

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2018  
THE FIGURES HAVE NOT BEEN AUDITED**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.08.2018</b>	<b>31.08.2017</b>	<b>31.08.2018</b>	<b>31.08.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	420,401	313,641	420,401	313,641
Cost of sales	<u>(385,925)</u>	<u>(283,599)</u>	<u>(385,925)</u>	<u>(283,599)</u>
<b>Gross profit</b>	34,476	30,042	34,476	30,042
Other income	2,296	737	2,296	737
Selling and distribution expenses	(15,307)	(14,602)	(15,307)	(14,602)
Administrative expenses	(11,685)	(9,435)	(11,685)	(9,435)
Other expenses	(1,591)	(188)	(1,591)	(188)
Finance costs	(2,870)	(2,799)	(2,870)	(2,799)
Share of results of an associate	<u>76</u>	<u>(85)</u>	<u>76</u>	<u>(85)</u>
<b>Profit before tax</b>	5,395	3,670	5,395	3,670
Taxation	<u>(2,061)</u>	<u>(2,101)</u>	<u>(2,061)</u>	<u>(2,101)</u>
<b>Net profit for the period</b>	<u>3,334</u>	<u>1,569</u>	<u>3,334</u>	<u>1,569</u>
Net profit attributable to:				
Owners of the parent	3,082	1,646	3,082	1,646
Non-controlling interests	<u>252</u>	<u>(77)</u>	<u>252</u>	<u>(77)</u>
	<u>3,334</u>	<u>1,569</u>	<u>3,334</u>	<u>1,569</u>
Earnings per share attributable to owners of the parent (sen)				
- basic	1.64	0.86	1.64	0.86
- 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 2018)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2018  
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	31.08.2018 RM'000	31.08.2017 RM'000	31.08.2018 RM'000	31.08.2017 RM'000
<b>Net profit for the period</b>	<u>3,334</u>	<u>1,569</u>	<u>3,334</u>	<u>1,569</u>
Other comprehensive income/(loss) :				
Currency translation differences	2,181	(456)	2,181	(456)
Re-measurement of defined benefit liability	-	-	-	-
<b>Other comprehensive income/(loss) for the period</b>	<u>2,181</u>	<u>(456)</u>	<u>2,181</u>	<u>(456)</u>
<b>Total comprehensive income for the period</b>	<u><u>5,515</u></u>	<u><u>1,113</u></u>	<u><u>5,515</u></u>	<u><u>1,113</u></u>
Total comprehensive income attributable to:				
Owners of the parent	4,896	1,219	4,896	1,219
Non-controlling interests	<u>619</u>	<u>(106)</u>	<u>619</u>	<u>(106)</u>
	<u><u>5,515</u></u>	<u><u>1,113</u></u>	<u><u>5,515</u></u>	<u><u>1,113</u></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 2018)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 AUGUST 2018**

	As at 31.08.2018 RM'000 (Unaudited)	As at 31.05.2018 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	143,169	146,197
Investment in an associate	649	573
Goodwill arising on consolidation	100,453	102,798
Deferred tax assets	27,194	25,066
	<u>271,465</u>	<u>274,634</u>
<b>Current assets</b>		
Inventories	131,313	90,363
Trade debtors	242,825	246,079
Other debtors, deposits and prepayments	42,192	34,420
Investment securities	1,145	1,067
Income tax recoverable	1,225	892
Amount owing by related companies	23,990	23,478
Derivative assets	12	-
Short-term deposits with licensed banks	29,907	33,259
Cash and bank balances	77,349	75,259
	<u>549,958</u>	<u>504,817</u>
<b>TOTAL ASSETS</b>	<b><u>821,423</u></b>	<b><u>779,451</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	195,143	195,143
Reserves	20,426	18,612
Retained profits	137,075	135,353
Less: Treasury shares, at cost	(4,965)	(4,883)
	<u>347,679</u>	<u>344,225</u>
<b>Non-controlling interests</b>	<u>14,298</u>	<u>16,011</u>
<b>Total equity</b>	<u>361,977</u>	<u>360,236</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,405	1,405
Long term borrowings	41,513	41,368
Provision for retirement benefits	4,630	4,672
	<u>47,548</u>	<u>47,445</u>
<b>Current liabilities</b>		
Trade creditors	188,300	127,610
Other creditors and accrued expenses	28,442	30,099
Amount owing to related companies	10	3
Short-term borrowings	191,582	212,691
Income tax payable	3,564	1,367
	<u>411,898</u>	<u>371,770</u>
<b>Total liabilities</b>	<u>459,446</u>	<u>419,215</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>821,423</u></b>	<b><u>779,451</u></b>
Net Assets per share attributable to owners of the parent (RM)	1.86	1.84

(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 2018)

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2018**

	<----- Attributable to owners of the parent ----->						Non-	Total
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000	controlling interests RM'000	equity RM'000
<b>3 month period ended 31 August 2018</b>								
Balance as at 01 June 2018	195,143	-	18,612	135,353	(4,883)	344,225	16,011	360,236
Effect of adoption of MFRS 9	-	-	-	(1,370)	-	(1,370)	-	(1,370)
Balance as at 01 June 2018, restated	195,143	-	18,612	133,983	(4,883)	342,855	16,011	358,866
Net profit for the year	-	-	-	3,082	-	3,082	252	3,334
Other comprehensive income	-	-	1,814	-	-	1,814	367	2,181
Total comprehensive income for the period	-	-	1,814	3,082	-	4,896	619	5,515
<b>Transactions with owners</b>								
Disposal of a subsidiary	-	-	-	-	-	-	(1,636)	(1,636)
Acquisition of non-controlling interests of a subsidiary	-	-	-	10	-	10	(696)	(686)
Purchase of treasury shares	-	-	-	-	(82)	(82)	-	(82)
Total transactions with owners	-	-	-	10	(82)	(72)	(2,332)	(2,404)
Balance as at 31 August 2018	195,143	-	20,426	137,075	(4,965)	347,679	14,298	361,977
<b>3 month period ended 31 August 2017</b>								
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	-	-	-	1,646	-	1,646	(77)	1,569
Other comprehensive loss	-	-	(427)	-	-	(427)	(29)	(456)
Total comprehensive (loss)/income for the period	-	-	(427)	1,646	-	1,219	(106)	1,113
<b>Transactions with owners</b>								
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(400)	(400)
Total transactions with owners	-	-	-	-	-	-	(400)	(400)
Balance as at 31 August 2017	194,338	805	31,566	121,773	(1,386)	347,096	16,080	363,176

**(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 2018)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
FOR THE PERIOD ENDED 31 AUGUST 2018

	<b>FY 2019</b>	<b>FY 2018</b>
	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31.08.2018</b>	<b>31.08.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	5,395	3,670
Adjustments for non-cash items	4,216	3,636
Operating cash flows before working capital changes	9,611	7,306
<b>Working Capital Changes</b>		
Receivables	(5,472)	35,205
Inventories	(39,494)	5,217
Payables	58,434	(17,706)
Group companies	(328)	(20)
Associate	(227)	-
Cash flows generated from operations	22,524	30,002
Tax paid	(2,319)	(2,321)
Retirement benefits paid	(170)	-
<b>Net Cash Flows From Operating Activities</b>	<b>20,035</b>	<b>27,681</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	202	139
Purchase of property, plant and equipment	(1,302)	(363)
Acquisition of investment securities	-	(650)
Net cash flows on disposal of a subsidiary	6,683	-
Acquisition of non-controlling interests in a subsidiary	(686)	-
Interest received	358	389
Dividend received	23	-
<b>Net Cash Flows From/(Used In) Investing Activities</b>	<b>5,278</b>	<b>(485)</b>
<b>Cash Flows From Financing Activities</b>		
Dividends paid to non-controlling interests of subsidiary	-	(400)
Drawdown of term loans and advances	52,090	38,675
Repayment of term loans and advances	(75,976)	(70,662)
Purchase of treasury shares	(82)	-
Interest paid	(2,870)	(2,799)
<b>Net Cash Flows Used In Financing Activities</b>	<b>(26,838)</b>	<b>(35,186)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,525)</b>	<b>(7,990)</b>
<b>Effects of Exchange Rate Changes</b>	<b>1,357</b>	<b>(304)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>99,038</b>	<b>109,049</b>
<b>Effects of Exchange Rate Changes</b>	<b>(797)</b>	<b>156</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>98,073</b>	<b>109,911</b>
<b>The Cash and Cash Equivalents Comprise:</b>		
Cash and bank balances	77,349	79,401
Short-term deposits	29,907	21,510
	<b>107,256</b>	<b>100,911</b>
Less: Short-term deposits pledged with a licensed bank	(6,165)	-
Short-term deposits with maturity of more than three (3) months	(3,018)	-
	<b>98,073</b>	<b>100,911</b>

(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 2018)



**NYLEX (MALAYSIA) BERHAD**

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

**Notes to the Interim Financial Report  
– For the 1<sup>st</sup> Financial Quarter Ended 31 August 2018**

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

**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 2018.

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 2018.

**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 2018 except for the adoption of the following MFRSs/Amendments/Annual Improvements to MFRSs (collectively referred to as “pronouncements”):

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014-2016 Cycle
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014-2016 Cycle
Amendments to MFRS 140	Transfers of Investment Property
Clarifications to MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above pronouncements will have no material impact on the financial statements of the Group, other than as disclosed below:

**MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (“ECL”) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The Group has applied MFRS 9 retrospectively on the initial application date of 1 June 2018 and has elected not to restate comparatives. The cumulative effect of initially applying of this Standard will be an adjustment to the opening retained profits as at 1 June 2018.

The impacts of adopting MFRS 9 to opening balances of the Group as at 1 June 2018 are as follows:

**Statements of financial position**

In RM'000	Impact of change in accounting policies		After adjustments
	As previously reported	Retrospective adjustment MFRS 9	
<b>Assets</b>			
Trade debtors	246,079	(1,370)	244,709
<b>Equity</b>			
Retained profits	135,353	(1,370)	133,983

**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 47<sup>th</sup> 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 repurchased 131,600 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)
June 2018	91,600	0.640	0.610	0.6235	57,549.18
July 2018	40,000	0.630	0.615	0.6220	25,050.27
	131,600				82,599.45

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

As at 31 August 2018, a total of 6,912,624 treasury shares at a total cost of RM4,965,248.48 were held by the Company pursuant to Section 127 (4) (b) of the Companies Act 2016.

**A7. Dividend Paid**

The Company has not paid any dividend for the current financial year-to-date.

**A8. Segment Revenue and Results**

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

<b>3-Month period ended 31.08.2018</b>	<b>Polymer RM'000</b>	<b>Industrial Chemical RM'000</b>	<b>Logistics RM'000</b>	<b>Investment Holding RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External sales	28,734	385,527	6,140	-	-	420,401
Inter-segment sales	-	340	-	-	(340)	-
<b>Total revenue</b>	<b>28,734</b>	<b>385,867</b>	<b>6,140</b>	<b>-</b>	<b>(340)</b>	<b>420,401</b>

<b>Results</b>						
Segment result	2,516	6,990	(673)	(568)	-	8,265
Finance costs						(2,870)
Profit before tax						5,395
Taxation						(2,061)
Net profit for the period						3,334
Non-controlling interests						(252)
Net profit after non-controlling interests						3,082

<b>3-Month period ended 31.08.2017</b>	<b>Polymer RM'000</b>	<b>Industrial Chemical RM'000</b>	<b>Logistics RM'000</b>	<b>Investment Holding RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External sales	31,534	275,691	6,416	-	-	313,641
Inter-segment sales	-	1,202	-	-	(1,202)	-
<b>Total revenue</b>	<b>31,534</b>	<b>276,893</b>	<b>6,416</b>	<b>-</b>	<b>(1,202)</b>	<b>313,641</b>

<b>Results</b>						
Segment result	4,659	2,410	1,091	(1,691)	-	6,469
Finance costs						(2,799)
Profit before tax						3,670
Taxation						(2,101)
Net profit for the period						1,569
Non-controlling interests						77
Net profit after non-controlling interests						1,646

**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 2018. 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 as stated below.

- (i) The Company had on 30 March 2018 entered into a Share Sale Agreement with Bon Kok Meng and Astachem Holdings Sdn. Bhd. (“ASCH”) for disposal of the total 2,200,000 ordinary shares, representing 100% of the issued and paid-up share capital, in NYL Logistics Sdn. Bhd. (“NYL”), a 60% owned subsidiary of the Company, to ASCH for a total consideration of RM14,400,000 (“Proposed Disposal”). Upon completion of the Proposed Disposal on 28 June 2018, NYL ceased to be a subsidiary of the Company on the same date.
- (ii) On 13 July 2018, a wholly-owned subsidiary of the Company, Perusahaan Kimia Gemilang Sdn. Bhd. (“PKG”) has acquired the remaining 100,000 shares in Dynamic Chemical Pte. Ltd. (“DYM”), representing 10% equity interest in DYM, for a cash consideration of USD170,000 (equivalent to RM686,314). As a result, DYM became a wholly-owned subsidiary of PKG on the same date.

**A12. Contingent Liabilities**

There were no contingent liabilities since the last annual Statements of Financial Position as at 31 May 2018.

**A13. Capital Commitment**

The capital commitment as at 31 August 2018 are as follows:

	<b>RM'000</b>
Property, plant and equipment	
- Approved and contracted	9,038
- Approved but not contracted	131
	<hr/>
	9,169
	<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 31.08.2018 RM'million	Preceding Year 31.08.2017 RM'million	Changes %	Current Year 31.08.2018 RM'million	Preceding Year 31.08.2017 RM'million	Changes %
Revenue	420.4	313.6	34.0	420.4	313.6	34.0
Profit before interest and tax	8.3	6.5	27.8	8.3	6.5	27.8
Profit before tax	5.4	3.7	47.0	5.4	3.7	47.0
Profit after tax	3.3	1.6	112.5	3.3	1.6	112.5
Profit attributable to owners of the parent	3.1	1.6	87.2	3.1	1.6	87.2

For the three months ended 31 August 2018, the Nylex Group's revenue grew 34.0% to RM420.4 million, from RM313.6 million recorded in the same period last financial year. The increase in revenue was mainly due to higher contribution from the Industrial Chemical Division. The Group's profit before tax ("PBT") rose 47% to RM5.4 million, from RM3.7 million recorded in the corresponding period last financial year. The PBT of RM5.4 million was arrived at after incorporating the gain on disposal of a 60% owned subsidiary amounting to RM1.4 million, losses on foreign exchange of RM1.4 million and corporate expenses. The Group suffered losses on foreign exchange of RM0.4 million for the same period last financial year.

The Polymer Division posted lower revenue of RM28.7 million for the current financial quarter, compared with RM31.5 million in the corresponding quarter in Q1 FY 2018 mainly due to lower contribution by its manufacturing plant in Shah Alam. As a result of lower revenue, lower product margins and weakening Indonesia Rupiah, the Division posted lower PBT of RM2.5 million compared with RM4.7 million achieved in the same period last year.

The Industrial Chemical Division posted higher revenue of RM385.5 million for the quarter compared with RM275.7 million recorded in the same period last year, contributed by higher volume sold and generally higher selling prices for certain products. Consequently, the Division posted higher PBT of RM5.5 million for the quarter, as compared to RM1.0 million achieved in the same period last year.

During the quarter, the Logistics Division recorded slightly lower revenue of RM6.1 million compared with RM6.4 million recorded in the same period last year, following the disposal of its 60% owned subsidiary in June 2018. The Division suffered loss before tax of RM1.7 million compared to a PBT of RM0.1 million registered in the corresponding quarter in Q1 FY 2018, impacted by RM1.5 million foreign exchange losses recognized during the quarter. The Division registered gain on foreign exchange of RM0.1 million in same period last year.

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

	<b>Current Quarter 31.08.2018 RM'million</b>	<b>Immediate Preceding Quarter 31.05.2018 RM'million</b>	<b>Changes %</b>
Revenue	420.4	424.6	(1.0)
Profit before interest and tax	8.3	11.6	(28.5)
Profit before tax	5.4	8.5	(36.3)
Profit after tax	3.3	5.9	(43.2)
Profit attributable to owners of the parent	3.1	5.7	(45.9)

For the current quarter under review, the Group recorded lower revenue of RM420.4 million compared to RM424.6 million achieved in the immediate preceding quarter, mainly due to lower volume sold for certain products. Consequently, lower PBT of RM5.4 million was recorded compared with RM8.5 million in the immediate preceding quarter after taking into account, amongst others, the gain on disposal of a 60% owned subsidiary amounting to RM1.4 million and losses on foreign exchange of RM1.4 million. The Group recognised gain on foreign exchange of RM3.0 million in the immediate preceding quarter.

**B3. Current Year's Prospects**

The global trade environment continues to provide uncertainty amid the escalating trade disputes between the United States and its major trading partners and the high currency volatility. The uncertain market conditions may put downward pressure on product margins for the Group's operating divisions for the remaining period of the financial year ending 31 May 2019.

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**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year 31.08.2018 RM'000</b>	<b>Preceding Year 31.08.2017 RM'000</b>	<b>Current Year 31.08.2018 RM'000</b>	<b>Preceding year 31.08.2017 RM'000</b>
Taxation based on results for the period				
- Current				
Malaysian	(3,712)	(1,615)	(3,712)	(1,615)
Foreign	(492)	(559)	(492)	(559)
- Deferred tax	2,143	73	2,143	73
	<u>(2,061)</u>	<u>(2,101)</u>	<u>(2,061)</u>	<u>(2,101)</u>
(Under)/Over provision in prior Years	-	-	-	-
	<u>(2,061)</u>	<u>(2,101)</u>	<u>(2,061)</u>	<u>(2,101)</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**

	<b>As At 31.08.2018 (RM'000 equivalent)</b>	<b>As At 31.05.2018 (RM'000 equivalent)</b>
<b>Short-term borrowings</b>		
Secured		
- United States Dollar	41,907	48,521
Unsecured		
- Ringgit Malaysia	146,921	163,266
- United States Dollar	2,754	904
	<u>149,675</u>	<u>164,170</u>
	<u>191,582</u>	<u>212,691</u>
<b>Long-term borrowings</b>		
Secured		
- United States Dollar	41,513	41,368
<b>Total Borrowings</b>	<u>233,095</u>	<u>254,059</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 31 August 2018 are as follows:

Type of Derivatives	Currency	Contract/Notional Value RM'000	Fair Value RM'000
Forward foreign exchange contract - Less than 1 year	USD	1,382	1,397

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 Tax was arrived at after charging/(crediting) the following:

	<b>Current Quarter 31.08.2018 RM'000</b>	<b>Financial Year-To-Date 31.08.2018 RM'000</b>
Interest income	(723)	(723)
Dividend income	(23)	(23)
Interest expense	2,870	2,870
Depreciation and amortisation	2,660	2,660
(Write-back)/Provision for and write off of receivables	(16)	(16)
Provision for and write off of inventories	-	-
Loss/(Gain) on disposal of unquoted investments	-	-
Loss/(Gain) on disposal of subsidiary	(1,423)	(1,423)
Loss/(Gain) on foreign exchange	1,400	1,400
Impairment of goodwill	-	-
Fair value (gain)/loss on investments	(79)	(79)
Fair value (gain)/loss on derivatives	(15)	(15)

**B11. Material Litigation**

There was no change in material litigation since the date of the last annual Statements of Financial Position as at 31 May 2018 except as announced on 6 September 2018.

**B12. Dividends**

The Directors do not recommend the payment of any dividend for the current financial quarter (FY 2018: 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 and financial year-to-date of RM3,082,773 (31.08.2017: RM1,645,768) 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 and financial year-to-date of 187,458,318 (31.08.2017: 191,900,936).

*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 2018.

**BY ORDER OF THE BOARD**

Choo Se Eng  
Stephen Geh Sim Whye  
*Company Secretaries*

Petaling Jaya  
25 October 2018