

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR FINANCIAL QUARTER ENDED 30 NOVEMBER 2018**

	Individual quarter ended		Year-to-date ended	
	30.11.2018	30.11.2017	30.11.2018	30.11.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	545,482	497,731	1,073,069	917,266
Cost of sales	(481,558)	(427,701)	(941,991)	(788,927)
Gross profit	63,924	70,030	131,078	128,339
Other income	2,258	3,472	9,170	9,924
Distribution expenses	(26,743)	(24,719)	(53,103)	(47,997)
Administrative expenses	(24,811)	(27,831)	(52,740)	(56,830)
Other operating expenses	(1,909)	(3,755)	(4,434)	(5,496)
Finance costs	(5,607)	(4,312)	(10,505)	(7,954)
Share of results of associates	29	(65)	105	(150)
Profit before taxation	7,141	12,820	19,571	19,836
Tax expense	(6,269)	(7,037)	(10,235)	(11,499)
Net profit for the financial period	872	5,783	9,336	8,337
Net profit/(loss) attributable to				
Equity holders of the Company	1,802	1,424	8,820	2,533
Non-controlling interests	(930)	4,359	516	5,804
	872	5,783	9,336	8,337
Earnings per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
Basic and diluted earnings per ordinary share	0.84	0.66	4.11	1.18

The Unaudited Condensed Income Statement should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2018 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL QUARTER ENDED 30 NOVEMBER 2018**

	Individual quarter ended		Year-to-date ended	
	30.11.2018	30.11.2017	30.11.2018	30.11.2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	872	5,783	9,336	8,337
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	4,627	(7,897)	6,717	(8,376)
Re-measurement of defined benefit liability	-	-	-	-
Other comprehensive income, net of tax	4,627	(7,897)	6,717	(8,376)
Total comprehensive income/(loss)	5,499	(2,114)	16,053	(39)
Total comprehensive income/(loss) attributable to				
Equity holders of the Company	3,950	(2,079)	11,707	(1,189)
Non-controlling interests	1,549	(35)	4,346	1,150
	5,499	(2,114)	16,053	(39)

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 2018 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2018**

	Unaudited 30.11.2018 RM'000	Audited 31.05.2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	286,961	286,399
Investment properties	348	348
Investment in associates	4,730	2,375
Investment in a joint venture	-	-
Other investments	6,160	4,893
Intangible assets	3,530	3,791
Goodwill on consolidation	92,773	94,975
Deferred tax assets	27,697	26,226
	422,199	419,007
Current assets		
Inventories	155,819	129,581
Receivables	526,620	510,383
Amounts owing by associates	10,045	10,371
Amount owing by a joint venture	88	88
Current tax assets	3,411	2,762
Other investments	4,017	2,737
Cash and cash equivalents	129,027	139,446
	829,027	795,368
TOTAL ASSETS	1,251,226	1,214,375
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	240,849	218,956
Reserves	81,277	100,755
Less : Treasury Shares, at cost	(3,065)	(2,473)
	319,061	317,238
Non-controlling interests	166,376	168,407
TOTAL EQUITY	485,437	485,645
LIABILITIES		
Non-current liabilities		
Borrowings	55,802	54,135
Deferred tax liabilities	9,875	9,926
Provision for retirement benefits	4,744	4,672
	70,421	68,733
Current liabilities		
Payables	328,343	319,136
Amounts owing to associates	5,473	27
Borrowings	352,485	336,527
Current tax payables	9,067	4,307
	695,368	659,997
Total Liabilities	765,789	728,730
TOTAL EQUITY AND LIABILITIES	1,251,226	1,214,375
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.35	1.48

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 2018 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 30 NOVEMBER 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 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 as at 31 May 2018	218,956	4,332	203	7,696	4,987	(2,473)	83,537	317,238	168,407	485,645
Balance as at 1 June 2018, as previously reported	218,956	4,332	203	7,696	4,987	(2,473)	83,537	317,238	168,407	485,645
Effect on the adoption of MFRS 9	-	-	-	-	-	-	(10,805)	(10,805)	(2,543)	(13,348)
Restated balance as at 1 June 2018	218,956	4,332	203	7,696	4,987	(2,473)	72,732	306,433	165,864	472,297
Total comprehensive income	-	-	-	2,887	-	-	8,820	11,707	4,346	16,053
Transactions with owners										
Issuance of Bonus Shares	21,893	(4,332)	-	-	-	(382)	(17,179)	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(3,471)	(3,471)
Acquisition of non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(696)	(696)
Repurchase of ordinary shares of the Company	-	-	-	-	-	(210)	-	(210)	-	(210)
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	-	(1,167)	(1,167)
Disposal of equity interest of a subsidiaries	-	-	-	-	-	-	1,131	1,131	1,500	2,631
Balance at 30 November 2018	240,849	-	203	10,583	4,987	(3,065)	65,504	319,061	166,376	485,437

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 2018 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2018**

	Year-to-date ended	
	30.11.2018	30.11.2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,571	19,836
Adjustments for non-cash items	<u>26,258</u>	<u>11,444</u>
Operating profit before working capital changes	45,829	31,280
Inventories	(26,238)	796
Receivables	(29,596)	(65,427)
Payables	9,207	49,541
Group companies	<u>5,772</u>	<u>(932)</u>
Net cash generated from operations	4,974	15,258
Income tax paid	(7,646)	(8,630)
Retirement benefit paid	(272)	-
Net cash (used in)/generated from operating activities	<u>(2,944)</u>	<u>6,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13,855)	(5,691)
Interest received	835	706
Acquisition of associates	(1,125)	-
Disposal of equity interest in subsidiaries	2,931	-
Purchase of intangible assets	(243)	(86)
Proceeds from disposal of property, plant and equipment	824	-
Purchase of other investments	(2,547)	(1,674)
Acquisition of non-controlling interest of a subsidiary	(687)	148
Net cash flows on disposal and derecognition of subsidiaries	1,968	-
Purchase of treasury shares of a subsidiary from non-controlling interests	(1,167)	(1,295)
Placement of short term deposits pledged to licensed banks	280	(356)
Net cash used in investing activities	<u>(12,786)</u>	<u>(8,248)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest of subsidiaries	-	(400)
Interest paid	(10,505)	(7,863)
Repayments of hire-purchase and lease creditors	1,913	(679)
Drawdown of borrowings	20,977	635
Purchase of ordinary shares of the Company from owners	(210)	-
Net cash generated from/(used in) financing activities	<u>12,175</u>	<u>(8,307)</u>
Net decrease in cash and cash equivalents	<u>(3,555)</u>	<u>(9,927)</u>
Cash and cash equivalents at the beginning of the financial period	98,048	107,314
Effect of exchange rate changes	<u>(1,320)</u>	<u>156</u>
Cash and cash equivalents at the end of the financial period	<u>93,173</u>	<u>97,543</u>
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	106,608	90,173
Bank overdrafts	(21,314)	(14,415)
Short term deposits	<u>22,418</u>	<u>28,113</u>
	107,712	103,871
Less : Short term deposits pledged to banks	(11,380)	(6,191)
Short term deposits with maturity more than 3 months	<u>(3,159)</u>	<u>(137)</u>
	<u>93,173</u>	<u>97,543</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 2018 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 30 NOVEMBER 2018

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 2018. 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 2018.

For the financial periods up and including the financial year ended 31 May 2018, 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 2018 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 2018:

Accounting Standards and amendments:

MFRS 9	Financial Instruments (IFRS as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014 – 2016 Cycle
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transaction
Amendments to MFRS4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014 – 2016 Cycle
Amendments to MFRS 140	Transfers of Investment Property
Clarification to MFRS 15	
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

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

MFRS 9, Financial Instruments

The Group adopted MFRS 9, Financial Instruments on 1 June 2018. MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The three principal classifications categories for financial assets are: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

There was no material impact on the accounting for the Group's financial assets upon initial application of the new classification requirements.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

As allowed by the transitional provision of MFRS 9, the Group has applied MFRS 9 retrospectively on the initial application date of 1 June 2018 and has elected not to restate comparatives. The cumulative effect of initially applying of this Standard will be an adjustment to the opening retained profits as at 1 June 2018.

The impacts of adopting MFRS 9 to opening balances of the Group as at 1 June 2018 are as follows:

Statements of financial position

	Impact of change in account policies		
	As previously reported RM'000	Retrospective adjustment MFRS 9 RM'000	Restated balance RM'000
Current assets			
Trade and other receivables	510,383	(13,348)	497,035
Equity			
Retained earnings	83,537	(10,805)	72,732
Non-controlling interests	168,407	(2,543)	165,864

A2 Auditors' report

The audited financial statements of Ancom and its subsidiaries for the financial year ended 31 May 2018 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 30 November 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 30 November 2018 except for the following:

(i) Bonus Shares

On 7 November 2018, the Company issued 21,892,942 new ordinary shares in the Company ("Bonus Shares") (including 381,392 Bonus Shares issued for the Treasury Shares held by the Company) pursuant to a bonus issue on the basis of 1 Bonus Share for every 10 existing Ancom shares held by the shareholders.

(ii) Treasury Shares

During the financial quarter and financial period to date, the Company purchased its own shares as follows:

Date Purchase	Number of shares purchased	Highest price RM	Lowest price RM	Average price RM	Total consideration paid RM
October 2018	40,000	0.650	0.615	0.63	25,326
November 2018	343,100	0.585	0.500	0.54	184,911
Total for the financial period	<u>383,100</u>				<u>210,236</u>

The shares purchased were held as Treasury Shares by the Company.

As at 30 November 2018, after incorporating the 381,392 Bonus Shares issued for the Treasury shares held by the Company, the Company holds 4,544,359 Treasury Shares at a cost of RM3,064,899.

A7. Dividends

There was no dividend declared and/or paid during the financial quarter ended 30 November 2018.

A8. Segmental results

Segmental information for the financial period ended 30 November 2018.

30 November 2018	Investment holdings and others RM'000	Agricultural Chemicals RM'000	Industrial Chemicals RM'000	Logistics RM'000	Media RM'000	Polymer RM'000	Elimination RM'000	Total RM'000
Revenue								
External revenue	15,090	136,602	787,987	19,692	57,406	56,292	-	1,073,069
Inter-segment revenue	5,076	30,740	352	4,794	2,561	60	(43,583)	-
Total revenue	20,166	167,342	788,339	24,486	59,967	56,352		1,073,069
Segment results	(15,551)	22,913	18,437	138	(3,796)	4,014	3,816	29,971
Finance costs								(10,505)
Share of results of associates								105
Profit before taxation								19,571
Tax expense								(10,235)
Net profit for the financial period								9,336
30 November 2017								
Revenue								
External revenue	17,358	156,461	602,331	24,799	55,498	60,819	-	917,266
Inter-segment revenue	3,757	29,878	46	3,703	-	48	(37,432)	-
Total revenue	21,115	186,339	602,377	28,502	55,498	60,867		917,266
Segment results	(20,334)	21,844	13,943	2,789	590	8,341	767	27,940
Finance costs								(7,954)
Share of results of associates								(150)
Profit before taxation								19,836
Tax expense								(11,499)
Net profit for the financial period								8,337

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 30 November 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-to-date including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuing operations except as stated below:

- (i) The Group, via its subsidiary, Nylex Malaysia Berhad ("Nylex") had on 30 March 2018 entered into a Share Sale Agreement with Bon Kok Meng and Astachem Holdings Sdn. Bhd. ("ASCH") for disposal of the total 2,200,000 ordinary shares, representing 100% of the issued and paid-up share capital, in NYL Logistics Sdn. Bhd. ("NYL"), a 60% owned subsidiary of the Company, to ASCH for a total consideration of RM14,400,000 ("Proposed Disposal"). Upon completion of the Proposed Disposal on 28 June 2018, NYL ceased to be a subsidiary of Nylex on the same date.
- (ii) On 13 July 2018, a wholly-owned subsidiary of the Company, Perusahaan Kimia Gemilang Sdn. Bhd. ("PKG") has acquired the remaining 100,000 shares in Dynamic Chemical Pte. Ltd. ("DYM"), representing 10% equity interest in DYM, for a cash consideration of USD170,000 (equivalent to RM686,000). As a result, DYM became a wholly-owned subsidiary of PKG on the same date.
- (iii) On 25 October 2018, PKG entered into a Share Sale Agreement with Retromark Solutions Sdn Bhd ("the Purchaser") for the disposal of 660,000 ordinary shares ("Sale Shares"), representing 30% of the issued and paid-up share capital in Ancom Kimia Sdn. Bhd. ("AKM"), a 60% owned subsidiary of PKG, to the Purchaser for a total consideration of RM1,000,000 ("Purchase Price") ("Proposed Disposal"). Upon completion of the Proposed Disposal on 30 November 2018, AKM ceased to be a subsidiary and became an associate of PKG.

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	8,687
- Approved but not contracted for	378
	<u>9,065</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 30 November 2018

For the six months ended 30 November 2018, the Group recorded higher revenue of RM1.07 billion as compared with RM0.92 billion in the corresponding period last year. Nevertheless, reported lower profit before taxation ("PBT") of RM19.6 million compared with RM19.8 million in the corresponding period last year.

For the financial quarter ended 30 November 2018, the Group recorded higher revenue of RM545.5 million as compared with RM497.7 million in the corresponding last year. Nevertheless, PBT decreased to RM7.1 million compared with RM12.8 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 30 November 2018

Investment Holding and others

The result in this segment includes investment holding, education, information technology ("IT") and electrical businesses. During the current financial quarter, the division posted lower revenue of RM5.9 million compared with RM13.4 million in the corresponding quarter last year due to lower revenue generated from IT business. Consequently, the segment reported a higher segmental loss of RM12.5 million for the current financial quarter compared with RM11.5 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 Chemicals

The Agricultural Chemicals division reported lower revenue of RM73.2 million for the current financial quarter compared with RM89.2 million in the corresponding quarter last year. Nevertheless, the segmental profit increased slightly to RM12.1 million in the current financial quarter compared with RM11.9 million in the corresponding quarter last year.

Industrial Chemicals

The Industrial Chemicals Division posted higher revenue of RM402.7 million compared to RM326.7 million recorded in the corresponding quarter last year, contributed by generally higher selling prices for certain products. The Division posted constant segmental profit of RM11.5 million for the current and corresponding quarter last year.

Logistics

The Logistics Division recorded lower revenue of RM8.9 million compared to RM12.7 million in the corresponding quarter last year, following the disposal of one of the 60% owned subsidiary of Nylex in June 2018. The division reported segmental loss of RM0.3 million compared with RM0.7 million in the corresponding quarter last year, impacted by RM0.9 million foreign exchange loss recognised during the current financial

quarter. The Division registered loss on foreign exchange of RM0.2 million in same period last year.

Media

The Media division posted higher revenue of RM27.2 million compared with RM26.4 million in the corresponding financial quarter last year. Nevertheless, the division reported segmental loss of RM2.8 million in the current financial quarter as compared to segmental profit of RM0.5 million in the corresponding quarter last year due to higher operating costs.

Polymer

The Polymer Division posted lower revenue of RM27.6 million for the current financial quarter compared with RM29.3 million in the corresponding quarter last year mainly due to lower contribution by its manufacturing plant in Shah Alam. As a result of lower revenue, lower product margins and weakening Indonesia Rupiah, the Division posted lower segmental loss of RM1.5 million compared with RM3.7 million in the same corresponding quarter last year.

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

For the current financial quarter ended 30 November 2018, the Group posted higher revenue of RM545.5 million compared with RM527.6 million in the immediate preceding quarter. The Group reported lower PBT of RM7.1 million in the current financial quarter compared with RM12.4 million in the immediate preceding quarter.

B3. Current year prospects

The performance of the key business segments, namely Agricultural and Industrial Chemical Division and Polymer Division is satisfactory in the current financial period and barring any unforeseen circumstances, the business of these key 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 remaining of the 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 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 30.11.2018 RM'000	Year-to-date ended 30.11.2018 RM'000
The profit before taxation is stated after charging/(crediting):		
Finance costs	5,607	10,505
Depreciation and amortisation	6,373	12,790
Foreign exchange loss	(1,025)	(7)
Loss/(Gain) on disposal of subsidiary	947	947
Loss/(Gain) on derecognition of subsidiary	-	(1,423)
Fair value gain on investment	53	(26)
Fair value gain on derivatives	15	-
Gain on disposal of Property, plant and equipment	28	26
Gain on disposal of a subsidiary	-	(1,423)
Provision inventories written off	38	38
Reversal of impairment loss on receivables	(63)	(79)
Interest income	(440)	(835)

B6. Tax expense

	Individual quarter ended		Year-to-date ended	
	30.11.2018	30.11.2017	30.11.2018	30.11.2017
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	5,129	6,325	10,751	10,302
Foreign income tax	446	635	938	1,194
	5,575	6,960	11,689	11,496
Over provision in prior years:				
Malaysian income tax	-	-	-	-
Foreign income tax	-	-	-	-
	5,575	6,960	11,689	11,496
Deferred taxation:				
Relating to original or reversal of temporary differences	694	77	(1,454)	3
Under provision in prior years	-	-	-	-
	6,269	7,037	10,235	11,499

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

On 26 July 2018, the Company announced that it is proposing to undertake the following corporate proposals:

- (i) Propose bonus issue of up to 21,895,634 new ordinary shares in the Company ("Ancom Shares") ("Bonus Shares") to be credited as fully paid-up on the basis of 1 Bonus Share for every 10 existing Ancom Shares held on an entitlement date to be determined later ("**Proposed Bonus Issue**"); and
- (ii) proposed establishment of an employees' share option scheme ("**ESOS**") of up to 10% of the total number of issued shares of the Company at any point in time ("**Proposed ESOS**").

The Proposed Bonus Issue has been completed following the listing and quotation of 21,892,942 new ordinary shares of the Company on the Main Market of Bursa Malaysia Securities Berhad on 7 November 2018.

Other than the Proposed ESOS, there were no other corporate proposals announced but not completed at the date of issuance of this Interim Financial Report.

B9. Borrowings

	30.11.2018	31.05.2018
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	69,447	92,774
United States Dollar	41,907	44,472
Vietnamese Dong	-	-
	111,354	137,246
Unsecured:		
Ringgit Malaysia	238,377	198,377
United States Dollar	2,754	904
	241,131	199,281
Total short term borrowings	352,485	336,527
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	14,289	12,767
United States Dollar	41,513	41,368
Total long term borrowings	55,802	54,135
TOTAL BORROWINGS	408,287	390,662

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

B10. Material litigation

There was no change in material litigation since the date of the last financial quarter except as announced on 6 September 2018.

B11. Dividend

There was no dividend declared and/or paid during the financial quarter ended 30 November 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	
	30.11.2018	30.11.2017	30.11.2018	30.11.2017
Number of ordinary shares ('000)	240,849	218,956	240,849	218,956
Less: Treasury shares ('000)	(4,544)	(3,779)	(4,544)	(3,779)
	236,305	215,177	236,305	215,177
Net profit attributable to ordinary equity holders of the Company (RM'000)	1,802	1,424	8,820	2,533
Weighted average number of ordinary shares in issue ('000)	214,412	215,177	214,729	215,177
Basic earnings per ordinary share (sen)	0.84	0.66	4.11	1.18

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.