

NYLEX (MALAYSIA) BERHAD
(Incorporated in Malaysia)
(Registration No.: 197001000148 (9378-T))

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2020
THE FIGURES HAVE NOT BEEN AUDITED

	Individual Quarter		Cumulative Quarter	
	31.05.2020 RM'000	31.05.2019 RM'000	31.05.2020 RM'000	31.05.2019 RM'000
Revenue	230,676	380,284	1,136,305	1,560,354
Cost of sales	(211,482)	(353,962)	(1,034,761)	(1,444,499)
Gross profit	19,194	26,322	101,544	115,855
Other income	1,299	427	3,719	3,515
Selling and distribution expenses	(12,552)	(15,428)	(60,157)	(63,046)
Administrative expenses	(10,254)	(4,788)	(38,810)	(36,916)
Other expenses	(11,624)	(1,166)	(13,505)	(2,050)
Finance costs	(3,699)	(3,249)	(11,867)	(12,474)
Share of results of associates, net of tax	101	(314)	136	(244)
(Loss)/Profit before tax	(17,535)	1,804	(18,940)	4,640
Taxation	(2,181)	(2,871)	(6,765)	(9,160)
Net loss for the year	(19,716)	(1,067)	(25,705)	(4,520)
Net loss attributable to:				
Owners of the parent	(18,678)	130	(23,207)	(3,332)
Non-controlling interests	(1,038)	(1,197)	(2,498)	(1,188)
	(19,716)	(1,067)	(25,705)	(4,520)
(Loss)/Earnings per share attributable to owners of the parent (sen)				
- basic	(10.68)	0.07	(13.18)	(1.80)
- 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 2019)

NYLEX (MALAYSIA) BERHAD
(Incorporated in Malaysia)
(Registration No.: 197001000148 (9378-T))

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2020
THE FIGURES HAVE NOT BEEN AUDITED

	Individual Quarter		Cumulative Quarter	
	31.05.2020 RM'000	31.05.2019 RM'000	31.05.2020 RM'000	31.05.2019 RM'000
Net loss for the year	(19,716)	(1,067)	(25,705)	(4,520)
Other comprehensive (loss)/income:				
Currency translation differences	(5,133)	3,269	(3,733)	6,589
Re-measurement of defined benefit liability	(12)	-	(58)	56
Other comprehensive (loss)/income for the year	(5,145)	3,269	(3,791)	6,645
Total comprehensive (loss)/income for the year	(24,861)	2,202	(29,496)	2,125
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(24,036)	3,115	(27,232)	2,753
Non-controlling interests	(825)	(913)	(2,264)	(628)
	(24,861)	2,202	(29,496)	2,125

(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 2019)

NYLEX (MALAYSIA) BERHAD
(Incorporated in Malaysia)
(Registration No.: 197001000148 (9378-T))

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2020

	As at 31.05.2020 RM'000 (Unaudited)	As at 31.05.2019 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	123,658	147,340
Right-of-use assets	48,734	-
Investment in associates	2,361	3,579
Goodwill arising on consolidation	85,624	100,661
Deferred tax assets	25,854	25,770
	<u>286,231</u>	<u>277,350</u>
Current assets		
Inventories	87,947	130,518
Trade and other receivables	169,123	241,991
Investment securities	638	662
Income tax recoverable	3,050	2,089
Short-term deposits with licensed banks	16,943	17,960
Cash and bank balances	66,985	50,107
	<u>344,686</u>	<u>443,327</u>
TOTAL ASSETS	<u>630,917</u>	<u>720,677</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	195,143	195,143
Reserves	20,810	24,805
Retained profits	94,767	119,753
Less: Treasury shares, at cost	(12,916)	(10,062)
	<u>297,804</u>	<u>329,639</u>
Non-controlling interests	<u>10,101</u>	<u>11,216</u>
Total equity	<u>307,905</u>	<u>340,855</u>
Non-current liabilities		
Deferred tax liabilities	2,695	2,380
Long term borrowings	34,767	38,558
Provision for retirement benefits	4,561	4,666
Long term lease liabilities	7,117	-
	<u>49,140</u>	<u>45,604</u>
Current liabilities		
Trade and other payables	80,507	121,169
Short-term borrowings	175,798	211,727
Income tax payable	1,121	1,322
Derivative liabilities	8	-
Short-term lease liabilities	16,438	-
	<u>273,872</u>	<u>334,218</u>
Total liabilities	<u>323,012</u>	<u>379,822</u>
TOTAL EQUITY AND LIABILITIES	<u>630,917</u>	<u>720,677</u>
Net assets per share attributable to owners of the parent (RM)	1.70	1.83

(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 2019)

NYLEX (MALAYSIA) BERHAD
(Incorporated in Malaysia)
(Registration No.: 197001000148 (9378-T))

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

	<----- Attributable to owners of the parent ----->				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000			
<u>12 month period ended 31 May 2020</u>							
Balance as at 01 June 2019	195,143	24,805	119,753	(10,062)	329,639	11,216	340,855
Net loss for the period	-	-	(23,207)	-	(23,207)	(2,498)	(25,705)
Other comprehensive (loss)/income	-	(3,995)	(30)	-	(4,025)	234	(3,791)
Total comprehensive loss for the year	-	(3,995)	(23,237)	-	(27,232)	(2,264)	(29,496)
Transactions with owners							
Dividends							
- Final single-tier dividend for the financial year ended 31 May 2019	-	-	(1,749)	-	(1,749)	-	(1,749)
Acquisition of a subsidiary	-	-	-	-	-	1,149	1,149
Purchase of treasury shares	-	-	-	(2,854)	(2,854)	-	(2,854)
Total transactions with owners	-	-	(1,749)	(2,854)	(4,603)	1,149	(3,454)
Balance as at 31 May 2020	195,143	20,810	94,767	(12,916)	297,804	10,101	307,905
<u>12 month period ended 31 May 2019</u>							
Balance as at 01 June 2018	195,143	18,612	135,353	(4,883)	344,225	16,011	360,236
Effects of adoption of MFRS 9	-	-	(6,603)	-	(6,603)	-	(6,603)
Balance as at 01 June 2018, restated	195,143	18,612	128,750	(4,883)	337,622	16,011	353,633
Net loss for the period	-	-	(3,332)	-	(3,332)	(1,188)	(4,520)
Other comprehensive income	-	6,058	27	-	6,085	560	6,645
Total comprehensive income/(loss) for the period	-	6,058	(3,305)	-	2,753	(628)	2,125
Transactions with owners							
Dividends							
- Final single-tier dividend for the financial year ended 31 May 2018	-	-	(3,721)	-	(3,721)	-	(3,721)
- Interim single-tier dividend for the financial year ended 31 May 2019	-	-	(1,816)	-	(1,816)	-	(1,816)
Disposal/Derecognition of subsidiaries	-	-	-	-	-	(3,501)	(3,501)
Acquisition of non-controlling interests of a subsidiary	-	135	(155)	-	(20)	(666)	(686)
Purchase of treasury shares	-	-	-	(5,179)	(5,179)	-	(5,179)
Total transactions with owners	-	135	(5,692)	(5,179)	(10,736)	(4,167)	(14,903)
Balance as at 31 May 2019	195,143	24,805	119,753	(10,062)	329,639	11,216	340,855

(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 2019)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Registration No.: 197001000148 (9378-T))

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2020**

	FY 2020 12 months ended 31.05.2020 RM'000 (Unaudited)	FY 2019 12 months ended 31.05.2019 RM'000 (Audited)
Cash Flows From Operating Activities		
(Loss)/Profit before tax	(18,940)	4,640
Adjustments for non-cash items	47,075	18,295
Operating cash flows before working capital changes	28,135	22,935
Working Capital Changes		
Receivables	75,481	50,428
Inventories	43,291	(38,173)
Payables	(43,000)	(29,907)
Related companies	4,908	(2,829)
Associates	(8,224)	6,708
Cash flows generated from operations	100,591	9,162
Tax paid	(7,076)	(10,339)
Retirement benefits paid	(775)	(471)
Net Cash Flows From/(Used In) Operating Activities	92,740	(1,648)
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	34	399
Purchase of property, plant and equipment	(6,210)	(12,236)
Acquisition of interest in associates	-	(2,250)
Net cash flows on acquisition of a subsidiary	152	-
Net cash flows on disposal and derecognition of subsidiaries	-	1,904
Acquisition of non-controlling interests in a subsidiary	-	(686)
Interest received	2,890	2,547
Dividend received	28	38
(Placement)/Withdrawal of short-term deposits		
- pledged with a licensed bank	-	5,966
- with maturity of more than three (3) months	(1,576)	934
Net Cash Flows Used In Investing Activities	(4,682)	(3,384)
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	(1,749)	(5,537)
Repayment of lease liabilities	(15,835)	-
Drawdown of borrowings	94,434	146,460
Repayment of borrowings	(137,241)	(154,655)
Purchase of treasury shares	(2,854)	(5,058)
Interest paid	(11,867)	(12,474)
Net Cash Flows Used In Financing Activities	(75,112)	(31,264)
Net Increase/(Decrease) in Cash and Cash Equivalents	12,946	(36,296)
Effects of Exchange Rate Changes	2,049	3,832
Cash and Cash Equivalents at beginning of year	65,983	99,038
Effects of Exchange Rate Changes	(709)	(591)
	65,274	98,447
Cash and Cash Equivalents at end of year	80,269	65,983
The Cash and Cash Equivalents comprise:		
Cash and bank balances	66,985	17,960
Short-term deposits	16,943	50,107
	83,928	68,067
Less: Short-term deposits with maturity of more than three (3) months	(3,659)	(2,084)
	80,269	65,983

(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 2019)



**Notes to the Interim Financial Report
– For the 4th Financial Quarter Ended 31 May 2020**

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 2019.

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 2019.

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 2019 except for the adoption of the following MFRSs/Amendments/Annual Improvements to MFRSs (collectively referred to as “pronouncements”) to be applied for the financial period beginning on or after 1 January 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
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

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

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.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

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 accounting policies		As at 1 June 2019 RM'000
	As at 31 May 2019 RM'000	Effects of adoption of MFRS 16 RM'000	
Assets			
Property, plant and equipment	147,340	(25,606)	121,734
Right-of-use assets	-	63,125	63,125
Total Assets	147,340	37,519	184,859
Current liabilities			
Lease liabilities	-	15,339	15,339
Non-current liabilities			
Lease liabilities	-	22,180	22,180
Total Liabilities	-	37,519	37,519

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 49th Annual General Meeting held on 17 October 2019, 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. The Company did not purchase any shares for the current financial quarter. For the financial year-to-date, the Company repurchased 4,729,700 ordinary shares in the Company pursuant to Section 127 of the Companies Act 2016, details of which are as follows:

Month	No. of Shares	Highest Price	Lowest Price	Average Price	Total Consideration
		RM	RM	RM	RM
June 2019	381,800	0.6450	0.6100	0.6343	243,436.50
July 2019	1,033,300	0.6300	0.5900	0.6109	634,164.35
August 2019	1,039,200	0.6100	0.5900	0.5975	623,860.34
	2,454,300				1,501,461.19
September 2019	805,300	0.6100	0.5900	0.5998	485,397.30
October 2019	1,441,900	0.6050	0.5650	0.5872	850,667.07
November 2019	12,700	0.5900	0.5700	0.5793	7,452.01
	2,259,900				1,343,516.38
December 2019	15,500	0.5850	0.5800	0.5837	9,102.63
Total	4,729,700				2,854,080.20

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

As at 31 May 2020, a total of 19,419,024 treasury shares at a total cost of RM12,916,236.91 were held by the Company pursuant to Section 127(4)(b) of the Companies Act 2016.

A7. Dividends Paid

On 5 December 2019, the Company paid a final single-tier dividend of 1.0 sen per share amounting to RM1,749,343.36 in respect of the financial year ended 31 May 2019.

A8. Segment Revenue and Results

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

12-Month period ended 31.05.2020	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	86,935	1,028,899	20,471	-	-	1,136,305
Inter-segment sales	-	767	1,551	-	(2,318)	-
Total revenue	86,935	1,029,666	22,022	-	(2,318)	1,136,305
Results						
Segment result	6,201	820	1,832	(15,926)		(7,073)
Finance costs						(11,867)
Loss before tax						(18,940)
Taxation						(6,765)
Net loss for the year						(25,705)
Non-controlling interests						2,498
Net loss after non-controlling interests						(23,207)

12-Month period ended 31.05.2019	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	112,324	1,428,737	19,293	-	-	1,560,354
Inter-segment sales	-	1,842	864	-	(2,706)	-
Total revenue	112,324	1,430,579	20,157	-	(2,706)	1,560,354
Results						
Segment result	11,186	12,734	(777)	(6,029)		17,114
Finance costs						(12,474)
Profit before tax						4,640
Taxation						(9,160)
Net loss for the year						(4,520)
Non-controlling interests						1,188
Net loss after non-controlling interests						(3,332)

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 2019. 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

Save as disclosed below, 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.

On 16 July 2020, the holding company of Nylex (Malaysia) Berhad (“Nylex”), Ancom Berhad (“Ancom”) and Ancom Logistic Berhad (“ALB”) (a 45.06% owned subsidiary of Ancom, listed on ACE Market of Bursa Malaysia Securities Berhad) had entered into a Heads of Agreement (“HOA”) with shareholders of S7 Holdings Sdn Bhd, Merrington Assets Limited, MY E.G. Capital Sdn Bhd and Avocat Sdn Bhd where Nylex is involved in the proposed acquisition of Synergy Trans-Link Sdn Bhd (a wholly owned subsidiary of ALB), and its subsidiaries at a valuation to be agreed by Nylex and ALB. The Board has on 15 July 2020 approved in principle on the proposed acquisition subject to the terms and conditions to be determined by Nylex and ALB at later date.

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 the Company, 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. Contingent Liabilities

There were no material contingent liabilities since the last annual Statements of Financial Position as at 31 May 2019.

A13. Capital Commitment

The capital commitment as at 31 May 2020 are as follows:

	RM'000
Property, plant and equipment	
- Approved and contracted	87
- Approved but not contracted	7,704
	<u>7,791</u>

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 %
	31.05.2020 RM'million	31.05.2019 RM'million		31.05.2020 RM'million	31.05.2019 RM'million	
Revenue	230.7	380.3	(39.3)	1,136.3	1,560.4	(27.2)
(Loss)/Profit before interest and tax	(13.8)	5.1	(373.8)	(7.1)	17.1	(141.3)
(Loss)/Profit before tax	(17.5)	1.8	(1,072.0)	(18.9)	4.6	(508.2)
Loss after tax	(19.7)	(1.1)	(1,747.8)	(25.7)	(4.5)	(468.7)
(Loss)/Profit attributable to owners of the parent	(18.7)	0.1	(14,467.7)	(23.2)	(3.3)	(596.5)

For the twelve months ended 31 May 2020, the Nylex Group posted lower revenue of RM1,136.3 million, which represents a decrease of 27.2% from RM1,560.4 million recorded in the same period last financial year. The decline in revenue was mainly due to lower contribution from the Industrial Chemical Distribution segment. As a result of lower earnings contributed by the Industrial Chemical Distribution segment and after taking into account the impairment of goodwill in our wholly owned subsidiary in Singapore, CKG Chemicals Pte Ltd (“CKG”) of RM10.9 million, share of results of associates and some corporate expenses, the Group recorded a loss before tax (“LBT”) of RM18.9 million. The Group recorded a profit before tax (“PBT”) of RM4.6 million in the same period last financial year.

To contain the Covid-19 pandemic, most major economies have been in lockdown or severely restricting business operational since early March 2020. These unprecedented measures have led to sharp contraction of economic activity and weakened the global demand.

For the current quarter under review, the Nylex Group registered lower revenue of RM230.7 million, which represents a decrease of 39.3% from RM380.3 million recorded in the same period last financial year. The decrease in revenue was mainly due to lower contribution from the distribution segment of the Industrial Chemical Division. The Group suffered loss before tax of RM17.5 million, compared to a PBT of RM1.8 million recorded in the corresponding period last year, mainly attributable to losses suffered by the distribution segment of Industrial Chemical Division and Polymer Division, and after taking into account the impairment of goodwill in CKG of RM10.9 million.

The Polymer Division achieved lower sales of RM11.5 million for the current financial quarter, which represents a decrease of 60.5% from RM29.1 million in the corresponding quarter in Q4 FY 2019. Consequently, the Division suffered LBT of RM1.4 million compared with PBT of RM5.8 million achieved in the same period last year.

The Industrial Chemical Division has also recorded lower revenue of RM213.1 million for the quarter, a decrease of 38.3% compared with RM345.6 million recorded in the same period last year. This was mainly attributed to lower sales by its subsidiaries in Malaysia, Singapore and Indonesia. In tandem with lower revenue, the Division suffered higher LBT of RM4.3 million to the Group for Q4 FY 2020 as compared to LBT of RM0.9 million recorded in the same period last year. The sharp decline in oil prices which was triggered by a lack of demand since the beginning of the year following China’s economic shutdown and the continuous oil price war between Saudi Arabia and Russia, has adversely impacted the average selling prices of its products and lowered the products margin. The improved earnings generated by its Ethanol business, one of its application is used for manufacturing of sanitizers and disinfectants, is not sufficient to set off against higher losses suffered by its distribution segment.

During the quarter, the Logistics Division recorded higher revenue of RM6.1 million compared with RM5.6 million recorded in the same period last year. The Division recorded a lower LBT of RM0.1 million compared to LBT of RM1.5 million registered in the corresponding quarter in Q4 FY 2019.

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

	Current Quarter 31.05.2020 RM'million	Immediate Preceding Quarter 29.02.2020 RM'million	Changes %
Revenue	230.7	275.3	(16.2)
Loss before interest and tax	(13.8)	(0.1)	(9,508.3)
Loss before tax	(17.5)	(2.6)	(563.7)
Loss after tax	(19.7)	(4.1)	(382.1)
Loss attributable to owners of the parent	(18.7)	(3.7)	(408.4)

For the current quarter under review, the Group recorded lower revenue of RM230.7 million compared to RM275.3 million achieved in the immediate preceding quarter, mainly due to temporary closures of the businesses as a result of the lockdown measures implemented in Malaysia as well as in other countries. Consequently, the Group suffered losses of RM17.5 million for the quarter, compared with LBT of RM2.6 million in the immediate preceding quarter, after taking into account the impairment of goodwill of RM10.9 million.

B3. Future Prospects

The outlook for the global economy is highly uncertain, depending on the duration and magnitude of the pandemic. The pandemic concerns led to depressed market sentiment and precautionary consumer behaviour.

The global uncertainties will continue to put downward pressure on the demand and margins of our products for the Group's operating divisions for the next financial year ending 31 May 2021.

Management had implemented austerity measures in containing costs. The Board will continue to seek opportunities to strengthen our businesses and to improve the Group's performance for FY 2021.

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 31.05.2020 RM'000	Preceding Year 31.05.2019 RM'000	Current Year 31.05.2020 RM'000	Preceding year 31.05.2019 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(566)	1,293	(4,073)	(5,841)
Foreign	491	(149)	(2,399)	(2,526)
- Deferred tax	(2,145)	(2,936)	(324)	268
	(2,220)	(1,792)	(6,796)	(8,099)
Over /(Under) provision in prior years	39	(1,079)	31	(1,061)
	(2,181)	(2,871)	(6,765)	(9,160)

The effective tax rate of the Group is higher than the statutory tax rate mainly due to the losses recorded in certain subsidiaries 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 31.05.2020 (RM'000 equivalent)	As At 31.05.2019 (RM'000 equivalent)
Short-term borrowings		
Secured		
- United States Dollar	5,513	14,363
- Vietnamese Dong	6,454	782
	<u>11,967</u>	<u>15,145</u>
Unsecured		
- Ringgit Malaysia	130,380	159,600
- United States Dollar	33,451	36,982
	<u>163,831</u>	<u>196,582</u>
	<u>175,798</u>	<u>211,727</u>
Long-term borrowings		
Secured		
- United States Dollar	<u>34,767</u>	<u>38,558</u>
Total Borrowings	<u>210,565</u>	<u>250,285</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.

There outstanding foreign exchange derivatives as at 31 May 2020 is as follows.

Type of Derivatives	Currency	Contract/Notional Value RM'000	Fair Value RM'000
Forward foreign exchange - Less than 1 year	USD	1,730	1,738

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

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

	Current Quarter 31.05.2020 RM'000	Financial Year-To-Date 31.05.2020 RM'000
Interest income	(792)	(2,889)
Dividend income	(4)	(28)
Interest expense	3,699	11,867
Depreciation	18,940	27,421
Provision for and write off/(Write-back) of receivables	10	(129)
Provision for and write off of inventories	962	562
Gain on remeasurement of previously held interest in an associate	-	(259)
(Gain)/Loss on foreign exchange	(2,068)	(899)
Impairment of goodwill	10,941	10,941
Impairment of investment in an associate	613	613
Fair value (gain)/loss on investments	(135)	190
Fair value gain on derivatives	(8)	(8)

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 2019 except as announced on 13 September 2019.

B12. Dividends

Subject to the approval by the Company's shareholders at the forthcoming annual general meeting, the Directors are recommending a final single-tier dividend in the form of distribution of one (1) treasury share for every forty (40) existing ordinary shares, fraction of a treasury share is to be disregarded.

The Company will announce the book closure date and the date of payment in due course.

Other than the above recommended dividend, there is no other dividend declared by the Company for the current financial year.

For the last financial year, the Company paid an interim single-tier dividend and a final single-tier dividend totalling 2.0 sen per share amounting to RM3,565,932.72.

B13. Loss per Share

Basic Loss Per Share

The calculation of basic loss per share was based on the net loss attributable to owners of the parent for the current quarter of RM18,677,240 (31.05.2019: net profit of RM129,097) and net loss of RM23,207,379 (31.05.2019: RM3,332,026) 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 174,918,836 (31.05.2019: 181,901,370) and for the financial year-to-date of 176,070,830 (31.05.2019: 185,131,773).

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 2019.

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries

Petaling Jaya
30 July 2020