

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2018
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	30.11.2018	30.11.2017	30.11.2018	30.11.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	434,364	363,360	854,765	677,001
Cost of sales	(399,848)	(324,655)	(785,773)	(608,254)
Gross profit	34,516	38,705	68,992	68,747
Other income	(54)	720	2,242	1,457
Selling and distribution expenses	(15,909)	(14,820)	(31,216)	(29,422)
Administrative expenses	(8,845)	(10,273)	(20,530)	(19,708)
Other expenses	(1,466)	(730)	(3,057)	(918)
Finance costs	(3,169)	(2,536)	(6,039)	(5,335)
Share of results of an associate	29	(65)	105	(150)
Profit before tax	5,102	11,001	10,497	14,671
Taxation	(3,659)	(3,321)	(5,720)	(5,422)
Net profit for the period	1,443	7,680	4,777	9,249
Net profit attributable to:				
Owners of the parent	209	7,012	3,291	8,658
Non-controlling interests	1,234	668	1,486	591
	1,443	7,680	4,777	9,249
Earnings per share attributable to owners of the parent (sen)				
- basic	0.11	3.66	1.76	4.51
- 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 30 NOVEMBER 2018
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	30.11.2018 RM'000	30.11.2017 RM'000	30.11.2018 RM'000	30.11.2017 RM'000
Net profit for the period	1,443	7,680	4,777	9,249
Other comprehensive income/(loss) :				
Currency translation differences	4,395	(7,684)	6,576	(8,140)
Re-measurement of defined benefit liability	-	-	-	-
Other comprehensive income/(loss) for the period	4,395	(7,684)	6,576	(8,140)
Total comprehensive income/(loss) for the period	5,838	(4)	11,353	1,109
Total comprehensive income/(loss) attributable to:				
Owners of the parent	4,390	(171)	9,286	1,048
Non-controlling interests	1,448	167	2,067	61
	5,838	(4)	11,353	1,109

(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 30 NOVEMBER 2018**

	As at 30.11.2018 RM'000 (Unaudited)	As at 31.05.2018 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	143,475	146,197
Investment in associates	2,928	573
Goodwill arising on consolidation	100,597	102,798
Deferred tax assets	26,538	25,066
	<u>273,538</u>	<u>274,634</u>
Current assets		
Inventories	123,670	90,363
Trade and other receivables	292,654	303,977
Investment securities	908	1,067
Income tax recoverable	1,136	892
Short-term deposits with licensed banks	16,857	33,259
Cash and bank balances	95,056	75,259
	<u>530,281</u>	<u>504,817</u>
TOTAL ASSETS	<u>803,819</u>	<u>779,451</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	195,143	195,143
Reserves	24,607	18,612
Retained profits	132,254	135,353
Less: Treasury shares, at cost	(6,050)	(4,883)
	<u>345,954</u>	<u>344,225</u>
Non-controlling interests	<u>13,911</u>	<u>16,011</u>
Total equity	<u>359,865</u>	<u>360,236</u>
Non-current liabilities		
Deferred tax liabilities	1,402	1,405
Long term borrowings	41,039	41,368
Provision for retirement benefits	4,744	4,672
	<u>47,185</u>	<u>47,445</u>
Current liabilities		
Trade and other payables	153,665	157,712
Short-term borrowings	238,689	212,691
Income tax payable	4,415	1,367
	<u>396,769</u>	<u>371,770</u>
Total liabilities	<u>443,954</u>	<u>419,215</u>
TOTAL EQUITY AND LIABILITIES	<u>803,819</u>	<u>779,451</u>
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 30 NOVEMBER 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
6 month period ended 30 November 2018								
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	-	-	-	(6,370)	-	(6,370)	-	(6,370)
Balance as at 01 June 2018, restated	195,143	-	18,612	128,983	(4,883)	337,855	16,011	353,866
Net profit for the period	-	-	-	3,291	-	3,291	1,486	4,777
Other comprehensive income	-	-	5,995	-	-	5,995	581	6,576
Total comprehensive income for the period	-	-	5,995	3,291	-	9,286	2,067	11,353
Transactions with owners								
Disposal/Derecognition of subsidiaries	-	-	-	-	-	-	(3,501)	(3,501)
Acquisition of non-controlling interests of a subsidiary	-	-	-	(20)	-	(20)	(666)	(686)
Purchase of treasury shares	-	-	-	-	(1,167)	(1,167)	-	(1,167)
Total transactions with owners	-	-	-	(20)	(1,167)	(1,187)	(4,167)	(5,354)
Balance as at 30 November 2018	195,143	-	24,607	132,254	(6,050)	345,954	13,911	359,865
6 month period ended 30 November 2017								
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	-	-	-	8,658	-	8,658	591	9,249
Other comprehensive loss	-	-	(7,610)	-	-	(7,610)	(530)	(8,140)
Total comprehensive (loss)/income for the period	-	-	(7,610)	8,658	-	1,048	61	1,109
Transactions with owners								
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(400)	(400)
Purchase of treasury shares	-	-	-	-	(1,296)	(1,296)	-	(1,296)
Total transactions with owners	-	-	-	-	(1,296)	(1,296)	(400)	(1,696)
Balance as at 30 November 2017	194,338	805	24,383	128,785	(2,682)	345,629	16,247	361,876

(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 30 NOVEMBER 2018**

	FY 2019	FY 2018
	6 months ended 30.11.2018 RM'000 (Unaudited)	6 months ended 30.11.2017 RM'000 (Unaudited)
Cash Flows From Operating Activities		
Profit before tax	10,497	14,671
Adjustments for non-cash items	9,270	11,057
Operating cash flows before working capital changes	19,767	25,728
Working Capital Changes		
Receivables	(7,137)	4,874
Inventories	(31,019)	11,212
Payables	8,080	(8,511)
Group companies	(680)	(787)
Associates	5,195	-
Cash flows (used in)/generated from operations	(5,794)	32,516
Tax paid	(4,589)	(5,641)
Retirement benefits paid	(272)	(39)
Net Cash Flows (Used In)/From Operating Activities	(10,655)	26,836
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	232	197
Purchase of property, plant and equipment	(3,178)	(821)
Acquisition of investment securities	-	(650)
Acquisition of interest in an associate	(1,250)	-
Net cash flows on disposal and derecognition of subsidiaries	1,904	-
Acquisition of non-controlling interests in a subsidiary	(686)	-
Interest received	1,089	1,041
Dividend received	31	7
Withdrawal of short-term deposits - pledged with a licensed bank	5,967	-
Net Cash Flows From/(Used In) Investing Activities	4,109	(226)
Cash Flows From Financing Activities		
Dividends paid to non-controlling interests of subsidiary	-	(400)
Drawdown of term loans and advances	109,106	71,355
Repayment of term loans and advances	(88,024)	(90,911)
Purchase of treasury shares	(1,167)	(1,166)
Interest paid	(6,039)	(5,335)
Net Cash Flows From/(Used In) Financing Activities	13,876	(26,457)
Net Increase in Cash and Cash Equivalents	7,330	153
Effects of Exchange Rate Changes	3,847	(7,419)
Cash and Cash Equivalents at Beginning of Year	99,038	109,049
Effects of Exchange Rate Changes	(1,320)	2,230
	97,718	111,279
Cash and Cash Equivalents at End of Period	108,895	104,013
The Cash and Cash Equivalents Comprise:		
Cash and bank balances	95,056	82,483
Short-term deposits	16,857	21,530
	111,913	104,013
Less: Short-term deposits with maturity of more than three (3) months	(3,018)	-
	108,895	104,013

(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 2nd Financial Quarter Ended 30 November 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	
Assets			
Trade and other receivables	303,977	(6,370)	297,607
Equity			
Retained profits	135,353	(6,370)	128,983

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 48th Annual General Meeting held on 18 October 2018, 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 1,602,800 and 1,734,400, 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)
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
September 2018	288,000	0.675	0.625	0.6646	192,302.27
October 2018	857,500	0.720	0.580	0.6772	583,247.78
November 2018	457,300	0.700	0.635	0.6731	309,276.21
	1,602,800				1,084,826.26
Total	1,734,400				1,167,425.71

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

As at 30 November 2018, a total of 8,515,424 treasury shares at a total cost of RM6,050,074.74 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:

6-Month period ended 30.11.2018	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	56,352	788,339	10,074	-	-	854,765
Inter-segment sales	-	1,095	-	-	(1,095)	-
Total revenue	56,352	789,434	10,074	-	(1,095)	854,765
Results						
Segment result	4,014	18,687	(2,243)	(3,922)	-	16,536
Finance costs						(6,039)
Profit before tax						10,497
Taxation						(5,720)
Net profit for the period						4,777
Non-controlling interests						(1,486)
Net profit after non-controlling interests						3,291

6-Month period ended 30.11.2017	Polymer	Industrial Chemical	Logistics	Investment Holding	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External sales	62,347	600,897	13,757	-	-	677,001
Inter-segment sales	-	1,480	-	-	(1,480)	-
Total revenue	62,347	602,377	13,757	-	(1,480)	677,001
Results						
Segment result	8,607	14,228	1,356	(4,185)	-	20,006
Finance costs						(5,335)
Profit before tax						14,671
Taxation						(5,422)
Net profit for the period						9,249
Non-controlling interests						(591)
Net profit after non-controlling interests						8,658

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.
- (iii) On 25 October 2018, PKG entered into a Share Sale Agreement with Retromark Solutions Sdn Bhd ("the Purchaser") for the disposal of 660,000 ordinary shares ("Sale Shares"), representing 30% of the issued and paid-up share capital in Ancom Kimia Sdn. Bhd. ("AKM"), a 60% owned subsidiary of PKG, to the Purchaser for a total consideration of RM1,000,000 ("Purchase Price") ("Proposed Disposal"). Upon completion of the Proposed Disposal on 30 November 2018, AKM ceased to be a subsidiary and became an associate of PKG.

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 30 November 2018 are as follows:

	RM'000
Property, plant and equipment	
- Approved and contracted	8,233
- Approved but not contracted	<u>378</u>
	<u>8,611</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 %
	30.11.2018 RM'million	30.11.2017 RM'million		30.11.2018 RM'million	30.11.2017 RM'million	
Revenue	434.4	363.4	19.5	854.8	677.0	26.3
Profit before interest and tax	8.3	13.5	(38.9)	16.5	20.0	(17.3)
Profit before tax	5.1	11.0	(53.6)	10.5	14.7	(28.5)
Profit after tax	1.4	7.7	(81.2)	4.8	9.2	(48.4)
Profit attributable to owners of the parent	0.2	7.0	(97.0)	3.3	8.7	(62.0)

For the six months ended 30 November 2018, the Nylex Group posted higher revenue of RM854.8 million, which represents an increase of 26.3% from RM677.0 million recorded in the same period last financial year. The increase in revenue was due to higher contribution from the Industrial Chemical Division. The Group's profit before tax ("PBT") decline by 28.5% to RM10.5 million, from RM14.7 million recorded in the corresponding period last financial year after taking into account, amongst others, the gain on sale of subsidiary, loss on derecognition of subsidiary, share of result of associates and corporate expenses.

For the current quarter under review, the Nylex Group registered higher revenue of RM434.4 million, which represents an increase of 19.5% from RM363.4 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 PBT for the period decreased to RM5.1 million, compared to RM11.0 million recorded in the corresponding period last year, attributable to lower earnings contributed by all the divisions.

The Polymer Division posted lower revenue of RM27.6 million for the current financial quarter, compared with RM30.8 million in the corresponding quarter in Q2 FY 2018 mainly due to lower contribution by its manufacturing plant in Shah Alam. As a result of lower revenue and lower product margins, the Division posted lower PBT of RM1.5 million compared with RM4.0 million achieved in the same period last year.

The Industrial Chemical Division posted higher revenue of RM402.8 million for the quarter compared with RM325.2 million recorded in the same period last year, contributed by generally higher selling prices for certain products. The Division posted lower PBT of RM9.3 million for the quarter, as compared to RM10.5 million achieved in the same period last year, due to lower margin earned on certain products.

During the quarter, the Logistics Division recorded lower revenue of RM3.9 million compared with RM7.3 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 RM2.6 million compared to a loss of RM0.7 million registered in the corresponding quarter in Q2 FY 2018, impacted by RM0.9 million foreign exchange losses recognized during the quarter. The Division registered loss on foreign exchange of RM0.2 million in same period last year.

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

	Current Quarter 30.11.2018 RM'million	Immediate Preceding Quarter 31.08.2018 RM'million	Changes %
Revenue	434.4	420.4	3.3
Profit before interest and tax	8.3	8.3	0.1
Profit before tax	5.1	5.4	(5.4)
Profit after tax	1.4	3.3	(56.7)
Profit attributable to owners of the parent	0.2	3.1	(93.2)

For the current quarter under review, the Group recorded higher revenue of RM434.4 million compared to RM420.4 million achieved in the immediate preceding quarter, mainly due to generally higher selling prices for certain products. However, lower PBT of RM5.1 million was recorded compared with RM5.4 million in the immediate preceding quarter after taking into account, amongst others, the loss on derecognition of subsidiary of RM0.9 million. The Group recognised gain on disposal of a 60% owned subsidiary amounting to RM1.4 million in the immediate preceding quarter.

B3. Current Year's Prospects

Concerns about slowing global economic growth has generally affected the market sentiment. The uncertain market conditions may continue to 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

	Individual Quarter		Cumulative Quarter	
	Current Year 30.11.2018 RM'000	Preceding Year 30.11.2017 RM'000	Current Year 30.11.2018 RM'000	Preceding Year 30.11.2017 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(2,519)	(2,610)	(6,231)	(4,225)
Foreign	(446)	(635)	(938)	(1,194)
- Deferred tax	(694)	(76)	1,449	(3)
	<u>(3,659)</u>	<u>(3,321)</u>	<u>(5,720)</u>	<u>(5,422)</u>
(Under)/Over provision in prior Years	-	-	-	-
	<u><u>(3,659)</u></u>	<u><u>(3,321)</u></u>	<u><u>(5,720)</u></u>	<u><u>(5,422)</u></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 30.11.2018 (RM'000 equivalent)	As At 31.05.2018 (RM'000 equivalent)
Short-term borrowings		
Secured		
- United States Dollar	<u>18,126</u>	<u>48,521</u>
Unsecured		
- Ringgit Malaysia	218,044	163,266
- United States Dollar	<u>2,519</u>	<u>904</u>
	<u>220,563</u>	<u>164,170</u>
	<u>238,689</u>	<u>212,691</u>
Long-term borrowings		
Secured		
- United States Dollar	<u>41,039</u>	<u>41,368</u>
Total Borrowings	<u>279,728</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.

There were no outstanding foreign exchange derivatives as at 30 November 2018.

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:

	Current Quarter 30.11.2018 RM'000	Financial Year-To-Date 30.11.2018 RM'000
Interest income	(759)	(1,482)
Dividend income	(8)	(31)
Interest expense	3,169	6,039
Depreciation and amortisation	2,640	5,300
(Write-back)/Provision for and write off of receivables	(63)	(79)
Provision for and write off of inventories	38	38
Loss/(Gain) on disposal of unquoted investments	-	-
Gain on disposal of subsidiary	-	(1,423)
Loss on derecognition of subsidiary	947	947
Loss/(Gain) on foreign exchange	139	1,539
Impairment of goodwill	-	-
Fair value loss/(gain) on investments	53	(26)
Fair value loss/(gain) on derivatives	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 of RM208,818 (30.11.2017: RM7,012,206) and net profit of RM3,291,591 (30.11.2017: RM8,657,974) 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 186,689,084 (30.11.2017: 191,799,466) and for the financial year-to-date of 187,075,803 (30.11.2017: 191,850,478).

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
24 January 2019