

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2018
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	28.02.2018	28.02.2017	28.02.2018	28.02.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	344,781	369,697	1,021,782	957,209
Cost of sales	(308,752)	(328,725)	(917,006)	(851,501)
Gross profit	36,029	40,972	104,776	105,708
Other income	691	733	2,148	1,697
Selling and distribution expenses	(14,288)	(13,829)	(43,710)	(41,675)
Administrative expenses	(11,816)	(12,295)	(31,524)	(33,134)
Other expenses	(395)	(1,241)	(1,313)	(1,390)
Finance costs	(2,728)	(2,069)	(8,063)	(5,247)
Share of results of an associate	(61)	-	(211)	-
Profit before tax	7,432	12,271	22,103	25,959
Taxation	(2,480)	(4,124)	(7,902)	(10,267)
Net profit for the period	4,952	8,147	14,201	15,692
Net profit attributable to:				
Owners of the parent	4,740	7,047	13,398	13,622
Non-controlling interests	212	1,100	803	2,070
	4,952	8,147	14,201	15,692
Earnings per share attributable to owners of the parent (sen)				
- basic	2.51	3.67	7.02	7.09
- diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2017)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2018
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	28.02.2018	28.02.2017	28.02.2018	28.02.2017
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>4,952</u>	<u>8,147</u>	<u>14,201</u>	<u>15,692</u>
Other comprehensive (loss)/income :				
Currency translation differences	(7,016)	495	(15,156)	13,062
Re-measurement of defined benefit liability	<u>(30)</u>	<u>16</u>	<u>(30)</u>	<u>7</u>
Other comprehensive (loss)/income for the period	<u>(7,046)</u>	<u>511</u>	<u>(15,186)</u>	<u>13,069</u>
Total comprehensive (loss)/income for the period	<u>(2,094)</u>	<u>8,658</u>	<u>(985)</u>	<u>28,761</u>
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(1,842)	7,557	(794)	25,950
Non-controlling interests	<u>(252)</u>	<u>1,101</u>	<u>(191)</u>	<u>2,811</u>
	<u>(2,094)</u>	<u>8,658</u>	<u>(985)</u>	<u>28,761</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2017)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2018

	As at 28.02.2018 RM'000 (Unaudited)	As at 31.05.2017 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	148,008	159,706
Investment in an associate	104	315
Goodwill arising on consolidation	101,772	108,348
Deferred tax assets	25,509	25,590
	<u>275,393</u>	<u>293,959</u>
Current assets		
Inventories	104,208	118,586
Trade debtors	227,686	232,240
Other debtors, deposits and prepayments	31,505	29,779
Investment securities	1,047	546
Income tax recoverable	898	827
Amount owing by related companies	22,641	20,352
Derivative assets	10	-
Short-term deposits	27,896	26,371
Cash and bank balances	60,576	82,678
	<u>476,467</u>	<u>511,379</u>
TOTAL ASSETS	<u>751,860</u>	<u>805,338</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	194,338	194,338
Reserves	18,636	32,798
Retained profits	129,657	120,127
Less: Treasury shares, at cost	(4,246)	(1,386)
	<u>338,385</u>	<u>345,877</u>
Non-controlling interests	15,995	16,586
Total equity	<u>354,380</u>	<u>362,463</u>
Non-current liabilities		
Deferred tax liabilities	1,317	1,307
Long term borrowings	45,490	49,658
Provision for retirement benefits	4,383	4,221
	<u>51,190</u>	<u>55,186</u>
Current liabilities		
Trade creditors	109,576	138,470
Other creditors and accrued expenses	32,841	28,249
Amount owing to related companies	-	27
Short-term borrowings	201,515	216,913
Income tax payable	2,358	4,030
	<u>346,290</u>	<u>387,689</u>
Total liabilities	<u>397,480</u>	<u>442,875</u>
TOTAL EQUITY AND LIABILITIES	<u>751,860</u>	<u>805,338</u>
Net Assets per share attributable to owners of the parent (RM)	1.80	1.80

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2017)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2018**

	<----- Attributable to owners of the parent ----->						Non- controlling interests	Total equity
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000	RM'000	RM'000
9 month period ended 28 February 2018								
Balance as at 01 June 2017	194,338	805	31,993	120,127	(1,386)	345,877	16,586	362,463
Net profit for the period	-	-	-	13,398	-	13,398	803	14,201
Other comprehensive loss	-	-	(14,162)	(30)	-	(14,192)	(994)	(15,186)
Total comprehensive (loss)/income for the period	-	-	(14,162)	13,368	-	(794)	(191)	(985)
Transactions with owners								
Dividends								
- Final single-tier dividend for the financial year ended 31 May 2017	-	-	-	(3,838)	-	(3,838)	-	(3,838)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(400)	(400)
Purchase of treasury shares	-	-	-	-	(2,860)	(2,860)	-	(2,860)
Total transactions with owners	-	-	-	(3,838)	(2,860)	(6,698)	(400)	(7,098)
Balance as at 28 February 2018	194,338	805	17,831	129,657	(4,246)	338,385	15,995	354,380
9 month period ended 28 February 2017								
Balance as at 01 June 2016	194,338	805	25,214	103,567	(1,188)	322,736	13,103	335,839
Net profit for the period	-	-	-	13,622	-	13,622	2,070	15,692
Other comprehensive income/(loss)	-	-	12,321	7	-	12,328	741	13,069
Total comprehensive income for the period	-	-	12,321	13,629	-	25,950	2,811	28,761
Transactions with owners								
Dividends								
- Final single-tier dividend for the financial year ended 31 May 2016	-	-	-	(3,839)	-	(3,839)	-	(3,839)
Dividends paid to non-controlling interests of subsidiary	-	-	-	-	-	-	(95)	(95)
subsidary	-	-	-	-	-	-	(119)	(119)
Purchase of treasury shares	-	-	-	-	(198)	(198)	-	(198)
Total transactions with owners	-	-	-	(3,839)	(198)	(4,037)	(214)	(4,251)
Balance as at 28 February 2017	194,338	805	37,535	113,357	(1,386)	344,649	15,700	360,349

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2017)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 28 FEBRUARY 2018**

	FY 2018	FY 2017
	9 months ended 28.02.2018 RM'000 (Unaudited)	9 months ended 28.02.2017 RM'000 (Unaudited)
Cash Flows From Operating Activities		
Profit before tax	22,103	25,959
Adjustments for non-cash items	17,703	13,447
Operating cash flows before working capital changes	39,806	39,406
Working Capital Changes		
Receivables	(5,074)	(70,094)
Inventories	8,951	(13,172)
Payables	(18,104)	58,768
Group companies	(694)	(6,543)
Cash flows generated from operations	24,885	8,365
Income tax paid	(9,486)	(6,421)
Retirement benefits paid	(3)	(20)
Net Cash Flows Generated From Operating Activities	15,396	1,924
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	264	148
Purchase of property, plant and equipment	(1,046)	(63,525)
Acquisition of investment securities	(650)	-
Acquisition of interest in associate company	-	(400)
Interest received	1,699	1,268
Dividend received	7	4
Net Cash Flows From/(Used In) Investing Activities	274	(62,505)
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	(3,838)	(3,839)
Dividends paid to non-controlling interests of subsidiary	(400)	(95)
Repayment of hire-purchase creditors	-	(8)
Drawdown of term loans and advances	108,488	120,706
Repayment of term loans and advances	(120,322)	(10,015)
Purchase of treasury shares	(2,802)	(198)
Interest paid	(8,063)	(5,247)
Net Cash Flows (Used In)/From Financing Activities	(26,937)	101,304
Net (Decrease)/Increase in Cash and Cash Equivalents	(11,267)	40,723
Effects of Exchange Rate Changes	(13,651)	6,354
Cash and Cash Equivalents at Beginning of Year	109,049	65,052
Effects of Exchange Rate Changes	4,341	(2,987)
	113,390	62,065
Cash and Cash Equivalents at End of Period	88,472	109,142
The Cash and Cash Equivalents Comprise:		
Cash and bank balances	60,576	81,264
Short-term deposits	27,896	27,878
	88,472	109,142

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2017)



NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)
(Company No.: 9378-T)

Notes to the Interim Financial Report – For the 3rd Financial Quarter Ended 28 February 2018

A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING AND BURSA SECURITIES LISTING REQUIREMENTS
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A1. Basis of Preparation

This Interim Financial Report (“Report”) is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”). This Report complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

This Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2017.

These notes to the Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2017.

A2. Significant accounting policies

The significant accounting policies and methods of computation adopted by the Group in this Report are consistent with those adopted in the most recent audited financial statements for the year ended 31 May 2017 except for the adoption of the following Amendments to MFRSs (collectively referred to as “pronouncements”):

MFRS 12	Annual Improvements to MFRS Standards 2014-2016 Cycle
MFRS 107	Disclosure Initiatives
MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above pronouncements will have no material impact on the financial statements of the Group and of the Company.

A3. Seasonality or Cyclicity of Interim Operations

The operations of the Group were not significantly affected by seasonality and cyclicity factors.

A4. Items of Unusual Nature and Amount

There were no items affecting the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size or incidence.

A5. Changes in Estimates Reported in Prior Interim Periods

There were no changes in estimated amounts reported in prior periods, which have a material effect on the current period.

A6. Debts and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayments of debts and equity securities for the current quarter and financial year-to-date, except for the following:

Treasury shares:

At the Company's 47th Annual General Meeting held on 19 October 2017, the shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase up to 10% of its own ordinary shares. For the current quarter and the financial year-to-date, the Company purchased 1,953,600 and 3,527,400, respectively, of ordinary shares in the Company pursuant to Section 127 of the Companies Act, 2016, details of which are as follows:

Date	No. of Shares	Highest Price (RM)	Lowest Price (RM)	Average Price (RM)	Total Consideration (RM)
November 2017	1,573,800	0.890	0.800	0.8194	1,295,205.91
December 2017	1,588,100	0.865	0.780	0.7968	1,270,873.54
January 2018	45,000	0.840	0.805	0.8161	36,921.75
February 2018	320,500	0.840	0.770	0.7956	256,215.67
	1,953,600				1,564,010.96
Total	3,527,400				2,859,216.87

Notes: The consideration is inclusive of brokerage, contract stamp and clearing fees.

As at 28 February 2018, a total of 5,964,324 treasury shares at a total cost of RM4,245,633.09 were held by the Company pursuant to Section 127 (4) (b) of the Companies Act, 2016.

A7. Dividend Paid

On 6 December 2017, the Company paid a final single-tier dividend of 2.0 sen per share amounting to RM3,837,578.72 in respect of the financial year ended 31 May 2017.

A8. Segment Revenue and Results

The segment revenue and segment results for business segments for the current financial year-to-date are as follows: -

9-Month period ended 28.02.2018	Polymer	Industrial Chemical	Logistics	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	90,907	909,166	21,709	-	-	1,021,782
Inter-segment sales	-	1,976	-	-	(1,976)	-
Total revenue	<u>90,907</u>	<u>911,142</u>	<u>21,709</u>	<u>-</u>	<u>(1,976)</u>	<u>1,021,782</u>

9-Month period ended 28.02.2018	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Results						
Segment result	11,755	21,858	2,769	(6,216)	-	30,166
Finance costs						(8,063)
Profit before tax						22,103
Taxation						(7,902)
Net profit for the period						14,201
Non-controlling interests						(803)
Net profit after non-controlling interests						<u>13,398</u>
9-Month period ended 28.02.2017	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	93,734	856,807	6,668	-	-	957,209
Inter-segment sales	-	306	319	-	(625)	-
Total revenue	<u>93,734</u>	<u>857,113</u>	<u>6,987</u>	<u>-</u>	<u>(625)</u>	<u>957,209</u>
Results						
Segment result	11,743	25,787	(1,167)	(5,157)	-	31,206
Finance costs						(5,247)
Profit before tax						25,959
Taxation						(10,267)
Net profit for the period						15,692
Non-controlling interests						(2,070)
Net profit after non-controlling interests						<u>13,622</u>

A9. Valuation of Property, Plant and Equipment

The valuations of land and buildings have been brought forward, without amendment from the Audited Financial Statements for the financial year ended 31 May 2017. The carrying values are based on valuations carried out in 1985 by independent qualified valuers less accumulated depreciation. Upon transition to MFRS 1 on 1 June 2011, the Group elected to use the previously revalued leasehold land and buildings carrying amounts as deemed cost.

A10. Material Events Subsequent to the End of the Current Period

There were no material events subsequent to the end of the current period up to the date of this Report that have not been reflected in the financial statements for the current period.

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 for the following:

The Company had, on 30 March 2018, entered into a Share Sale Agreement ("Agreement") for the disposal of its entire shares held in NYL Logistics Sdn. Bhd. ("NYL"), a 60% owned subsidiary company for a proportionate consideration of RM8,640,000 ("Proposed Disposal").

The completion of the Proposed Disposal shall take place no later than ninety (90) days from the date of the Agreement, unless otherwise extended in writing by mutual agreement between the Vendors and the Purchaser.

Upon completion of the Proposed Disposal, NYL shall cease to be a subsidiary of Nylex.

As at the date of this Report, the Proposed Disposal has not been completed.

A12. Contingent Liabilities

There were no contingent liabilities since the last annual Statements of Financial Position as at 31 May 2017.

A13. Capital Commitment

The capital commitment as at 28 February 2018 are as follows:

	RM'000
Property, plant and equipment	
- Approved and contracted	499
- Approved but not contracted	31
	<hr/>
	530
	<hr/>

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS

B1. Detailed Analysis of the Performance of All Operating Segments of the Group for the Current Quarter and Financial Year-To-Date

	Individual Quarter			Cumulative Quarter		
	Current Year	Preceding Year	Changes %	Current Year	Preceding Year	Changes %
	28.02.2018 RM'million	28.02.2017 RM'million		28.02.2018 RM'million	28.02.2017 RM'million	
Revenue	344.8	369.7	(6.7)	1,021.8	957.2	6.7
Profit before interest and tax	10.2	14.3	(29.1)	30.2	31.2	(3.3)
Profit before tax	7.4	12.3	(39.4)	22.1	26.0	(14.9)
Profit after tax	5.0	8.1	(39.2)	14.2	15.7	(9.5)
Profit attributable to owners of the parent	4.7	7.0	(32.7)	13.4	13.6	(1.6)

For the nine months ended 28 February 2018, the Nylex Group posted higher revenue of RM1,021.8 million, which represents an increase of 6.7% from RM957.2 million recorded in the same period last financial year. The increase in revenue was mainly due to higher contribution from Industrial Chemical Division. The Group's profit before tax ("PBT") decline by 14.9% from RM26.0 million recorded in the corresponding period last financial year, to RM22.1 million for the nine months in the current financial year, after taking into account the losses on foreign exchange of RM6.2 million, the share of result (loss) of an associate of RM211,000 and corporate expenses. The Group recorded gain on foreign exchange of RM1.7 million for the same period last financial year.

For the current quarter under review, the Nylex Group registered lower revenue of RM344.8 million, which represents a decrease of 6.7% from RM369.7 million recorded in the same period last financial year. The decline in revenue was mainly due to lower contribution from the Industrial Chemical Division. The PBT for the period is lower at RM7.4 million, compared to RM12.3 million recorded in the corresponding period last year. The Group suffered loss on foreign exchange of RM3.1 million for the current quarter compared with RM1.3 million same period last year.

The Polymer Division posted lower revenue of RM28.6 million for the current financial quarter, a decline of 11.2%, compared with RM32.2 million in the corresponding quarter in Q3 FY 2017 mainly due to lower contribution by its manufacturing plant in Surabaya, Indonesia, as a result of generally weaker demand for its products in Indonesia. The Division posted lower PBT of RM3.2 million compared with RM4.9 million achieved in the same period last year.

The Industrial Chemical Division posted lower revenue of RM308.3 million for the quarter compared with RM335.2 million recorded in the same period last year, impacted by lower volume sold for certain products. The Division posted lower PBT of RM6.4 million for the quarter, as compared to RM12.8 million achieved in the same period last year, due to lower average margins earned on products sold.

During the quarter, the Logistics Division contributed higher revenue of RM7.9 million compared with RM2.3 million recorded in the same period last year, after incorporating revenue generated by the new vessel, *Nylex 1*, which was constructed and delivered by the Japanese builder in mid-January 2017. The Division recorded PBT of RM0.4 million compared to a loss of RM2.4 million suffered in the corresponding quarter in Q3 FY 2017, attributed to improved performance of *Nylex 1*.

B2. Material Change in the Profit Before Taxation for the Current Quarter as compared with Immediate Preceding Quarter

	Current Quarter 28.02.2018 RM'million	Immediate Preceding Quarter 30.11.2017 RM'million	Changes %
Revenue	344.8	363.4	(5.1)
Profit before interest and tax	10.2	13.5	(24.9)
Profit before tax	7.4	11.0	(32.4)
Profit after tax	5.0	7.7	(35.5)
Profit attributable to owners of the parent	4.7	7.0	(32.4)

For the current quarter under review, the Group recorded lower revenue of RM344.8 million compared to RM363.4 million achieved in the immediate preceding quarter, mainly due by lower volume sold for certain products, despite generally higher average selling prices. Consequently, lower PBT of RM7.4 million was recorded compared with RM11.0 million in the immediate preceding quarter.

B3. Current Year's Prospects

The current trade conflicts between the US and China coupled with the geopolitical tensions in the Middle East may lead to an adverse impact on global business and regional economy. The uncertain market conditions will put pressure on product margins for the Group's operating divisions for the remaining period of financial year ending 31 May 2018.

The Board will continue to seek ways to safeguard and improve its profitability.

B4. Variance of Actual Profit from Forecast Profit/Profit Guarantee

This is not applicable as there was no forecast profit or profit guarantee issued in respect of the current financial year.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year 28.02.2018 RM'000	Preceding Year 28.02.2017 RM'000	Current Year 28.02.2018 RM'000	Preceding year 28.02.2017 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(1,914)	(2,507)	(6,139)	(6,200)
Foreign	(653)	(1,977)	(1,847)	(3,449)
- Deferred tax	35	282	32	(696)
	<u>(2,532)</u>	<u>(4,202)</u>	<u>(7,954)</u>	<u>(10,345)</u>
Over/(Under) provision in prior years	50	78	52	78
	<u>(2,480)</u>	<u>(4,124)</u>	<u>(7,902)</u>	<u>(10,267)</u>

The effective tax rate of the Group is higher than the statutory tax rate mainly due to the losses recorded in certain subsidiary in the current financial period were not allowed for any tax benefit in the Group and also certain expenses which are not deductible for tax purposes.

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

B7. Utilisation of Proceeds

Not applicable as the Company has not raised any proceeds from any of its corporate exercise.

B8. Group Borrowings

	As At 28.02.2018 (RM'000 equivalent)	As At 31.05.2017 (RM'000 equivalent)
Short-term borrowings		
Secured		
- United States Dollar	30,125	34,072
- Vietnamese Dong	0	3,389
	<u>30,125</u>	<u>37,461</u>
Unsecured		
- Ringgit Malaysia	170,036	179,452
- United States Dollar	1,354	0
	<u>171,390</u>	<u>179,452</u>
	<u>201,515</u>	<u>216,913</u>
Long-term borrowings		
Secured		
- United States Dollar	45,490	49,658
	<u>45,490</u>	<u>49,658</u>
Total Borrowings	<u>247,005</u>	<u>266,571</u>

B9. Derivatives Financial Instruments

The Group enters into foreign exchange derivatives to manage the exposure to foreign exchange risk when the Company and its subsidiaries enter into transactions that are not denominated in their functional currencies.

The foreign exchange derivatives are recognised on the contract dates and are measured at fair value with changes in fair value recognised in profit or loss.

The outstanding foreign exchange derivatives as at 28 February 2018 are as follows:

Type of Derivatives	Currency	Contract/Notional Value RM'000	Fair Value RM'000
Forward foreign exchange - Less than 1 year	USD	794	805

The above derivatives were entered into as hedges for sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to the Group's foreign currencies denominated financial assets and liabilities.

There is minimal credit risk as the derivatives were entered into with reputable banks.

B10. Notes to the Consolidated Statements of Profit or Loss for the Current Quarter and Financial Year-To-Date

The Profit Before Taxation was arrived at after charging/(crediting) the following:

	Current Quarter 28.02.2018 RM'000	Financial Year-To-Date 28.02.2018 RM'000
Interest income	(679)	(1,992)
Dividend income	-	(7)
Interest expense	2,728	8,063
Depreciation and amortisation	2,810	8,574
(Write back)/Impairment of receivables	(82)	(150)
(Write back)/Provision for and write off of inventories	245	(660)
Loss/(Gain) on disposal of unquoted investments	-	-
Loss/(Gain) on foreign exchange	3,089	6,225
Impairment of goodwill	-	-
Fair value loss/(gain) on investments	(35)	149
Fair value gain on derivatives	(11)	(11)

B11. Material Litigation

There was no material litigation since the date of the last annual Statements of Financial Position as at 31 May 2017.

B12. Dividends

The Directors do not recommend the payment of any dividend for the current financial quarter (FY 2017: Nil).

B13. Earnings per Share

Basic Earnings Per Share

The calculation of basic earnings per share was based on the net profit attributable to owners of the parent for the current quarter of RM4,738,777 (28.02.2017: RM7,047,179) and net profit of RM13,396,751 (28.02.2017: RM13,621,922) for the financial year-to-date as reported in the condensed consolidated statements of profit or loss of the Group, divided by the weighted average number of ordinary shares in issue during the current quarter of 188,763,486 (28.02.2017: 191,930,992) and for the financial year-to-date of 190,832,788 (28.02.2017: 192,028,289).

Diluted Earnings Per Share

The Group has no potential ordinary shares in issue as at reporting date. Therefore, Diluted Earnings Per Share equals to Basic Earnings Per Share.

B14. Qualification of Auditors' Report of Preceding Financial Statements

There was no audit qualification in the auditors' report of the Group's Audited Financial Statements for the financial year ended 31 May 2017.

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries

Petaling Jaya
30 April 2018