

ANCOM BERHAD (Company No: 196901000122(8440-M))
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR FINANCIAL QUARTER ENDED 31 MAY 2020**

	Individual quarter ended		Year-to-date ended	
	31.05.2020 RM'000	31.05.2019 RM'000	31.05.2020 RM'000	31.05.2019 RM'000
Revenue	309,448	480,092	1,472,285	1,986,891
Cost of sales	(256,506)	(429,298)	(1,263,804)	(1,756,383)
Gross profit	52,942	50,794	208,481	230,508
Other income	7,014	25,273	21,535	38,118
Distribution expenses	(20,001)	(26,885)	(90,618)	(105,920)
Administrative expenses	(33,876)	(31,717)	(104,094)	(111,170)
Other operating expenses	(9,060)	(4,070)	(14,278)	(8,298)
Finance costs	(5,790)	(5,387)	(19,070)	(21,515)
Share of results of associates	(1,399)	(314)	(2,788)	(244)
(Loss)/Profit before taxation	(10,170)	7,694	(832)	21,479
Tax expense	(6,958)	(7,522)	(18,060)	(23,550)
Net (loss)/profit for the financial year	(17,128)	172	(18,892)	(2,071)
Net (loss)/profit attributable to				
Owners of the parent	(11,799)	10,179	(9,696)	15,132
Non-controlling interests	(5,329)	(10,007)	(9,196)	(17,203)
	(17,128)	172	(18,892)	(2,071)
(Loss)/Earnings per ordinary share attributable to equity holders of the Company	Sen	Sen	Sen	Sen
Basic and diluted (loss)/earnings per ordinary share	(5.30)	4.38	(4.31)	6.44

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.

ANCOM BERHAD (Company No: 196901000122(8440-M))
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL QUARTER ENDED 31 MAY 2020**

	Individual quarter ended		Year-to-date ended	
	31.05.2020	31.05.2019	31.05.2020	31.05.2019
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial year	(17,128)	172	(18,892)	(2,071)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation	(4,460)	3,684	(2,816)	6,791
Re-measurement of defined benefit liability	(7)	-	(28)	56
Other comprehensive income, net of tax	(4,467)	3,684	(2,844)	6,847
Total comprehensive (loss)/income	(21,595)	3,856	(21,736)	4,776
Total comprehensive (loss)/income attributable to				
Owners of the parent	(13,758)	11,887	(10,788)	18,063
Non-controlling interests	(7,837)	(8,031)	(10,948)	(13,287)
	(21,595)	3,856	(21,736)	4,776

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.

ANCOM BERHAD (Company No: 196901000122(8440-M))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2020**

	Unaudited 31.05.2020 RM'000	Audited 31.05.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	201,721	280,355
Investment properties	326	337
Investment in associates	7,867	12,008
Investment in a joint venture	-	-
Other investments	448	617
Intangible assets	22,082	26,055
Goodwill on consolidation	68,330	77,926
Rights-of-use assets	103,149	-
Deferred tax assets	25,988	26,453
	429,911	423,751
Current assets		
Inventories	128,873	170,868
Receivables	275,456	365,962
Amounts owing by associates	14,323	18,444
Amount owing by a joint venture	5	5
Contract assets	10,128	15,970
Current tax assets	4,338	1,976
Other investments	3,288	3,042
Cash and cash equivalents	97,857	84,201
	534,268	660,468
TOTAL ASSETS	964,179	1,084,219
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	245,766	245,766
Reserves	75,659	75,262
Less : Treasury Shares, at cost	(9,688)	(5,566)
	311,737	315,462
Non-controlling interests	111,826	139,443
TOTAL EQUITY	423,563	454,905
LIABILITIES		
Non-current liabilities		
Borrowings	39,755	50,770
Long term lease liabilities	10,988	-
Deferred tax liabilities	10,936	10,983
Provision for retirement benefits	4,561	4,666
	66,240	66,419
Current liabilities		
Payables	158,814	215,920
Amounts owing to associates	-	8,399
Borrowings	282,313	318,038
Short term lease liabilities	24,126	-
Contract liabilities	4,099	16,790
Current tax payables	5,024	3,748
	474,376	562,895
Total Liabilities	540,616	629,314
TOTAL EQUITY AND LIABILITIES	964,179	1,084,219
Net assets per share attributable to owners of the parent (RM)	1.55	1.51

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: 196901000122(8440-M))
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2020**

	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/(loss)	-	-	-	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 loss	-	-	-	(1,064)	-	-	(9,724)	(10,788)	(10,948)	(21,736)
Transactions with owners										
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	1,149	1,149
Accretion of equity interest of a subsidiary	-	-	-	1,110	-	-	10,435	11,545	(11,545)	-
Acquisition of non-controlling interest of a subsidiary	-	-	-	-	-	-	467	467	(1,767)	(1,300)
Repurchase of ordinary shares of the Company	-	-	-	-	-	(4,122)	-	(4,122)	-	(4,122)
Disposal of equity interest of a subsidiary to non-controlling interest	-	-	-	-	-	-	(827)	(827)	982	155
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	-	(2,854)	(2,854)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(2,634)	(2,634)
	-	-	-	1,110	-	(4,122)	10,075	7,063	(16,669)	(9,606)
Balance as at 31 May 2020	245,766	-	273	10,752	-	(9,688)	64,634	311,737	111,826	423,563

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 31 MAY 2020**

	Year-to-date ended	
	31.05.2020 RM'000	31.05.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(832)	21,479
Adjustments for non-cash items	88,545	29,721
Operating profit before working capital changes	87,713	51,200
Inventories	41,995	(41,709)
Receivables	94,701	60,936
Payables	(69,798)	(11,080)
Group companies	(4,278)	(269)
Net cash generated from operations	150,333	59,078
Income tax paid	(18,729)	(24,222)
Retirement benefit paid	(301)	(471)
Net cash generated from operating activities	131,303	34,385
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(24,951)	(30,459)
Interest received	1,212	1,578
Acquisition of a subsidiary	1,027	-
Acquisition of associates	-	(3,250)
Disposal of equity interest in subsidiaries	155	2,777
Purchase of intangible assets	-	(1,006)
Proceeds from disposal of property, plant and equipment	443	1,385
Purchase of other investments	(76)	(4,666)
Acquisition of non-controlling interest of a subsidiary	(1,300)	(531)
Net cash flows on acquisition of a subsidiary	152	-
Net cash flows on disposal and derecognition of subsidiaries	-	8,247
Purchase of treasury shares of a subsidiary from non-controlling interests (Placement)/Withdrawal of short term deposits pledged to licensed banks	(2,854) (1,437)	(5,179) 11,953
Net cash used in investing activities	(27,629)	(19,151)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest of subsidiaries	(2,634)	(1,764)
Interest paid	(16,917)	(21,515)
Net repayments of hire-purchase and lease creditors	-	(2,845)
Repayment of lease liabilities	(30,309)	-
Net repayment of borrowings	(40,087)	(18,294)
Dividends paid to non-controlling interest	-	(2,943)
Purchase of ordinary shares of the Company from owners	(4,122)	(2,711)
Net cash used in financing activities	(94,069)	(50,072)
Net increase in cash and cash equivalents	9,605	(34,838)
Cash and cash equivalents at the beginning of the financial period	62,913	98,048
Effect of exchange rate changes	1,273	(297)
Cash and cash equivalents at the end of the financial period	73,791	62,913
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	80,767	64,093
Bank overdrafts	(20,259)	(18,918)
Short term deposits	17,090	20,108
	77,598	65,283
Less : Short term deposits pledged to banks	(148)	(143)
Short term deposits with maturity more than 3 months	(3,659)	(2,227)
	73,791	62,913

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

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2020

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.

The impacts of adopting MFRS 16 to opening balances of the Group as at 1 June 2019 are as follows:

Statements of financial position

	Impact of change in account policies		
	As at 31 May 2019 RM'000	Effect of MFRS 16 RM'000	As at 1 June 2019 RM'000
Non-current assets			
Property, plant and equipment	280,355	(79,290)	201,065
Right-of-use assets	-	129,875	129,875
Impacts to the assets	<u>280,355</u>	<u>50,585</u>	<u>330,940</u>
Non-current liabilities			
Hire-purchase liabilities			
Lease liabilities	3,803	(3,803)	-
	-	31,013	31,013
Current liabilities			
Hire-purchase liabilities	4,190	(4,190)	-
Lease liabilities	-	27,565	27,565
	<u>7,993</u>	<u>50,585</u>	<u>58,578</u>

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 31 May 2020.

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 2020 except for the following:

Treasury Shares

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

Date of 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	0.475	360,384
October 2019	2,099,400	0.500	0.455	0.478	1,002,187
November 2019	3,688,400	0.480	0.455	0.468	1,774,126
December 2019	314,600	0.605	0.485	0.545	156,274
March 2020	85,200	0.6900	0.3800	0.535	55,321
Total for the financial year	<u>8,594,500</u>				<u>4,121,190</u>

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

As at 31 May 2020, the Company holds 18,482,459 Treasury Shares at a cost of RM9,687,645.

A7. Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 May 2020.

A8. Segmental results

Segmental information for the financial period ended 31 May 2020.

31 May 2020	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	21,494	241,241	1,028,684	42,149	51,798	86,919	-	1,472,285
Inter-segment revenue	22,472	73,628	215	9,252	31	16	(105,614)	-
Total revenue	43,966	314,869	1,028,899	51,401	51,829	86,935		1,472,285
Segment results	(24,788)	35,414	820	6,305	(1,208)	6,201	(1,718)	21,026
Finance costs								(19,070)
Share of results of associates								(2,788)
Loss before taxation								(832)
Tax expense								(18,060)
Net loss for the financial year								(18,892)
31 May 2019								
Revenue								
External revenue	28,402	273,641	1,428,246	39,157	105,181	112,264	-	1,986,891
Inter-segment revenue	24,364	78,258	491	9,833	490	60	(113,496)	-
Total revenue	52,766	351,899	1,428,737	48,990	105,671	112,324		1,986,891
Segment results	(20,888)	48,334	12,734	3,813	(8,774)	11,186	(3,167)	43,238
Finance costs								(21,515)
Share of results of associates								(244)
Profit before taxation								21,479
Tax expense								(23,550)
Net loss for the financial year								(2,071)

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 2020.

A10. Subsequent events

Save as disclosed in Section B8 Status of Corporate Proposals, 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	2,109
- Approved but not contracted for	<u>39,154</u>
	<u>41,263</u>

B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group's performance

The global economy has been severely affected by the lockdowns imposed by countries to contain the spread of COVID-19 Pandemic. These unprecedented measures have weakened the global demand and caused major disruptions in supply chains, especially in the current financial quarter ended 31 May 2020 on the results of the Group.

Overall review for the financial year ended 31 May 2020

For the full financial year ended 31 May 2020, the Group recorded lower revenue of RM1.47 billion compared with RM1.99 billion last year. The revenue decline was mainly caused by weaker sales in our Industrial Chemical Division on lower demand and product prices. The Group reported loss before taxation ("LBT") of RM0.9 million as compared to profit before taxation ("PBT") of RM21.5 million last year.

Overall review for the financial quarter ended 31 May 2020

In the current financial quarter ended 31 May 2020, the Group posted lower revenue of RM309.4 million as compared with RM480.1 million last year with LBT of RM10.2 million as compared with PBT of 7.7 million last year.

The negative impact to the LBT was due to lower revenue reported caused by the impact of COVID-19 Pandemic coupled with one-off impairments of RM5.5 million for goodwill and RM3.0 million for investments in associates in the current financial quarter.

The taxation of the Group is due to taxation charge on certain profitable subsidiaries of the Group that are not available for set-off against losses of other subsidiaries.

Review of business segments for the financial quarter ended 31 May 2020

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 RM4.8 million compared with RM8.3 million in the corresponding quarter last year. The Division reported higher segmental loss of RM10.3 million for the current financial quarter compared with RM4.2 million in the corresponding quarter last year after taking into account the RM5.5 million goodwill impairment.

Agricultural Chemicals

The Agricultural Chemicals division reported lower revenue of RM62.1 million for the current financial quarter compared with RM66.7 million in the corresponding quarter last year. Segmental profit decreased to RM8.5 million in the current financial quarter compared with RM13.0 million in the corresponding quarter last year in line with lower revenue reported. The performance of the division was affected by restrictions on our operations imposed during the COVID-19 Movement Control Order ("MCO"). Domestic sales were directly affected by the MCO while exports faced logistical

challenges as countries worldwide also imposed similar lockdowns and restrictions of movements.

Industrial Chemicals

The Industrial Chemicals Division posted lower revenue of RM213.1 million compared with RM345.6 million recorded in the corresponding quarter last year. This was mainly attributed to lower sales by our subsidiaries in Malaysia, Singapore and Indonesia. As revenue declined, the Division posted a segmental loss of RM1.5 million for the current quarter compared to segmental profit of RM1.0 million in the corresponding quarter last year. We faced sharp drop in oil prices during the current financial quarter which was triggered by lack of demand since January 2020 following China's economic shutdown and the continued price war on crude oil between Saudi Arabia and Russia. As a result, the average selling prices of our products fell, and this has eroded our profit margins. Although we enjoyed better earnings from our ethanol production business, which is the main ingredient for sanitizers and disinfectants, it was insufficient to mitigate losses suffered by our distribution business.

Logistics

The Logistics Division recorded lower revenue of RM10.9 million compared to RM11.1 million in the corresponding quarter last year as revenue from our trucking business was affected by the MCO. Nevertheless, the Division reported higher segmental profit of RM1.7 million compared with RM0.7 million in the corresponding quarter last year due to lower losses incurred by our shipping business.

Media

The results of Media Division for the current financial quarter exclude the results of Puncak Berlian Sdn Bhd ("PBSB") and its subsidiaries following the disposal of 40% equity interest in PBSB in the previous financial year. Nevertheless, the impact of MCO on our remaining advertising business was severe as we posted lower revenue of RM7.1 million compared with RM19.5 million in the corresponding financial quarter last year. The immediate austerity measures by the division has managed to curtail the full impact of MCO and the division reported marginal segmental profit of RM0.2 million for the current financial quarter as compared with segmental loss of RM0.2 million in the corresponding quarter last year.

Polymer

The Polymer Division posted lower revenue of RM11.5 million for the current financial quarter compared with RM29.6 million in the corresponding quarter last year. Consequently, the Division recorded segmental loss of RM1.0 million compared with segmental profit of RM5.8 million in the same corresponding quarter last year due to sharp decline in its revenue as our business and operations were affected by the MCO.

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 2020, the Group posted lower revenue of RM309.4 million compared with RM360.5 million in the immediate preceding quarter. The Group reported LBT of RM10.2 million in the current financial quarter compared with PBT of RM0.5 million in the immediate preceding quarter. The results in the current financial quarter was impacted by the COVID-19 Pandemic and the impairments of goodwill and investments in associates.

B3. Prospects for the next financial year

The unprecedented shutdown in Malaysia and around the world to slow the spread of COVID-19 Pandemic has brought the economy to a standstill and disrupted supply chains. This has caused sizable slowdown in the economy and the full impact of the COVID-19 Pandemic is still unknown. The prospect for the next financial year is still uncertain, depending on the duration and magnitude of the COVID-19 Pandemic impact on global economy and commodity demand.

The Board will continue to exercise caution in managing the Group's business. Management had implemented austerity measures and is exploring ways to sustain our business in the immediate term while continue to build new capabilities and capacities for long term growth. Our Agrichemical Division will be investing in three (3) new customised production lines for product offering targeted mainly for the export markets.

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. (Loss)/Profit before taxation

	Individual quarter ended 31.05.2020 RM'000	Year-to-date ended 31.05.2020 RM'000
The (loss)/profit before taxation is stated after charging/(crediting):		
Finance costs	5,790	19,070
Depreciation and amortisation	35,862	59,297
Gain on foreign exchange	(2,000)	(3,061)
Gain on remeasurement of associate	-	(259)
Loss on disposal of investment in associates	3,000	3,000
Gain on disposal of subsidiaries	(2,612)	(2,612)
Impairment loss on goodwill on consolidation	5,500	5,500
Impairment loss on investment in associates	613	613
Fair value (gain)/loss on investment	(222)	103
Fair value gain on derivatives	(8)	(8)
Property, plant and equipment written off	475	475
Write-back of inventories written off	962	562
Reversal of impairment loss on receivables	(1,306)	(1,445)
Interest income	(307)	(1,212)

B6. Tax expense

	Individual quarter ended		Year-to-date ended	
	31.05.2020	31.05.2019	31.05.2020	31.05.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	3,446	2,848	13,470	19,726
Foreign income tax	484	158	3,374	2,535
	3,930	3,006	16,844	22,261
Over provision in prior years	763	998	763	980
	4,693	4,004	17,607	23,241
Deferred taxation:				
Relating to origination and reversal of temporary differences	2,355	3,019	534	(190)
Over provision in prior years	(90)	499	(81)	499
	6,958	7,522	18,060	23,550

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 other than the following:

Ancom had on 16 July 2020 announce that the Company and its 45.06% subsidiary, Ancom Logistics Berhad ("ALB"), had entered into a Heads of Agreement ("HOA") with S7 Holdings Sdn Bhd ("S7"), Merrington Assets Limited ("MAL"), MY E.G. Capital Sdn Bhd ("MYEG Capital") and Avocat Sdn Bhd ("Avocat") for the following:

(S7, MAL, MYEG Capital and Avocat shall be collectively referred to as "Vendors" and ALB, Ancom and Vendors shall be collectively referred to as "Parties")

- (i) Proposed acquisition by ALB of the entire share capital of S5 Holdings Inc. (Company No.: LL14071) ("S5") from the Vendors at a price to be agreed by the Parties, subject to a valuation report to be issued by an independent valuer to be agreed by the Parties, and in return ALB shall issue new ordinary shares in ALB ("ALB Shares") based on RM0.10 per share ("Consideration Shares") to the Vendors ("Proposed Acquisition");
- (ii) Proposed Mandatory General Offer by the Vendors for the shares of ALB which are not owned by the Vendors upon completion of the Proposed Acquisition ("Proposed Mandatory General Offer");
- (iii) Proposed private placement of new ordinary shares to be issued by ALB after the Proposed Acquisition ("Proposed Private Placement");
- (iv) Proposed offer for sale of part of the Consideration Shares in ALB to be held by the Vendors upon completion of the Proposed Acquisition to independent third party investors ("Proposed Offer for Sale"); and
- (v) Proposed disposal by ALB of its subsidiaries, namely Synergy Trans-Link Sdn Bhd, Ancom Chem-Quest Terminals Sdn Bhd and Pengangkutan Cogent Sdn Bhd, to Nylex (Malaysia) Berhad ("Nylex"), a 50.25% subsidiary of Ancom, at a valuation to be agreed by ALB and Nylex and upon such terms and conditions to be determined later ("Proposed Disposal"). For avoidance of doubt, the Proposed Acquisition, the Proposed Mandatory General Offer, Proposed Private Placement and Proposed Offer for Sale are not conditional upon the Proposed Disposal.

(Proposed Acquisition, Proposed Mandatory General Offer, Proposed Private Placement, Proposed Offer for Sale and Proposed Disposal shall be collectively be referred to as "Proposals")

Upon completion of the Proposals, ALB shall cease to be a subsidiary of Ancom.

B9. Borrowings

	31.05.2020	31.05.2019
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	82,579	88,661
United States Dollar	20,210	14,363
Vietnamese Dong	6,454	782
	109,243	103,806
Unsecured:		
Ringgit Malaysia	139,619	177,250
United States Dollar	33,451	36,982
	173,070	214,232
Total short term borrowings	282,313	318,038
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	4,988	12,212
United States Dollar	34,767	38,558
Total long term borrowings	39,755	50,770
Total borrowings	322,068	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 31 May 2020.

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	
	31.05.2020	31.05.2019	31.05.2020	31.05.2019
Number of ordinary shares ('000)	245,766	240,849	245,766	240,849
Less: Treasury shares ('000)	(18,482)	(9,888)	(18,482)	(9,888)
	227,284	230,961	227,284	230,961
Net (loss)/profit attributable to owners of the parent	(11,799)	10,179	(9,696)	15,132
Weighted average number of ordinary shares in issue ('000)	222,452	232,495	225,185	234,814
Basic (loss)/earnings per ordinary share (sen)	(5.30)	4.38	(4.31)	6.44

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.