

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

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR FINANCIAL QUARTER ENDED 31 MAY 2018**

| | Individual quarter ended | | Year-to-date ended | |
|--|--------------------------|-----------|--------------------|-------------|
| | 31/5/2018 | 31/5/2017 | 31/5/2018 | 31/5/2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 580,075 | 478,232 | 1,954,809 | 1,700,261 |
| Cost of sales | (502,387) | (416,749) | (1,681,906) | (1,459,145) |
| Gross profit | 77,688 | 61,483 | 272,903 | 241,116 |
| Other income | 1,420 | 12,915 | 12,126 | 30,558 |
| Distribution expenses | (28,834) | (24,086) | (99,828) | (86,348) |
| Administrative expenses | (32,705) | (28,821) | (109,615) | (110,028) |
| Other operating expenses | 1,311 | (3,232) | (9,829) | (8,339) |
| Finance costs | (6,483) | (5,678) | (18,987) | (14,211) |
| Share of results of associates | 469 | (1,306) | 258 | (1,306) |
| Profit before taxation | 12,866 | 11,275 | 47,028 | 51,442 |
| Tax expense | (6,051) | (3,402) | (21,367) | (22,165) |
| Net profit for the financial period | 6,815 | 7,873 | 25,661 | 29,277 |
| Net profit attributable to | | | | |
| Equity holders of the Company | 8,510 | 4,201 | 17,581 | 17,466 |
| Non-controlling interests | (1,695) | 3,672 | 8,080 | 11,811 |
| | 6,815 | 7,873 | 25,661 | 29,277 |
| Earnings per ordinary share attributable to equity holders of the Company | Sen | Sen | Sen | Sen |
| Basic and diluted earnings per ordinary share | 3.95 | 1.95 | 8.17 | 8.11 |

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 MAY 2018**

| | Individual quarter ended | | Year-to-date ended | |
|--|--------------------------|-----------|--------------------|-----------|
| | 31/5/2018 | 31/5/2017 | 31/5/2018 | 31/5/2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit for the financial period | 6,815 | 7,873 | 25,661 | 29,277 |
| Other comprehensive income | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation | 997 | (6,057) | (14,634) | 6,994 |
| Re-measurement of defined benefit liability | - | 6 | (30) | 13 |
| Other comprehensive income, net of tax | 997 | (6,051) | (14,664) | 7,007 |
| Total comprehensive income | 7,812 | 1,822 | 10,997 | 36,284 |
| Total comprehensive income attributable to | | | | |
| Equity holders of the Company | 8,926 | 1,587 | 11,006 | 20,455 |
| Non-controlling interests | (1,114) | 235 | (9) | 15,829 |
| | 7,812 | 1,822 | 10,997 | 36,284 |

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 MAY 2018**

| | Unaudited 31/5/2018 RM'000 | Audited 31/5/2017 RM'000 |
|---|----------------------------------|--------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 286,170 | 292,559 |
| Investment properties | 359 | 359 |
| Investment in associates | 2,375 | 2,117 |
| Investment in a joint venture | - | - |
| Other investments | 5,943 | 1,037 |
| Intangible assets | 3,809 | 3,574 |
| Goodwill on consolidation | 94,975 | 99,663 |
| Deferred tax assets | 26,227 | 26,486 |
| | 419,858 | 425,795 |
| Current assets | | |
| Inventories | 129,581 | 148,101 |
| Receivables | 506,292 | 423,601 |
| Amounts owing by associates | 19,800 | 6,933 |
| Amount owing by a joint venture | 56 | 56 |
| Current tax assets | 2,916 | 2,345 |
| Other investments | 2,954 | 1,593 |
| Cash and cash equivalents | 137,804 | 135,317 |
| | 799,403 | 717,946 |
| TOTAL ASSETS | 1,219,261 | 1,143,741 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 218,956 | 218,956 |
| Reserves | 100,755 | 86,827 |
| Less : Treasury Shares, at cost | (2,473) | (2,473) |
| | 317,238 | 303,310 |
| Non-controlling interests | 168,407 | 166,918 |
| TOTAL EQUITY | 485,645 | 470,228 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Borrowings | 51,035 | 60,172 |
| Deferred tax liabilities | 9,446 | 9,525 |
| Provision for retirement benefits | 4,672 | 4,221 |
| | 65,153 | 73,918 |
| Current liabilities | | |
| Payables | 314,106 | 277,710 |
| Amounts owing to associates | 9,776 | 41 |
| Borrowings | 339,638 | 315,468 |
| Current tax payables | 4,943 | 6,376 |
| | 668,463 | 599,595 |
| Total Liabilities | 733,616 | 673,513 |
| TOTAL EQUITY AND LIABILITIES | 1,219,261 | 1,143,741 |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | 1.47 | 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.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2018**

| | 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 acquisition of a subsidiary | - | - | - | - | - | - | - | - | (119) | (119) |
| Repurchase of ordinary shares of a subsidiary from non-controlling interest | - | - | - | - | - | - | - | - | (198) | (198) |
| 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 | - | - | - | (6,545) | - | - | 17,551 | 11,006 | (9) | 10,997 |
| Transactions with owners | | | | | | | | | | |
| Additional interests in a subsidiary | - | - | - | - | - | - | - | - | 10 | 10 |
| Repurchase of ordinary shares of a subsidiary from non-controlling interest | - | - | - | - | - | - | - | - | (3,496) | (3,496) |
| Disposal of equity interest of a subsidiaries | - | - | - | - | - | - | 2,922 | 2,922 | 10,233 | 13,155 |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | (2,079) | (2,079) |
| Dividend paid to non-controlling interests of subsidiaries | - | - | - | - | - | - | - | - | (3,170) | (3,170) |
| Balance at 31 May 2018 | 218,956 | 4,332 | 203 | 7,696 | 4,987 | (2,473) | 83,537 | 317,238 | 168,407 | 485,645 |

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 MAY 2018**

| | Year-to-date ended | |
|--|-----------------------|-----------------------|
| | 31/5/2018 RM'000 | 31/5/2017 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 47,027 | 51,442 |
| Adjustments for non-cash items | 29,291 | 43,781 |
| Operating profit before working capital changes | <u>76,318</u> | <u>95,223</u> |
| Inventories | 18,520 | (31,309) |
| Receivables | (80,715) | (109,944) |
| Payables | 36,840 | 54,201 |
| Group companies | (3,133) | (1,627) |
| Net cash generated used in operations | <u>47,830</u> | <u>6,544</u> |
| Dividend received | - | 12 |
| Income tax paid | (23,191) | (20,798) |
| Retirement benefit paid | (2) | (239) |
| Net cash generated from/(used in) operating activities | <u>24,637</u> | <u>(14,481)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (16,890) | (73,884) |
| Interest received | 1,531 | 1,338 |
| Acquisition of associates | - | (400) |
| Proceeds from disposal of non-current assets held for sales | - | 51 |
| Purchase of intangible assets | (1,147) | (12) |
| Proceeds from disposal of property, plant and equipment | - | 736 |
| Purchase of other investments | (6,267) | (726) |
| Increase of share capital of a subsidiary | 10 | - |
| Disposal of equity interest in subsidiaries | 13,155 | 404 |
| Purchase of treasury shares of a subsidiary from non-controlling interests | (3,496) | (198) |
| Placement of short term deposits pledged to licensed banks | 289 | 1,292 |
| Net cash used in investing activities | <u>(12,815)</u> | <u>(71,399)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid to non-controlling interest of subsidiaries | (3,170) | (5,583) |
| Interest paid | (18,987) | (14,211) |
| Repayments of hire-purchase and lease creditors | (1,631) | (5,034) |
| Drawdown of borrowings | 12,116 | 142,653 |
| Dividends paid to non-controlling interest | (2,079) | (2,081) |
| Purchase of ordinary shares of the Company from owners | - | (96) |
| Net cash (used in)/generated from financing activities | <u>(13,751)</u> | <u>115,648</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>(1,929)</u> | <u>29,768</u> |
| Cash and cash equivalents at the beginning of the financial period | 107,314 | 75,916 |
| Effect of exchange rate changes | 156 | 1,630 |
| Cash and cash equivalents at the end of the financial period | <u>105,541</u> | <u>107,314</u> |
| Cash and cash equivalents include the following: | | |
| | RM'000 | RM'000 |
| Cash and bank balances | 98,661 | 100,315 |
| Bank overdrafts | (26,579) | (22,031) |
| Short term deposits | 39,142 | 35,002 |
| | <u>111,224</u> | <u>113,286</u> |
| Less : Short term deposits pledged to banks | (5,544) | (5,837) |
| Short term deposits with maturity more than 3 months | (139) | (135) |
| | <u>105,541</u> | <u>107,314</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 MAY 2018

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 May 2018.

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 May 2018 except for the following:

Treasury shares:

As at 31 May 2018, 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 May 2018.

A8. Segmental results

Segmental information for the financial period ended 31 May 2018.

| | 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 May 2018 | | | | | | | | |
| Revenue | | | | | | | | |
| External revenue | 17,707 | 1,594,763 | 50,993 | 16,703 | 148,866 | 125,777 | - | 1,954,809 |
| Inter-segment revenue | 17,880 | 57,826 | 7,738 | 795 | 3,106 | 48 | (87,393) | - |
| Total revenue | <u>35,587</u> | <u>1,652,589</u> | <u>58,731</u> | <u>17,498</u> | <u>151,972</u> | <u>125,825</u> | | <u>1,954,809</u> |
| Segment results | (27,853) | 72,950 | 9,629 | (1,086) | (4,393) | 14,244 | 2,266 | 65,757 |
| Finance costs | | | | | | | | (18,987) |
| Share of results of associates | | | | | | | | 258 |
| Profit before taxation | | | | | | | | <u>47,028</u> |
| Tax expense | | | | | | | | <u>(21,367)</u> |
| Net profit for the financial year | | | | | | | | <u>25,661</u> |
| 31 May 2017 | | | | | | | | |
| Revenue | | | | | | | | |
| External revenue | 12,220 | 1,416,752 | 30,270 | 12,596 | 102,772 | 125,651 | - | 1,700,261 |
| Inter-segment revenue | 25,092 | 55,255 | 8,368 | 809 | - | 31 | (89,555) | - |
| Total revenue | <u>37,312</u> | <u>1,472,007</u> | <u>38,638</u> | <u>13,405</u> | <u>102,772</u> | <u>125,682</u> | | <u>1,700,261</u> |
| Segment results | (29,072) | 71,813 | 244 | (1,456) | 4,560 | 18,184 | 2,685 | 66,958 |
| Finance costs | | | | | | | | (14,210) |
| Share of results of associates | | | | | | | | (1,306) |
| Profit before taxation | | | | | | | | <u>51,442</u> |
| Tax expense | | | | | | | | <u>(22,165)</u> |
| Net profit for the financial year | | | | | | | | <u>29,277</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 May 2018.

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 were no material changes in the composition of the Group for the current quarter and financial year ended 31 May 2018 other than the followings:

- a. The Group, via its wholly-owned subsidiary, Redberry Sdn Bhd ("RSB") had on 16 November 2017, entered into a conditional Share Sale Agreement with VGI Global Media (Malaysia) Sdn Bhd ("VGI Malaysia") for the disposal of 4,281,277 ordinary shares, representing 25% of the issued and paid-up share capital, in Puncak Berlian Sdn. Bhd. ("PBSB") to VGI Malaysia for a consideration of RM13,154,175. ("Proposed transaction")

PBSB is an investment holding company which owns Meru Utama Sdn Bhd, Focus Media Network Sdn Bhd, Redberry Media Sdn Bhd, Ten Plus Resources Sdn Bhd, Point Cast (M) Sdn Bhd, Redberry Outdoors Sdn Bhd and Titanium Compass Sdn Bhd ("PBSB Group").

The proposed transaction was completed on 26 January 2018. As a result of disposal, PBSB became a 75% owned subsidiary of the Group.

- b. The Group, via its subsidiary, Nylex Malaysia Berhad ("Nylex") had on 30 March 2018, entered into a Share Sale Agreement for the disposal of its entire shares held in NYL Logistics Sdn. Bhd. ("NYL"), a 60% owned subsidiary company for a proportionate consideration of RM8,640,000 ("Proposed Disposal").

The completion of the Proposed Disposal shall take place no later than ninety (90) days from the date of the Share sale Agreement, unless otherwise extended in writing by mutual agreement between the Vendors and the Purchaser.

Upon completion of the Proposed Disposal on 28 June 2018, NYL ceased to be a subsidiary of Nylex on the same date.

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 | 221 |
| - Approved but not contracted for | 118 |
| | <hr/> |
| | 339 |
| | <hr/> |

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 31 May 2018

For the financial year ended 31 May 2018, the Group recorded higher revenue of RM1.95 billion as compared with RM1.70 billion last year. However, profit before taxation ("PBT) decreased to RM47.0 million compared with RM51.4 million last year.

For the financial quarter ended 31 May 2018, the Group recorded higher revenue of RM580.1 million as compared with RM478.2 million in the corresponding quarter last year. PBT increased to RM12.9 million compared with RM11.3 million in the corresponding quarter 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 May 2018

Investment Holding and others

The result in this segment includes investment holding, education and electrical businesses. During the current quarter, the division posted lower revenue of RM4.2 million in the current quarter compared with RM4.6 million in the corresponding quarter last year. Consequently, the segment reported a higher segmental loss of RM11.4 million in the current quarter compared with RM8.9 million in the corresponding quarter last year.

Agricultural and Industrial Chemicals

The Agricultural and Industrial Chemicals Division posted higher revenue of RM457.4 million in the current quarter as compared with RM400.1 million in the corresponding quarter last year, attributed by higher volume sold for certain industrial chemical products. As a result, the division recorded higher segmental profit of RM19.3 million for the current quarter compared with RM18.8 million in the corresponding quarter last year.

Logistics

The Logistics Division posted higher revenue of RM13.1 million in the current quarter compared to RM9.4 million in the corresponding quarter last year. Higher revenue mainly arises from the new vessel, Nylex 1 which commence operations in the current financial year. The division reported segmental profit of RM4.8 million in the current quarter compared with RM0.1 million in the corresponding quarter last year, attributed to improved performance of the Nylex 1 vessel and higher foreign exchange gain recognised during the financial quarter.

Information Technology ("IT")

The IT Division recorded higher revenue of RM3.7 million in the current quarter compared with RM2.7 million in the corresponding quarter last year. Consequently, IT division posted higher segmental profit of RM1.6 million in the current quarter compared with break-even results in the corresponding quarter last year.

Media

The Media division posted higher revenue of RM66.9 million compared with RM28.2 million in the corresponding financial quarter last year as the division has managed to book in some major advertising contracts in the current quarter. However, the division reported segmental loss of RM0.9 million in the current quarter compared with segmental profit of RM0.1 million in the corresponding due to higher operating and production costs.

Polymer

The Polymer Division recorded lower revenue of RM34.9 million for the current quarter compared with RM32.6 million in the corresponding quarter last year mainly due to higher contribution by its manufacturing plant in Indonesia. As a result of generally lower product margins, the Division posted lower segmental profit of RM2.7 million in the current quarter compared with RM7.7 million in the same quarter last year, after recognising an impairment of receivables of RM0.9 million.

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

For the current financial quarter ended 31 May 2018, the Group posted higher revenue of RM580.1 million compared with RM457.5 million in the immediate preceding quarter mainly due to higher volume sold for its industrial chemical products. However, the Group posted lower PBT of RM12.9 million in the current quarter compared with RM14.3 million in the immediate preceding quarter on higher operational costs, especially in the Media Division.

B3. Prospects for the next financial year

The performance of the key business segments, namely Agricultural and Industrial Chemical Division and Polymer Division is satisfactory in the current financial year and barring any unforeseen circumstances, the business of these key business segments should remain positive. However, for the Media Division, the immediate outlook is expected to be challenging due to the weak domestic market sentiments.

The Board will continue to exercise caution in managing the Group's businesses for the next financial year. The Board will explore ways to improve revenue growth while strengthening its operational and productivity efficiencies.

Barring unforeseen circumstances, the financial performance and prospects of the Group will be satisfactory for the next 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 other than the warranties and representations given by RSB to VGI Malaysia that PBSB, after consolidation of accounts with PBSB Group of companies other than Redberry Contact Center Sdn. Bhd., Meru Utama Sdn. Bhd. and Titanium Compass Sdn. Bhd., will have a net profit after taxation of no less than RM3,234,000 ("Guaranteed Profit") for the 12 months period ending immediate after the date of the last audited accounts prior to the completion of the SSA ("Guarantee Period"). The Group has met the Guaranteed Profit during the Guarantee Period.

B5. Profit before taxation

| | Individual quarter ended 31/5/2018 RM'000 | Year-to-date ended 31/5/2018 RM'000 |
|--|--|--|
| The profit before taxation is stated after charging/(crediting): | | |
| Finance costs | 6,483 | 18,987 |
| Bad debts written off | 1,175 | 1,175 |
| Depreciation and amortisation | 6,246 | 24,654 |
| Foreign exchange (gain)/loss | (5,344) | 334 |
| Impairment loss on receivables | 1,765 | 1,765 |
| Impairment loss on amount owing by an associate | 27 | 27 |
| Fair value loss on investment | (20) | 129 |
| Fair value gain on derivatives | 11 | - |
| Gain on disposal of Property, plant and equipment | (131) | (311) |
| Gain on disposal of other investment | - | (113) |
| Write back of inventories written off | 1,504 | 844 |
| Reversal of impairment loss on receivables | 124 | (26) |
| Interest income | (455) | (1,531) |

B6. Tax expense

| | Individual quarter ended | | Year-to-date ended | |
|---|---------------------------------|------------------|---------------------------|------------------|
| | 31/5/2018 | 31/5/2017 | 31/5/2018 | 31/5/2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax expense based on profit for the financial period: | | | | |
| Malaysian income tax | 5,184 | 5,542 | 18,737 | 20,116 |
| Foreign income tax | 1,257 | 1,424 | 3,104 | 4,873 |
| | 6,441 | 6,966 | 21,841 | 24,989 |
| Over provision in prior years: | | | | |
| Malaysian income tax | (1,002) | (1,644) | (1,054) | (1,600) |
| Foreign income tax | - | 1 | - | 1 |
| | 5,439 | 5,323 | 20,787 | 23,390 |
| Deferred taxation: | | | | |
| Relating to original or reversal of temporary differences | 26 | (712) | (6) | (16) |
| Under provision in prior years | 586 | (1,209) | 586 | (1,209) |
| | 6,051 | 3,402 | 21,367 | 22,165 |

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

| | 31/5/2018 | 31/5/2017 |
|------------------------------------|------------------|-----------|
| | RM'000 | RM'000 |
| SHORT TERM BORROWINGS | | |
| Secured: | | |
| Ringgit Malaysia | 92,778 | 69,742 |
| United States Dollar | 44,472 | 34,073 |
| Vietnamese Dong | - | 3,389 |
| | 137,250 | 107,204 |
| Unsecured: | | |
| Ringgit Malaysia | 201,484 | 208,264 |
| United States Dollar | 904 | - |
| | 202,388 | 208,264 |
| Total short term borrowings | 339,638 | 315,468 |
| LONG TERM BORROWINGS | | |
| Secured: | | |
| Ringgit Malaysia | 9,667 | 10,514 |
| United States Dollar | 41,368 | 49,658 |
| Total long term borrowings | 51,035 | 60,172 |
| TOTAL BORROWINGS | 390,673 | 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 May 2018.

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 | |
|--|--------------------------|-----------|--------------------|-----------|
| | 31/5/2018 | 31/5/2017 | 31/5/2018 | 31/5/2017 |
| Number of ordinary shares ('000) | 218,956 | 218,956 | 218,956 | 218,956 |
| Less: Treasury shares ('000) | (3,779) | (3,779) | (3,779) | (3,779) |
| | 215,177 | 215,256 | 215,177 | 215,177 |
| Net profit attributable to ordinary equity holders of the Company (RM'000) | 8,510 | 4,201 | 17,581 | 17,466 |
| Weighted average number of ordinary shares in issue ('000) | 215,177 | 215,248 | 215,177 | 215,248 |
| Basic earnings per ordinary share (sen) | 3.95 | 1.95 | 8.17 | 8.11 |

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.