PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 MAY 2018

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 MAY 2018
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
The figures have not been audited

	Note	Individual Quarter 3 months ended		Cumulative Year 12 months ended	
		31.05.2018 RM'000	31.05.2017 RM'000	31.05.2018 RM'000	31.05.2017 RM'000
Revenue	9	84,796	89,380	326,693	341,142
Cost of sales		(65,337)	(69,153)	(258,349)	(267,567)
Gross profit		19,459	20,227	68,344	73,575
Other operating income		233	2,478	762	2,940
Interest income		26	25	92	76
Operating expenses		(17,294)	(18,239)	(60,763)	(65,158)
Results from operating activities		2,424	4,491	8,435	11,433
Finance costs		(1,053)	(1,055)	(4,234)	(4,895)
Operating profit		1,371	3,436	4,201	6,538
Share of profit of equity accounted associates		45	42	45	42
Profit before tax		1,416	3,478	4,246	6,580
Tax expense	19	(6,992)	(139)	(7,591)	(192)
(Loss)/Profit after tax		(5,576)	3,339	(3,345)	6,388
Other comprehensive expenses, net of tax					
Foreign currency translation differences		(10)	(674)	(988)	(65)
Total comprehensive income for the period		(5,586)	2,665	(4,333)	6,323
(Loss)/Profit attributable to:					
Shareholders of the Company		(5,757)	3,376	(3,467)	6,450
Non-controlling interests		181	(36)	122	(62)
		(5,576)	3,339	(3,345)	6,388
Total comprehensive (expenses)/income attributable to:					
Shareholders of the Company		(5,767)	2,701	(4,455)	6,385
Non-controlling interests		181	(36)	122	(62)
		(5,586)	2,665	(4,333)	6,323
Basic (loss)/earnings per ordinary share (sen)	25	(4.44)	2.60	(2.67)	4.97
Diluted (loss)/earnings per ordinary share (sen)	25	(4.48)	2.56	(2.62)	4.75

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2017 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2018
Condensed Consolidated Statement of Financial Position
The figures have not been audited

	Note	Unaudited 31.05.2018 RM'000	Audited 31.05.2017 RM'000
ASSETS			
Property, plant and equipment		106,915	90,596
Investments in associates		383	338
Intangible assets		1,059	1,068
Total non-current assets		108,357	92,002
Inventories		82,938	72,370
Trade and other receivables		59,211	65,931
Current tax assets		618	594
Cash and cash equivalents		24,645	22,327
Total current assets		167,412	161,222
TOTAL ASSETS		275,769	253,224
EQUITY			
Share capital		67,671	67,671
Reserves		44,944	51,991
Total equity attributable to owners of the Company		112,615	119,662
Non-controlling interests		2,168	(90)
TOTAL EQUITY		114,783	119,572
LIABILITIES			
Loans and borrowings	22	23,352	11,980
Deferred tax liabilities		-	7
Total non-current liabilities		23,352	11,987
Loans and borrowings	22	80,006	76,880
Trade and other payables		50,841	44,785
Current tax liabilities		6,787	-
Total current liabilities		137,634	121,665
Total liabilities		160,986	133,652
TOTAL EQUITY AND LIABILITIES		275,769	253,224
Net assets per share attributable to equity holders (RM)		0.89	0.92

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2017 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2018
Condensed Consolidated Statement of Changes in Equity
The figures have not been audited

	Attributable to owners of the Company									
	Non- Distributable Reserve						Distributable			
	Share capital RM'000	Share premium RM'000	Exchange translation Reserve RM'000	Capital reserve RM'000	Warrant reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
At 1 June 2016	64,834	2,837	770	4,488	6,483	(639)	37,098	**115,871**	(27)	**115,844**
Foreign currency translation differences	-	-	(65)	-	-	-	-	**(65)**	-	**(65)**
Profit for the year	-	-	-	-	-	-	6,450	**6,450**	(63)	**6,387**
Total comprehensive income for the year	-	-	(65)	-	-	-	6,450	**6,385**	(63)	**6,322**
Dividend to owner of the Company	-	-	-	-	-	-	(2,593)	**(2,593)**	-	**(2,593)**
Reclassification due to compliance with Companies Act 2016	2,837	(2,837)	-	-	-	-	-	**-**	-	**-**
At 31 May 2017	67,671	-	705	4,488	6,483	(639)	40,955	**119,663**	(90)	**119,573**
At 1 June 2017	67,671	-	705	4,488	6,483	(639)	40,955	**119,663**	(90)	**119,573**
Foreign currency translation differences	-	-	(988)	-	-	-	-	**(988)**	-	**(988)**
Loss for the year	-	-	-	-	-	-	(3,467)	**(3,467)**	122	**(3,345)**
Total comprehensive loss for the year	-	-	(988)	-	-	-	(3,467)	**(4,455)**	122	**(4,333)**
Dividend to owner of the Company	-	-	-	-	-	-	(2,593)	**(2,593)**	-	**(2,593)**
Shares issued to Non-controlling Interests	-	-	-	-	-	-	-	**-**	2,136	**2,136**
At 31 May 2018	67,671	-	(283)	4,488	6,483	(639)	34,895	**112,615**	2,168	**114,783**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 May 2017 and the accompanying explanatory notes attached to the interim financial statements.

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2018
Condensed Consolidated Statement of Cash Flows
The figures have not been audited

		12 months ended	
		Unaudited	**Audited**
		31.05.2018	**31.05.2017**
	Note	**RM'000**	**RM'000**
Cash flows from operating activities			
Profit before taxation	27	4,246	6,580
Adjustments for:			
Depreciation of property, plant and equipment		6,299	6,122
Depreciation of investment properties		-	5
Interest expense		4,234	4,895
Interest income		(92)	(76)
Plant and equipment written off		5	28
Bad debts written off		258	90
Inventories written down, net		1,339	120
(Reversal)/Impairment loss on receivables		210	211
Unrealised foreign exchange loss		1,317	1,706
(Gain)/Loss on disposal of plant and equipment		(221)	5
Loss on disposal of investment properties		-	54
Share of result of associate companies		(45)	(42)
Operating profit before changes in working capital		17,550	19,698
Changes in working capital:			
Inventories		(11,906)	(1,510)
Trade and other receivables		4,935	5,475
Trade and other payables		6,057	(8,601)
Cash generated from/(used in) operations		16,636	(4,636)
Income tax paid		(834)	(221)
Net cash generated from operating activities		15,802	14,841
Cash flows from investing activities			
Interest received		92	76
Purchase of property, plant and equipment		(22,923)	(1,204)
Proceeds from disposal of plant and equipment		527	217
Proceeds from disposal of investment properties		-	423
Proceeds from issuance of share to non-controlling interest		2,136	-
Net cash used in investing activities		(20,168)	(488)
Cash flows from financing activities			
Drawdown of term loans		16,055	2,500
Repayment of term loans		(7,139)	(10,329)
Repayment of finance lease liabilities, net		(455)	(509)
Net changes in bankers' acceptances		8,408	1,744
Interest paid		(4,234)	(4,895)
Placement of pledged fixed deposits		36	1,463
Dividend paid		(2,593)	(3,890)
Net cash used in financing activities		10,078	(13,916)
Net increase/(decrease) in cash and cash equivalents		5,712	437
Cash and cash equivalents at beginning of year		14,860	15,941
Effect of exchange differences on cash and cash equivalents		(986)	(1,518)
Cash and cash equivalents at end of year		19,586	14,860

PENSONIC HOLDINGS BERHAD (300426-P)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2018
Condensed Consolidated Statement of Cash Flows (cont'd)
The figures have not been audited

	12 months ended	
	Unaudited 31.05.2018 RM'000	**Audited 31.05.2017 RM'000**
Cash and cash equivalents comprised the following:		
Cash and bank balances	23,577	21,222
Bank overdrafts	(3,991)	(6,362)
Short term deposits with licensed banks	1,068	1,104
	20,654	15,964
Less: Fixed deposits pledged with licensed bank	(1,056)	(1,080)
Less: Fixed deposit with maturity more than three months	(12)	(24)
	19,586	14,860

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 May 2017 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM REPORT FOR THE FINANCIAL QUARTER AND YEAR ENDED 31 MAY 2018 (Unaudited)
Notes to the condensed consolidated interim financial statements

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34: Interim financial Reporting issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2017. These explanatory notes, attached to the condensed consolidated interim financial statements, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2017.

2. Significant Accounting Policies

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 31 May 2017.

At the date of authorization of these interim financial statements, the Group have not applied the following new MFRSs, IC Interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
• Amendments to MFRS 12		1 January 2017
• Amendments to MFRS 1		1 January 2018
• Amendments to MFRS 128		1 January 2018
MFRS 9	Financial Instruments (IFRS issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018

		Effective dates for financial periods beginning on or after
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2018
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group intend to adopt the above MFRSs when they become effective.
The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group except as mentioned below:

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)
MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking ‘expected loss’ impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement.*

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

MFRS 15 *Revenue from Contracts with Customers*
MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.
Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

2. Significant Accounting Policies (cont'd)

<u>MFRS 16 *Leases*</u>
MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, 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. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group are currently being assessed by management.

3. Audit Qualification

There was no audit qualification on the annual financial statements of the Company and the Group for the year ended 31 May 2017.

4. Seasonality of Operations

The Group's business operations are generally affected by festive seasons, school holidays and carnival sales in Malaysia.

5. Unusual and Material Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current year ended 31 May 2018 other than as disclosed in note 19.

6. Significant Estimates and Changes in Estimates

There were no changes in estimates of amounts reported in the prior quarter and/ or financial period that have a material effect on the Group in the current year under review other than as disclosed under note 19.

7. Debt and Equity Securities

There were no issuance and repayment of debts and equity security, share buy-backs, share cancellation, share held as treasury shares by the Company during the financial year under review.

8. Dividend Paid

On 25 October 2017, the shareholders of the Company had approved a final single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 May 2017. The dividend which amounted to RM2,593,360 was paid on 29 December 2017.

9. Segmental Information

	For the 12 months ending 31.05.2018					
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	425	326,268	-	326,693	-	326,693
Segment profit	635	7,561	3,035	11,231	(6,985)	4,246
Segment assets						
Included in the measure of segment assets is:						
Capital expenditure	272	22,626	25	22,923	-	22,923

	For the 12 months ending 31.05.2017					
	Manufacturing	Trading	Others	Total	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	426	340,716	-	341,142	-	341,142
Segment profit	1,503	4,674	4,045	10,222	(3,642)	6,580
Segment assets						
Included in the measure of segment assets is:						
Capital expenditure	343	1,738	29	2,110	-	2,110

10. Events after the Reporting Period

There were no material events subsequent to the end of the current period that have not been reflected in the financial statements for the current year under review.

11. Changes in Composition of the Group

There was no change in the composition of the Group for the current year under review, except for the following:-

a) On 6 June 2017, the Group incorporated a wholly-owned subsidiary in Kingdom of Cambodia namely Pensonic (Cambodia) Co. Ltd ("PCC"). PCC is capitalised at USD1,000 represented by 1,000 shares at issue price of USD1 each for a total consideration of RM4,316.

b) On 30 July 2017, the Group incorporated a subsidiary in Indonesia under the name of PT Pensonic Appliance Indonesia ("PTPAI"). PTPAI is capitalised at USD1,000,000 represented by 1,000,000 shares at issue price of USD1 each. The Group owned 51% equity interest in PTPAI for a total consideration of RM2,223,090.

c) On 6 April 2018, the Company announced the winding-up of Kollektion Haus (Austin) Sdn Bhd ("KHA"), by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act, 2016. This voluntary winding-up will not have any financial and operational impact on the Group for the financial year ending 31 May 2018, and no material losses are expected arising from the winding-up proceedings.

12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets of a material nature as at the end of current financial year.

13. Capital Commitments

	As at 31.05.2018 RM'000
Approved and contracted for, analysed as follows:	
Computer	210

14. Significant Related Party Transactions

The significant transactions with companies in which certain Directors and persons connected to Directors have substantial financial interests are as follows:

	Individual Quarter		**Cumulative Period**	
	3 months ended		**12 months ended**	
	31.05.2018 RM'000	**31.05.2017 RM'000**	**31.05.2018 RM'000**	**31.05.2017 RM'000**
Transaction with associate				
-Sales	554	981	2,180	2,343
Transaction with related party				
- Purchases	690	741	2,724	2,896
- Services acquired	30	45	132	243
- Sales	12	-	39	4

15. Review of Performance

	Individual Quarter 3 months ended			Cumulative Period 12 months ended		
	31.05.18 RM'000	**31.05.17 RM'000**	**%**	**31.05.18 RM'000**	**31.05.17 RM'000**	**%**
Revenue	84,796	89,380	(5.1)	326,693	341,142	(4.2)
Profit before tax	1,416	3,478	(59.3)	4,246	6,580	(35.5)
(Loss)/Profit after tax	(5,576)	3,339	(267.0)	(3,345)	6,388	(152.4)
(Loss)/Profit attributable to owner of the Company	(5,757)	3,376	(270.5)	(3,467)	6,450	(153.8)

The Group registered revenue of RM84.8 million compared to RM89.4 million in the preceding year corresponding quarter. In tandem with the drop of revenue, the Group registered a lower profit before tax of RM1.4 million compared to profit before tax of RM3.5 million in the preceding year corresponding financial quarter.

For the year under review, the Group registered revenue of RM326.7 million compared with RM341.1 million in the preceding financial year. The Group recorded a lower profit before tax of RM4.2 million compared with RM6.6 million in the preceding financial year.

Arising from a provision for income tax of RM6.8 million in this financial quarter, the Group recorded a loss after tax of RM5.6 million and RM3.3 million compared to profit after tax of RM3.3 million and RM6.4 million in the preceding year financial quarter / year respectively.

The provision was in relation to certain revision being made to the tax holidays enjoyed by certain subsidiaries in previous years. The Group which was notified very recently of the revision regards the tax under provision to be exceptional and has appealed to the relevant authorities. The Group is hopeful to resolve the matter in the near future. If the appeal outcome is favourable, the under provision of income tax of RM6.8 million may be wholly or partly reversed.

16. Variation of results Against Preceding Quarter

	Current Quarter Ended 31.05.2018 RM'000	Immediate Preceding Quarter Ended 28.02.2018 RM'000	%
Revenue	84,796	76,127	11.4
Profit before tax	1,416	351	>100
(Loss) / profit after tax	(5,576)	(3)	>100
(Loss)/Profit attributable to owner of the Company	(5,757)	32	>100

The Group recorded revenue of RM84.8 million for the current financial quarter ended 31 May 2018 compared to the revenue of RM76.1 million in the preceding quarter ended 28 February 2018. The Group recorded a profit before tax of RM1.42 million, an improvement of 303% compared with RM351,000 in the preceding financial period. The improvement is due to higher revenue for the current financial period. The Group reported a higher loss after tax of RM5.6 million compared to the preceding financial quarter owing to the reason disclosed under note 15.

17. Commentary on Prospects

Given the Group's extensive experience in the industry, the Board believes that the Group will be able to manage the challenges ahead and remain competitive in the foreseeable future.

The Group has set up subsidiary companies in Indonesia and Cambodia during the financial year under review. We are of the view that such investment would be to the benefit of the Group in the long run and that time is needed for market penetration and brand name building to increase market share and revenue. As such, the Group do not expect immediate financial contribution from these set up.

The Group is developing our Digital Customer Relationship Management with the objective to provide customers with direct after-sales service solutions with easier online service calls, marketing automation, e-commerce, royalty programme and smart appliance management.

The Group has also inked / sealed e-commerce arrangements and partnerships with various reputable marketplaces, as well as TV shopping channels. Although we have seen significant growth in revenue from these channels, the contribution is still minimal compared to the total group revenue. With the e-commerce platform, we will be developing our Online-To-Offline commerce together with our existing dealers to create a win-win business solution in this trending e-commerce market. We are expecting full force digital marketing by end of 2018.

On top of that, the Group has secured 2 new exclusive distributorships for electrical appliances under the Morphy Richards and Belling brands from United Kingdom. These distributorships cover Malaysia and Singapore markets and are anticipated to contribute to Group revenue in the mid to long term.

18. Profit Forecast

Not applicable as no profit forecast was published.

19. Taxation

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31.05.2018 RM'000	31.05.2017 RM'000	31.05.2018 RM'000	31.05.2017 RM'000
Malaysian statutory tax				
- Current year	206	195	702	207
- Prior year	6,787	(23)	6,806	(15)
Foreign statutory tax				
- Current year	122	(16)	219	-
	7,115	156	7,727	192
Deferred tax expense				
- Current year	(1)	(17	(14)	-
- Prior year	(122)	-	(122)	-
	6,992	139	7,591	192

Domestic income tax rate is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group made a provision for income tax of RM6.8 million relates to certain revision being made to the tax holidays enjoyed by certain subsidiaries in previous years. The Group which was notified very recently of the revision regards the tax under provision to be exceptional and has appealed to the relevant authorities. The Group is hopeful to resolve the matter in the near future. If the appeal outcome is favourable, the under provision of income tax of RM6.8 million may be wholly or partly reversed.

Other than the under provision as disclosed above, the effective tax rate for the Group is lower than the statutory tax rate in the current quarter and year-to-date mainly due to the tax incentives enjoyed by certain subsidiaries in the Group.

20. Status of Corporate Proposal

As at the date of this report, there are no corporate proposals that are pending for completion.

21. Trade Receivables

The age analysis of trade receivables is as follow:

	Unaudited 31.05.2018 RM'000	Audited 31.05.2017 RM'000
Neither past due nor impaired	29,335	50,960
Past due but not impaired:		
Less than 60 days	15,187	8,723
60 to 120 days	7,036	195
More than 120 days	2,064	634
	24,287	9,552
	53,622	60,512
Impaired	474	1,330
	54,096	61,842

Except for the impairment provided, the Group is satisfied that recovery of the remaining amount is possible, therefore there is no impairment for past due trade receivables.

22. Borrowings and Debts Securities

Details of the Group's borrowings as at the end of this financial period are as follows:

	Unaudited 31.05.2018 RM'000	Audited 31.05.2017 RM'000
Current		
Unsecured		
Bank overdraft	3,991	5,609
Revolving credit	2,500	2,500
Bankers' acceptance	68,763	58,092
	75,254	66,201
Secured		
Bank overdraft	-	753
Bankers' acceptance	-	2,263
Term loans	4,204	7,137
Finance lease liabilities	548	526
	4,753	10,679
	80,006	76,880
Non – current		
Secured		
Term loans	22,362	10,512
Finance lease liabilities	990	1,468
	23,352	11,980
	23,351	11,980
Currency Denominated In		
Ringgit Malaysia ("MYR")	103,358	88,860
	103,358	88,860

The bank borrowings and term loans are secured by the following:

(a) Legal charges over certain properties belonging to the Company and subsidiary companies;
(b) Lien on fixed deposits belonging to the subsidiary companies; and
(c) Corporate guarantee by the Company.

23. Material Litigation

The Group is not engaged in any material litigation for the current financial year ended 31 May 2018.

24. Dividend

The Board does not recommend any dividend for the current financial year ended 31 May 2018.

25. Earnings per Share ("EPS")

(a) Basic EPS

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31.05.2018	31.05.2017	31.05.2018	31.05.2017
Net (loss)/profit for the period attributable to owners of the Company (RM'000)	(5,757)	3,376	(3,467)	6,450
Number of ordinary shares in issue ('000)	129,668	129,668	129,668	129,668
Basic (loss)/earnings per share (sen)	(4.44)	2.60	(2.67)	4.97

(b) Diluted EPS

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31.05.2018	31.05.2017	31.05.2018	31.05.2017
Net (loss)/profit for the period attributable to owners of the Company (RM'000)	(5,757)	3,376	(3,467)	6,450
Weighted average number of ordinary shares ('000)	128,605	131,971	132,418	135,710
Diluted (loss)/earnings per share (sen)	(4.48)	2.56	(2.62)	4.75

26. Profit for the period

Profit for the period has been arrived at:

	Individual Quarter		Cumulative Period	
	3 months ended		12 months ended	
	31.05.2018	31.05.2017	31.05.2018	31.05.2017
	RM'000	RM'000	RM'000	RM'000
After charging / (crediting):-				
Interest income	(26)	(25)	(92)	(76)
Government grants received	(71)	(81)	(296)	(283)
(Gain)/Loss on disposal of property, plant and equipment	3	(44)	(221)	(6)
Realised gain on foreign exchange	(1,098)	(158)	(1,982)	(1,805)
(Reversal)/Provision for doubtful debt	1,037	98	210	598
Interest expense	1052	1,232	4,234	3,840
Depreciation & amortization	1,568	1,530	6,299	4,586
Inventories provision	775	110	1,339	88
Plant and equipment written off	2	5	5	10
Unrealised loss on foreign exchange	690	427	1,317	2,308
Rental income	(26)	(34)	(102)	(116)
Bad debt written off	(631)	-	258	-

27. Authorization for Issue

The interim financial report was authorized for issue by the Board of Directors in accordance with a resolution of the Board of Directors.