

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR FINANCIAL QUARTER ENDED 31 MAY 2019**

	Individual quarter ended		Year-to-date ended	
	31.05.2019	31.05.2018	31.05.2019	31.05.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	480,918	580,075	1,987,717	1,954,809
Cost of sales	(430,194)	(502,387)	(1,757,279)	(1,681,906)
Gross profit	50,724	77,688	230,438	272,903
Other income	25,643	1,446	38,488	12,152
Distribution expenses	(26,885)	(28,834)	(105,920)	(99,828)
Administrative expenses	(27,742)	(32,705)	(107,195)	(109,615)
Other operating expenses	(9,936)	1,311	(14,164)	(9,829)
Finance costs	(5,303)	(6,509)	(21,431)	(19,013)
Share of results of associates	(314)	469	(244)	258
Profit before taxation	6,187	12,866	19,972	47,028
Tax expense	(6,027)	(6,051)	(22,055)	(21,367)
Net (loss)/profit for the financial period	160	6,815	(2,083)	25,661
Net profit/(loss) attributable to				
Equity holders of the Company	10,334	8,510	15,287	17,581
Non-controlling interests	(10,174)	(1,695)	(17,370)	8,080
	160	6,815	(2,083)	25,661
Earnings per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
Basic and diluted earnings per ordinary share	4.91	3.95	7.18	8.17

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 31 MAY 2019**

	Individual quarter ended		Year-to-date ended	
	31.05.2019	31.05.2018	31.05.2019	31.05.2018
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial period	160	6,815	(2,083)	25,661
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	3,836	997	6,943	(14,634)
Re-measurement of defined benefit liability	-	-	56	(30)
Other comprehensive income, net of tax	3,836	997	6,999	(14,664)
Total comprehensive income	3,996	7,812	4,916	10,997
Total comprehensive income/(loss) attributable to				
Equity holders of the Company	12,194	8,926	18,370	11,006
Non-controlling interests	(8,198)	(1,114)	(13,454)	(9)
	3,996	7,812	4,916	10,997

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 31 MAY 2019**

	Unaudited 31.05.2019 RM'000	Audited 31.05.2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	279,611	286,399
Investment properties	337	348
Investment in associates	12,008	2,375
Investment in a joint venture	-	-
Other investments	401	4,893
Intangible assets	26,800	3,791
Goodwill on consolidation	77,925	94,975
Deferred tax assets	26,453	26,226
	423,535	419,007
Current assets		
Inventories	169,826	129,581
Receivables	375,552	510,383
Amounts owing by associates	13,819	10,371
Amount owing by a joint venture	93	88
Current tax assets	2,780	2,762
Other investments	3,042	2,737
Cash and cash equivalents	82,883	139,446
	647,995	795,368
TOTAL ASSETS	1,071,530	1,214,375
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	245,766	218,956
Reserves	77,595	100,755
Less : Treasury Shares, at cost	(5,566)	(2,473)
	317,795	317,238
Non-controlling interests	137,783	168,407
TOTAL EQUITY	455,578	485,645
LIABILITIES		
Non-current liabilities		
Borrowings	50,990	54,135
Deferred tax liabilities	10,926	9,926
Provision for retirement benefits	4,666	4,672
	66,582	68,733
Current liabilities		
Payables	220,014	319,136
Amounts owing to associates	8,399	27
Borrowings	317,818	336,527
Current tax payables	3,139	4,307
	549,370	659,997
Total Liabilities	615,952	728,730
TOTAL EQUITY AND LIABILITIES	1,071,530	1,214,375
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.35	1.52

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 31 MAY 2019**

	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	-	-	-	-	-	-	(16,327)	(16,327)	(4,917)	(21,244)
Restated balance as at 1 June 2018	218,956	4,332	203	7,696	4,987	(2,473)	67,210	300,911	163,490	464,401
Total comprehensive income	-	-	-	3,027	-	-	15,343	18,370	(13,454)	4,916
Transactions with owners										
Issuance of Bonus Shares	21,893	(4,332)	-	-	-	(382)	(17,179)	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(3,459)	(3,459)
Acquisition of non-controlling interest of a subsidiary	-	-	-	-	-	-	94	94	(619)	(525)
Repurchase of ordinary shares of the Company	-	-	-	-	-	(2,711)	-	(2,711)	-	(2,711)
Increase of share capital of a subsidiary	-	-	-	-	-	-	-	-	148	148
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	-	(5,180)	(5,180)
Disposal of equity interest of a subsidiaries	-	-	-	-	-	-	1,131	1,131	1,564	2,695
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,943)	(2,943)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(1,764)	(1,764)
	21,893	(4,332)	-	-	-	(3,093)	(15,954)	(1,486)	(12,253)	(13,739)
Transfer pursuant to Companies Act 2016	4,917	-	70	-	(4,987)	-	-	-	-	-
Balance as at 31 May 2019	245,766	-	273	10,723	-	(5,566)	66,599	317,795	137,783	455,578

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 31 MAY 2019**

	Year-to-date ended	
	31.05.2019	31.05.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,972	47,028
Adjustments for non-cash items	42,957	45,840
Operating profit before working capital changes	<u>62,929</u>	<u>92,868</u>
Inventories	(40,245)	17,412
Receivables	93,191	(88,292)
Payables	(99,124)	36,278
Group companies	4,924	(3,511)
Net cash generated from/(used in) operations	<u>21,675</u>	<u>54,755</u>
Income tax paid	(22,467)	(23,328)
Retirement benefit paid	(272)	(2)
Dividend received		10
Net cash generated from operating activities	<u>(1,064)</u>	<u>31,435</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,132)	(21,855)
Interest received	1,578	1,557
Acquisition of subsidiaries	(1,125)	(254)
Disposal of equity interest in subsidiaries	5,831	13,165
Purchase of intangible assets	(5,898)	(1,134)
Proceeds from disposal of property, plant and equipment	1,270	802
Purchase of other investments	4,188	(4,975)
Acquisition of non-controlling interest of a subsidiary	(610)	-
Net cash flows on disposal and derecognition of subsidiaries	7,523	46
Purchase of treasury shares of a subsidiary from non-controlling interests	(5,180)	(3,496)
Placement of short term deposits pledged to licensed banks	278	(8,847)
Net cash used in investing activities	<u>(8,277)</u>	<u>(24,991)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest of subsidiaries	(1,764)	(3,170)
Interest paid	(21,431)	(19,013)
Dividend paid to shareholders of the Company	-	-
Net drawdown/(repayments) of hire-purchase and lease creditors	2,595	(3,047)
Net (repayment)/drawdown of borrowings	(16,675)	14,899
Dividends paid to non-controlling interest	(2,943)	(2,079)
Purchase of ordinary shares of the Company from owners	(2,712)	-
Net cash used in financing activities	<u>(42,930)</u>	<u>(12,410)</u>
Net decrease in cash and cash equivalents	<u>(52,271)</u>	<u>(5,966)</u>
Cash and cash equivalents at the beginning of the financial period	98,048	107,314
Effect of exchange rate changes	3,760	(3,300)
Cash and cash equivalents at the end of the financial period	<u>49,537</u>	<u>98,048</u>
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	62,775	100,087
Bank overdrafts	(18,805)	(26,579)
Short term deposits	20,108	39,359
	<u>64,078</u>	<u>112,867</u>
Less : Short term deposits pledged to banks	(11,380)	(11,166)
Short term deposits with maturity more than 3 months	(3,161)	(3,653)
	<u>49,537</u>	<u>98,048</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 31 MAY 2019

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	Foreign Currency Transactions and Advance
IC Interpretation 22	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	Retrospective adjustment	Restated balance
	RM'000	MFRS 9 RM'000	RM'000
Current assets			
Trade and other receivables	510,383	(21,244)	489,139
Equity			
Retained earnings	83,537	(16,327)	67,210
Non-controlling interests	168,407	(4,917)	163,490

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 were no material changes in estimates amounts reported that have a material effect on the financial quarter ended 31 May 2019.

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 2019 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
December 2018	912,900	0.52	0.45	0.49	449,148
January 2019	2,555,000	0.51	0.43	0.47	1,176,213
February 2019	341,900	0.52	0.44	0.48	168,497
March 2019	222,600	0.51	0.47	0.49	108,084
April 2019	198,300	0.49	0.44	0.46	93,044
May 2019	1,112,900	0.47	0.44	0.46	506,570
Total for the financial period	<u>5,726,700</u>				<u>2,711,792</u>

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

As at 31 May 2019, after incorporating the 381,392 Bonus Shares issued for the Treasury shares held by the Company, the Company holds 9,887,956 Treasury Shares at a cost of RM5,566,455.

A7. Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 May 2019.

A8. Segmental results

Segmental information for the financial period ended 31 May 2019.

31 May 2019	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	24,563	275,263	1,430,579	40,021	108,224	109,067	-	1,987,717
Inter-segment revenue	26,083	76,654	491	9,833	490	60	(113,611)	-
Total revenue	50,646	351,917	1,431,070	49,854	108,714	109,127		1,987,717
Segment results	(32,313)	48,119	11,239	3,726	(8,844)	11,187	8,533	41,647
Finance costs								(21,431)
Share of results of associates								(244)
Profit before taxation								19,972
Tax expense								(22,055)
Net loss for the financial year								(2,083)
 31 May 2018								
Revenue								
External revenue	34,410	304,429	1,290,334	50,993	148,866	125,777	-	1,954,809
Inter-segment revenue	18,675	57,361	465	7,738	3,106	48	(87,393)	-
Total revenue	53,085	361,790	1,290,799	58,731	151,972	125,825		1,954,809
Segment results	(28,939)	43,171	29,779	9,629	(4,393)	14,244	2,292	65,783
Finance costs								(19,013)
Share of results of associates								-
Profit before taxation								47,028
Tax expense								(21,367)
Net profit for the financial year								25,661

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 2019.

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 Nylex, 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 31 May 2019, AKM ceased to be a subsidiary and became an associate of PKG.
- (iv) On 22 April 2019, a wholly-owned subsidiary of the Company, Redberry Sdn. Bhd. ("RSB"), had on 19 April 2019, entered into a Share Sale Agreement ("SSA") with VGI Global Media (Malaysia) Sdn. Bhd. ("VGI Malaysia") for the disposal of 6,850,042 ordinary shares, representing 40% of the issued and paid-up share capital, in Puncak Berlian Sdn Bhd ("PBSB") held by RSB to VGI Malaysia at a consideration of RM9,600,000 (Ringgit Malaysia Nine Million and Six Hundred Thousand) only, subject to the terms and conditions stipulated in the SSA ("Proposal") and the fulfilment of the conditions precedent.

Upon completion of the Disposal on 31 May 2019, PBSB ceased to be a subsidiary of RBSB on the same date.

A12. Changes in contingent liabilities

The Group's contingent liabilities stood at RM53.6 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	1,534
- Approved but not contracted for	1,662
	<u>3,196</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 May 2019

For the financial year ended 31 May 2019, the Group recorded higher revenue of RM1.99 billion as compared with RM1.96 billion last year. Nevertheless, the Group posted lower profit before taxation ("PBT") of RM20.0 million compared with RM47.0 million in last year.

For the financial quarter ended 31 May 2019, the Group recorded lower revenue of RM480.9 million as compared with RM580.1 million in the corresponding last year. Consequently, the Group reported lower PBT of RM6.2 million compared to RM12.9 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 May 2019

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 RM4.4 million compared with RM7.9 million in the corresponding quarter last year due to lower revenue generated from IT and education businesses. Consequently, the Division reported higher segmental loss of RM15.7 million for the current financial quarter compared with RM9.7 million in the corresponding quarter last year.

Agricultural Chemicals

The Agricultural Chemicals division reported lower revenue of RM68.3 million for the current financial quarter compared with RM75.9 million in the corresponding quarter last year. Nevertheless, the segmental profit increased to RM12.8 million in the current financial quarter compared with RM11.3 million in the corresponding quarter last year due to higher profit margins from changes in sales mix.

Industrial Chemicals

The Industrial Chemicals Division posted lower revenue of RM347.9 million compared with RM381.5 million recorded in the corresponding quarter last year, contributed by lower volume sold coupled with generally lower average selling prices for certain products. The Division posted segmental loss of RM0.5 million for the current quarter compared to segmental profit of RM7.9 million in the corresponding quarter last year due to lower revenue and lower margin earned on certain products.

Logistics

The Logistics Division recorded lower revenue of RM11.9 million compared to RM13.1 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 lower segmental profit of RM0.6 million compared with RM4.8 million in the corresponding quarter last year after recognising foreign exchange loss of RM1.3 million during the financial quarter.

Foreign exchange gain of RM2.7 million was recognised in books same period last year.

Media

The Media division posted lower revenue of RM22.6 million compared with RM66.9 million in the corresponding financial quarter last year. The Division reported lower segmental loss of RM0.3 million in the current financial quarter as compared with RM0.9 million in the corresponding quarter last year mainly due to a gain on disposal of subsidiaries which amounted to RM24.2 million.

Polymer

The Polymer Division posted lower revenue of RM25.9 million for the current financial quarter compared with RM34.9 million in the corresponding quarter last year as a result of generally weak market sentiment. Nevertheless, the Division posted higher segmental profit of RM5.8 million compared with RM2.7 million in the same corresponding quarter last year, mainly attributable to some reversal of provisions no longer required.

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 2019, the Group posted higher revenue of RM480.9 million compared with RM433.7 million in the immediate preceding quarter. Consequently, the Group's result improved to PBT of RM3.3 million in the current financial quarter compared to loss before taxation of RM5.8 million in the immediate preceding quarter.

B3. Prospects for the next financial year

The performance of the Agricultural Chemicals Division is satisfactory in the current financial period and barring any unforeseen circumstances, the agricultural chemical business should remain satisfactory. However, challenging business environment is expected to persist for the Industrial Chemicals and Polymer divisions. The market volatility and softening global demand will continue to put downward pressure on product margins for the Industrial Chemicals and Polymer divisions. As 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.

B5. Profit before taxation

	Individual quarter ended 31.05.2019 RM'000	Year-to-date ended 31.05.2019 RM'000
The profit before taxation is stated after charging/(crediting):		
Finance costs	5,303	21,431
Bad debts written off	(5)	1
Depreciation and amortisation	15,844	34,993
Foreign exchange loss	(3,952)	(3,303)
Loss on derecognition of subsidiary	-	947
Fair value loss on investment	281	314
Fair value loss on derivatives	(8)	-
Gain on disposal of Property, plant and equipment	14	(15)
Gain on disposal of subsidiaries	(24,235)	(25,658)
Provision inventories written off	-	50
Reversal of impairment loss on receivables	940	819
Interest income	(352)	(1,578)

B6. Tax expense

	Individual quarter ended		Year-to-date ended	
	31.05.2019	31.05.2018	31.05.2019	31.05.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	1,162	5,040	18,040	18,593
Foreign income tax	149	1,442	2,526	3,289
	1,311	6,482	20,566	21,882
Over provision in prior years	1,505	(988)	1,487	(1,040)
	2,816	5,494	22,053	20,842
Deferred taxation:				
Relating to original or reversal of temporary differences	3,197	557	(12)	525
	6,027	6,051	22,055	21,367

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

Proposed Bonus Issue

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. No options have been granted under the ESOS as at 31 May 2019

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

B9. Borrowings

	31.05.2019	31.05.2018
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	66,205	92,774
United States Dollar	1,433	44,472
Vietnamese Dong	782	-
	68,420	137,246
Unsecured:		
Ringgit Malaysia	215,081	198,377
United States Dollar	34,317	904
	249,398	199,281
Total short term borrowings	317,818	336,527
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	12,432	12,767
United States Dollar	38,558	41,368
Total long term borrowings	50,990	54,135
TOTAL BORROWINGS	368,808	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 08 April 2019.

B11. Dividend

There was no dividend declared and/or paid during the financial quarter ended 31 May 2019.

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	
	31.05.2019	31.05.2018	31.05.2019	31.05.2018
Number of ordinary shares ('000)	240,849	218,956	240,849	218,956
Less: Treasury shares ('000)	(9,888)	(3,779)	(9,888)	(3,779)
	230,961	215,177	230,961	215,177
Net profit attributable to ordinary equity holders of the Company	10,334	8,510	15,287	17,581
Weighted average number of ordinary shares in issue ('000)	210,602	215,177	212,921	215,177
Basic earnings per ordinary share (sen)	4.91	3.95	7.18	8.17

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.