

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR FINANCIAL QUARTER ENDED 30 NOVEMBER 2019**

	Individual quarter ended		Year-to-date ended	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
	RM'000	RM'000	RM'000	RM'000
Revenue	398,065	545,482	802,335	1,073,069
Cost of sales	(341,324)	(481,558)	(695,614)	(941,991)
Gross profit	56,741	63,924	106,721	131,078
Other income	1,083	2,258	6,776	9,170
Distribution expenses	(25,344)	(26,743)	(48,703)	(53,103)
Administrative expenses	(23,611)	(24,811)	(43,099)	(52,740)
Other operating expenses	269	(1,909)	(3,088)	(4,434)
Finance costs	(4,625)	(5,607)	(9,163)	(10,505)
Share of results of associates	478	29	(579)	105
Profit before taxation	4,991	7,141	8,865	19,571
Tax expense	(4,081)	(6,269)	(8,736)	(10,235)
Net profit for the financial period	910	872	129	9,336
Net profit/(loss) attributable to				
Owners of the parent	1,254	1,802	1,938	8,820
Non-controlling interests	(344)	(930)	(1,809)	516
	910	872	129	9,336
Earnings per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
Basic and diluted earnings per ordinary share	0.56	0.84	0.86	4.11

The Unaudited Condensed Income Statement should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2019 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL QUARTER ENDED 30 NOVEMBER 2019**

	Individual quarter ended		Year-to-date ended	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	910	872	129	9,336
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	(1,047)	4,627	467	6,717
Re-measurement of defined benefit liability	-	-	-	-
Other comprehensive income, net of tax	(1,047)	4,627	467	6,717
Total comprehensive income	(137)	5,499	596	16,053
Total comprehensive income/(loss) attributable to				
Owners of the parent	753	3,950	2,161	11,707
Non-controlling interests	(890)	1,549	(1,565)	4,346
	(137)	5,499	596	16,053

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 2019 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2019**

	Unaudited 30.11.2019 RM'000	Audited 31.05.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	283,121	280,355
Investment properties	337	337
Investment in associates	10,688	12,008
Investment in a joint venture	-	-
Other investments	617	617
Intangible assets	24,129	26,055
Goodwill on consolidation	77,916	77,926
Rights-of-use assets	35,166	-
Deferred tax assets	27,289	26,453
	459,263	423,751
Current assets		
Inventories	130,578	170,868
Receivables	309,266	365,962
Amounts owing by associates	27,654	18,444
Amount owing by a joint venture	5	5
Contract assets	6,019	15,970
Current tax assets	1,056	1,976
Other investments	3,602	3,042
Cash and cash equivalents	91,129	84,201
	569,309	660,468
TOTAL ASSETS	1,028,572	1,084,219
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	245,766	245,766
Reserves	77,890	75,262
Less : Treasury Shares, at cost	(9,476)	(5,566)
	314,180	315,462
Non-controlling interests	133,630	139,443
TOTAL EQUITY	447,810	454,905
LIABILITIES		
Non-current liabilities		
Borrowings	47,186	50,770
Long term lease liabilities	18,263	-
Deferred tax liabilities	11,047	10,983
Provision for retirement benefits	4,905	4,666
	81,401	66,419
Current liabilities		
Payables	167,705	215,920
Amounts owing to associates	15,580	8,399
Borrowings	291,664	318,038
Short term lease liabilities	16,903	-
Contract liabilities	1,895	16,790
Current tax payables	5,614	3,748
	499,361	562,895
Total Liabilities	580,762	629,314
TOTAL EQUITY AND LIABILITIES	1,028,572	1,084,219
Net assets per share attributable to owners of the parent (RM)	1.38	1.57

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 2019 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 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	7,696	4,987	(2,473)	83,537	317,238	168,407	485,645
Effect on the adoption of MFRS 9	-	-	-	-	-	-	(16,901)	(16,901)	(4,805)	(21,706)
Restated balance as at 1 June 2018	218,956	4,332	203	7,696	4,987	(2,473)	66,636	300,337	163,602	463,939
Total comprehensive income	-	-	-	2,875	-	-	15,188	18,063	(13,287)	4,776
Transactions with owners										
Issuance of Bonus Shares	21,893	(4,332)	-	-	-	(382)	(17,179)	-	-	-
Transfer pursuant to Section 618(2) of the Companies Act 2016	4,917	-	70	-	(4,987)	-	-	-	-	-
Additional interest in subsidiaries	-	-	-	135	-	-	(74)	61	(592)	(531)
Repurchase of ordinary shares of the Company	-	-	-	-	-	(2,711)	-	(2,711)	-	(2,711)
Disposal/Derecognition of subsidiaries	-	-	-	-	-	-	-	-	(3,459)	(3,459)
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	-	(5,179)	(5,179)
Disposal of equity interest in subsidiaries	-	-	-	-	-	-	(288)	(288)	3,065	2,777
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,943)	(2,943)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(1,764)	(1,764)
	26,810	(4,332)	70	135	(4,987)	(3,093)	(17,541)	(2,938)	(10,872)	(13,810)
Balance as at 31 May 2019/1 June 2019	245,766	-	273	10,706	-	(5,566)	64,283	315,462	139,443	454,905
Total comprehensive income	-	-	-	223	-	-	1,938	2,161	(1,565)	596
Transactions with owners										
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	1,148	1,148
Acquisition of non-controlling interest of a subsidiary	-	-	-	-	-	-	467	467	(1,767)	(1,300)
Repurchase of ordinary shares of the Company	-	-	-	-	-	(3,910)	-	(3,910)	-	(3,910)
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	-	(2,845)	(2,845)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(784)	(784)
	-	-	-	-	-	(3,910)	467	(3,443)	(4,248)	(7,691)
Balance as at 30 November 2019	245,766	-	273	10,929	-	(9,476)	66,688	314,180	133,630	447,810

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 2019 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2019**

	Year-to-date ended	
	30.11.2019	30.11.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,866	19,571
Adjustments for non-cash items	25,562	26,258
Operating profit before working capital changes	<u>34,428</u>	45,829
Inventories	40,290	(26,238)
Receivables	66,647	(29,596)
Payables	(63,111)	9,207
Group companies	(2,029)	5,772
Net cash generated from operations	<u>76,225</u>	4,974
Income tax paid	(6,721)	(7,646)
Retirement benefit paid	(272)	(272)
Net cash generated from operating activities	<u>69,232</u>	(2,944)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16,466)	(13,855)
Interest received	572	835
Acquisition of a subsidiary	1,612	-
Acquisition of associates	-	(1,125)
Disposal of equity interest in subsidiaries	-	2,931
Purchase of intangible assets	-	(243)
Proceeds from disposal of property, plant and equipment	280	824
Purchase of other investments	(561)	(2,547)
Acquisition of non-controlling interest of a subsidiary	(1,300)	(687)
Net cash flows on disposal and derecognition of subsidiaries	-	1,968
Purchase of treasury shares of a subsidiary from non-controlling interests (Placement)/Withdrawal of short term deposits pledged to licensed banks	(2,845) (321)	(1,167) 280
Net cash used in investing activities	<u>(19,029)</u>	(12,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest of subsidiaries	(784)	-
Interest paid	(9,163)	(10,505)
Dividend paid to shareholders of the Company	-	-
Net drawdown/(repayments) of hire-purchase and lease creditors	(385)	1,913
Net (repayment)/drawdown of borrowings	(25,662)	20,977
Dividends paid to non-controlling interest	-	-
Purchase of ordinary shares of the Company from owners	(3,910)	(210)
Net cash used in financing activities	<u>(39,904)</u>	12,175
Net decrease in cash and cash equivalents	10,299	(3,555)
Cash and cash equivalents at the beginning of the financial period	62,913	98,048
Effect of exchange rate changes	219	(1,320)
Cash and cash equivalents at the end of the financial period	<u>73,431</u>	<u>93,173</u>
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	64,467	106,608
Bank overdrafts	(15,007)	(21,314)
Short term deposits	26,662	22,418
	<u>76,122</u>	107,712
Less : Short term deposits pledged to banks	(143)	(11,380)
Short term deposits with maturity more than 3 months	(2,548)	(3,159)
	<u>73,431</u>	<u>93,173</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 2019 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 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 2019. 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 2019.

For the financial periods up and including the financial year ended 31 May 2019, 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 2019 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 2019:

Accounting Standards and amendments:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 3	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 11	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 112	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 123	Annual Improvements to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 119	Plan, Amendment, Curtailment or Settlement

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

MFRS 16 Leases

The Group has adopted MFRS 16 Leases using the modified retrospective approach with a date of initial application on 1 June 2019. As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance lease and operating lease under the MFRS 117 Leases are no longer required.

Under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

In respect of the lessor accounting, MFRS 16 retains most of the requirements in MFRS 117. Lessor continues to classify its leases as operating leases or finance leases, and account for them differently.

A2 Auditors' report

The audited financial statements of Ancom and its subsidiaries for the financial year ended 31 May 2019 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 30 November 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 30 November 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
June 2019	429,000	0.480	0.440	0.460	201,138
July 2019	549,600	0.495	0.460	0.478	261,140
August 2019	663,400	0.480	0.450	0.465	310,620
September 2019	764,900	0.495	0.455	0.490	360,384
October 2019	2,099,400	0.500	0.455	0.480	1,002,187
November 2019	3,688,400	0.480	0.455	0.475	1,774,126
Total for the financial period	<u>8,194,700</u>				<u>3,909,595</u>
Balance brought forward	<u>9,887,959</u>				<u>5,566,455</u>
Balance as at reporting date	<u>18,082,659</u>				<u>9,476,050</u>

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

As at 30 November 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 30 November 2019.

A8. Segmental results

Segmental information for the financial period ended 30 November 2019.

30 November 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	11,447	119,933	569,724	22,062	29,811	49,358	-	802,335
Inter-segment revenue	4,127	34,190	86	4,847	71	7	(43,328)	-
Total revenue	15,574	154,123	569,810	26,909	29,882	49,365		802,335
Segment results	(12,259)	19,530	2,704	3,592	(889)	4,659	1,270	18,607
Finance costs								(9,163)
Share of results of associates								(579)
Profit before taxation								8,865
Tax expense								(8,736)
Net profit for the financial period								129
30 November 2018								
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

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 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:

On 14 June 2019, a wholly-owned subsidiary of Nylex, Perusahaan Kimia Gemilang Sdn. Bhd. ("PKG") has entered into a share sale agreement with Retromark Solutions Sdn. Bhd. for the acquisition of 660,000 ordinary shares, representing 30% of the issued and paid-up share capital in Ancom Kimia Sdn. Bhd. ("AKM") for a total consideration of RM1,000,000 ("Proposed Acquisition"). Upon completion of the Proposed Acquisition on 8 July 2019, AKM became a 60% owned subsidiary of PKG.

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	2,274
- Approved but not contracted for	-
	<u>2,274</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 2019

For the six months ended 30 November 2019, the Group recorded lower revenue of RM802.3 million as compared with RM1.07 billion in the corresponding period last year. Consequently, the Group reported lower profit before taxation ("PBT") of RM8.9 million as compared with RM19.6 million in the corresponding period last year.

For the financial quarter ended 30 November 2019, the Group recorded lower revenue of RM398.1 million as compared with RM545.5 million in the corresponding last year. Consequently, the Group reported lower PBT of RM5.0 million compared to RM7.1 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 2019

Investment Holding and others

The results in this segment includes investment holding, education, information technology ("IT") and electrical businesses. During the current financial quarter, the division posted lower revenue of RM5.3 million compared with RM5.9 million in the corresponding quarter last year due to lower revenue generated from education businesses. Nevertheless, the Division reported lower segmental loss of RM8.0 million for the current financial quarter compared with RM12.5 million in the corresponding quarter last year mainly due to reduction of corporate expenses in the investment holding company and improvement of results in electrical business.

Agricultural Chemicals

The Agricultural Chemicals division reported lower revenue of RM57.3 million for the current financial quarter compared with RM73.2 million in the corresponding quarter last year. Segmental profit decreased to RM10.3 million in the current financial quarter compared with RM12.1 million in the corresponding quarter last year in line with lower revenue reported. Sales of the division was affected by the lower trading business in the current quarter.

Industrial Chemicals

The Industrial Chemicals Division posted lower revenue of RM286.0 million compared with RM402.7 million recorded in the corresponding quarter last year, attributed by lower volume and generally lower average selling prices. The Division posted lower segmental profit of RM0.8 million for the current quarter compared to segmental profit of RM11.5 million in the corresponding quarter last year in tandem with lower revenue and lower margin earned on certain products.

Logistics

The Logistics Division recorded higher revenue of RM11.1 million compared to RM8.9 million in the corresponding quarter last year. The Division reported segmental profit of

RM2.2 million compared with segment loss of RM0.3 million in the corresponding quarter last year.

Media

Following the disposal of 40% equity interest in Puncak Berlian Sdn. Bhd., the Media division posted lower revenue of RM15.0 million compared with RM27.2 million in the corresponding financial quarter last year. The Division reported segmental profit of RM1.1 million in the current financial quarter as compared with segmental loss of RM2.8 million in the corresponding quarter last year due to lower operating costs.

Polymer

The Polymer Division posted lower revenue of RM23.4 million for the current financial quarter compared with RM27.6 million in the corresponding quarter last year mainly due to lower contribution by both its manufacturing plant in Shah Alam and Surabaya, Indonesia. Despite lower revenue, the Division posted higher segmental profit of RM2.3 million compared with RM1.5 million in the same corresponding quarter last year, attributed to better margins on product mix.

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 2019, the Group posted lower revenue of RM398.1 million compared with RM404.3 million in the immediate preceding quarter. The Group reported higher PBT of RM5.0 million in the current financial quarter compared to PBT of RM3.9 million in the immediate preceding quarter mainly due to lower operating expenses incurred.

B3. Current year prospects

The challenging business environment is expected to persist in the coming financial year as a result of the ongoing trade war between the US and China. Market volatility and softening global demand will continue to put downward pressure on our profit margins across all chemical business segments. The immediate outlook for the Media Division is also expected to be challenging due to weak domestic market sentiment.

The Board will continue to exercise caution in managing the Group's businesses in the remaining of the financial year and will explore ways to improve revenue growth while strengthening operational and production efficiencies.

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 30.11.2019 RM'000	Year-to-date ended 30.11.2019 RM'000
The profit before taxation is stated after charging/(crediting):		
Finance costs	4,625	9,163
Depreciation and amortisation	7,637	15,561
Foreign exchange loss	(1,938)	(1,915)
Gain on remeasurement of associate	-	(259)
Fair value loss on investment	5	149
Fair value gain on derivatives	-	(8)
Property, plant and equipment written off	281	340
Write-back of inventories written off	-	(400)
Reversal of impairment loss on receivables	(95)	(98)
Interest income	(287)	(572)

B6. Tax expense

	Individual quarter ended		Year-to-date ended	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	3,935	5,129	8,427	10,751
Foreign income tax	597	446	1,133	938
	4,532	5,575	9,560	11,689
Over provision in prior years	-	-	-	-
	4,532	5,575	9,560	11,689
Deferred taxation:	(451)	694	(824)	(1,454)
	4,081	6,269	8,736	10,235

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 as at the date of this report.

B9. Borrowings

	30.11.2019	31.05.2018
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	86,054	88,661
United States Dollar	11,170	14,363
Vietnamese Dong	3,055	782
	100,279	103,806
Unsecured:		
Ringgit Malaysia	158,633	177,250
United States Dollar	32,752	36,982
	191,385	214,232
Total short term borrowings	291,664	318,038
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	11,278	12,212
United States Dollar	35,908	38,558
Total long term borrowings	47,186	50,770
TOTAL BORROWINGS	338,850	368,808

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 30 November 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:

	30.11.2019	30.11.2018	30.11.2019	30.11.2018
Number of ordinary shares ('000)	240,849	240,849	240,849	240,849
Less: Treasury shares ('000)	(18,083)	(4,544)	(18,083)	(4,544)
	222,766	236,305	222,766	236,305
Net profit attributable to owners of the parent	1,254	1,802	1,938	8,820
Weighted average number of ordinary shares in issue ('000)	222,767	214,412	225,363	214,729
Basic earnings per ordinary share (sen)	0.56	0.84	0.86	4.11

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.