired subsidiary has contributed revenue of RM2.3 million. Due to the pre-operating expenses incurred by the newly delivered vessel and some unrealised foreign exchange loss which arose from the revaluation of loan denominated in foreign currency to finance the purchase of the vessel, the division posted a segmental loss result of RM2.6 million compared with RM0.2 million in the corresponding quarter last year.

Information Technology ("IT")

The IT Division recorded lower revenue of RM3.4 million compared with RM6.3 million in the corresponding quarter last year. Consequently, IT division posted segmental loss results of RM0.2 million compared with segmental profit of RM0.1 million in the corresponding quarter last year.

Media

The Media division posted higher revenue of RM25.6 million compared with RM23.2 million in the corresponding financial quarter last year as the division has managed to book in some major advertising contracts in the quarter. Segmental profit improved to RM3.3 million in the current financial quarter compared with segmental loss of RM1.7 million in the corresponding quarter last year on higher revenue coupled with lower operating costs.

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

For the current financial quarter ended 28 February 2017, the Group posted higher revenue of RM462.1 million compared with RM403.7 million in the immediate preceding quarter. Consequently, PBT has increased to RM21.0 million in the current financial quarter compared with RM14.9 million in the immediate preceding quarter.

B3. Current Year Prospects

The key business segments, Agricultural and Industrial Chemical Division and Polymer Division are expecting to post commendable performance for the rest of the financial year. Despite the challenging outlook in the media industry, the management expects that the Media Division will continue to perform satisfactory.

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 in 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 28-2-2017 RM'000 | Year-to-date ended 28-2-2017 RM'000 |
|--|--|--|
| The profit before taxation is stated after charging/(crediting): | | |
| Finance costs | 3,062 | 8,533 |
| Depreciation and amortisation | 5,508 | 15,683 |
| Impairment loss of receivables | 617 | 1,117 |
| Provision for and write-off of inventories | 495 | 824 |
| Fair value gain on investment | (51) | (53) |
| Fair value gain on derivatives | - | - |
| Property, plant and equipment written off | 500 | 500 |
| Foreign exchange gain | 577 | (2,828) |
| Interest income | (372) | (934) |
| | <u>(372)</u> | <u>(934)</u> |

B6. Tax expense

| | Individual quarter ended | | Year-to-date ended | |
|---|---------------------------------|--------------|---------------------------|---------------|
| | 28-2-2017 | 29-2-2016 | 28-2-2017 | 29-2-2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax expense based on profit for the financial period: | | | | |
| Malaysian income tax | 4,253 | 2,857 | 14,574 | 10,888 |
| Foreign income tax | 1,977 | 1,010 | 3,449 | 1,726 |
| | <u>6,230</u> | <u>3,867</u> | <u>18,023</u> | <u>12,614</u> |
| Over provision in prior years: | | | | |
| Malaysian income tax | 299 | (398) | 44 | (397) |
| Foreign income tax | - | - | - | - |
| | <u>6,529</u> | <u>3,469</u> | <u>18,067</u> | <u>12,217</u> |
| Deferred taxation: | | | | |
| Relating to original or reversal of temporary differences | (759) | 42 | 696 | 963 |
| Under provision in prior years | (75) | - | - | - |
| | <u>5,695</u> | <u>3,511</u> | <u>18,763</u> | <u>13,180</u> |

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

| | 28-2-2017 | 31-5-2016 |
|------------------------------------|------------------|-----------|
| | RM'000 | RM'000 |
| SHORT TERM BORROWINGS | | |
| Secured: | | |
| Ringgit Malaysia | 61,196 | 86,623 |
| Indonesian Ruppiah | 1,306 | 2,368 |
| United States Dollar | 35,103 | 23,028 |
| Vietnamese Dong | 3,037 | 5,487 |
| | 100,642 | 117,506 |
| Unsecured: | | |
| Ringgit Malaysia | 157,044 | 95,433 |
| United States Dollar | - | 744 |
| Singapore Dollar | - | - |
| Hong Kong Dollar | - | - |
| Indonesian Ruppiah | - | - |
| | 157,044 | 96,177 |
| Total short term borrowings | 257,686 | 213,683 |
| LONG TERM BORROWINGS | | |
| Secured: | | |
| Ringgit Malaysia | 24,536 | 13,389 |
| United States Dollar | 52,842 | - |
| Indonesian Ruppiah | 1,184 | 2,466 |
| Total long term borrowings | 78,562 | 15,855 |
| TOTAL BORROWINGS | 336,248 | 229,538 |

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 28 February 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 | |
|---|--------------------------|---------------|--------------------|---------------|
| | 28-2-2017 | 29-2-2016 | 28-2-2017 | 29-2-2016 |
| Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000) | 11,702 | (216) | 13,265 | (1,800) |
| Weighted average number of ordinary shares in issue ('000) | 215,177 | 215,465 | 215,248 | 215,780 |
| Basic earnings/(loss) per ordinary share (sen) | 5.44 | (0.10) | 6.16 | (0.83) |
| <u>Diluted earnings per share</u> | | | | |

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 28 February 2017 into realised and unrealised profits is as follows:

| Ancom Berhad | |
|--|-----------------|
| Total retained profits of the Group | RM'000 |
| - Realised | 26,003 |
| - Unrealised | 14,878 |
| | <u>40,881</u> |
| Less: Consolidation adjustments | <u>(17,986)</u> |
| As per consolidated financial statements | <u>58,867</u> |