

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2019  
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	28.02.2019 RM'000	28.02.2018 RM'000	28.02.2019 RM'000	28.02.2018 RM'000
Revenue	325,305	344,781	1,180,070	1,021,782
Cost of sales	(304,764)	(308,752)	(1,090,537)	(917,006)
<b>Gross profit</b>	20,541	36,029	89,533	104,776
Other income	846	691	3,088	2,148
Selling and distribution expenses	(16,402)	(14,288)	(47,618)	(43,710)
Administrative expenses	(11,598)	(11,816)	(32,128)	(31,524)
Other expenses	2,173	(395)	(884)	(1,313)
Finance costs	(3,186)	(2,728)	(9,225)	(8,063)
Share of results of an associate	(35)	(61)	70	(211)
<b>(Loss)/Profit before tax</b>	(7,661)	7,432	2,836	22,103
Taxation	(569)	(2,480)	(6,289)	(7,902)
<b>Net (loss)/profit for the period</b>	<b>(8,230)</b>	<b>4,952</b>	<b>(3,453)</b>	<b>14,201</b>
Net (loss)/profit attributable to:				
Owners of the parent	(6,753)	4,740	(3,462)	13,398
Non-controlling interests	(1,477)	212	9	803
	<b>(8,230)</b>	<b>4,952</b>	<b>(3,453)</b>	<b>14,201</b>
(Loss)/Earnings per share attributable to owners of the parent (sen)				
- basic	(3.66)	2.51	(1.86)	7.02
- 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 28 FEBRUARY 2019  
THE FIGURES HAVE NOT BEEN AUDITED**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>28.02.2019</b>	<b>28.02.2018</b>	<b>28.02.2019</b>	<b>28.02.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net (loss)/profit for the period</b>	<u>(8,230)</u>	<u>4,952</u>	<u>(3,453)</u>	<u>14,201</u>
Other comprehensive (loss)/income :				
Currency translation differences	(3,256)	(7,016)	3,320	(15,156)
Re-measurement of defined benefit liability	<u>56</u>	<u>(30)</u>	<u>56</u>	<u>(30)</u>
<b>Other comprehensive (loss)/income for the period</b>	<u>(3,200)</u>	<u>(7,046)</u>	<u>3,376</u>	<u>(15,186)</u>
<b>Total comprehensive loss for the period</b>	<u><u>(11,430)</u></u>	<u><u>(2,094)</u></u>	<u><u>(77)</u></u>	<u><u>(985)</u></u>
Total comprehensive loss attributable to:				
Owners of the parent	(9,648)	(1,842)	(362)	(794)
Non-controlling interests	<u>(1,782)</u>	<u>(252)</u>	<u>285</u>	<u>(191)</u>
	<u><u>(11,430)</u></u>	<u><u>(2,094)</u></u>	<u><u>(77)</u></u>	<u><u>(985)</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 28 FEBRUARY 2019**

	As at 28.02.2019 RM'000 (Unaudited)	As at 31.05.2018 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	145,370	146,197
Investment in associates	2,893	573
Goodwill arising on consolidation	98,417	102,798
Deferred tax assets	28,295	25,066
	<u>274,975</u>	<u>274,634</u>
<b>Current assets</b>		
Inventories	118,862	90,363
Trade and other receivables	236,625	303,977
Investment securities	849	1,067
Income tax recoverable	1,121	892
Derivative assets	9	-
Short-term deposits with licensed banks	24,526	33,259
Cash and bank balances	64,997	75,259
	<u>446,989</u>	<u>504,817</u>
<b>TOTAL ASSETS</b>	<b><u>721,964</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	21,683	18,612
Retained profits	121,809	135,353
Less: Treasury shares, at cost	(8,027)	(4,883)
	<u>330,608</u>	<u>344,225</u>
<b>Non-controlling interests</b>	12,129	16,011
<b>Total equity</b>	<u>342,737</u>	<u>360,236</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,402	1,405
Long term borrowings	38,649	41,368
Provision for retirement benefits	4,797	4,672
	<u>44,848</u>	<u>47,445</u>
<b>Current liabilities</b>		
Trade and other payables	105,037	157,712
Short-term borrowings	224,747	212,691
Income tax payable	4,595	1,367
	<u>334,379</u>	<u>371,770</u>
<b>Total liabilities</b>	<u>379,227</u>	<u>419,215</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>721,964</u></b>	<b><u>779,451</u></b>
Net Assets per share attributable to owners of the parent (RM)	1.81	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 28 FEBRUARY 2019**

	←----- Attributable to owners of the parent ----->					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000			
<b>9 month period ended 28 February 2019</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	-	-	-	(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 (loss)/profit for the period	-	-	-	(3,462)	-	(3,462)	9	(3,453)
Other comprehensive income	-	-	3,071	29	-	3,100	276	3,376
Total comprehensive income/(loss) for the period	-	-	3,071	(3,433)	-	(362)	285	(77)
<b>Transactions with owners</b>								
Dividends								
- Final single-tier dividend for the financial year ended 31 May 2018	-	-	-	(3,721)	-	(3,721)	-	(3,721)
Disposal/Derecognition of subsidiaries	-	-	-	-	-	-	(3,501)	(3,501)
Acquisition of non-controlling interests of a subsidiary	-	-	-	(20)	-	(20)	(666)	(686)
Purchase of treasury shares	-	-	-	-	(3,144)	(3,144)	-	(3,144)
Total transactions with owners	-	-	-	(3,741)	(3,144)	(6,885)	(4,167)	(11,052)
Balance as at 28 February 2019	195,143	-	21,683	121,809	(8,027)	330,608	12,129	342,737
<b>9 month period ended 28 February 2018</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	-	-	-	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)
<b>Transactions with owners</b>								
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

**(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 28 FEBRUARY 2019

	FY 2019 9 months ended 28.02.2019 RM'000 (Unaudited)	FY 2018 9 months ended 28.02.2018 RM'000 (Unaudited)
<b>Cash Flows From Operating Activities</b>		
Profit before tax	2,836	22,103
Adjustments for non-cash items	14,769	17,703
Operating cash flows before working capital changes	17,605	39,806
<b>Working Capital Changes</b>		
Receivables	46,958	(5,074)
Inventories	(27,885)	8,951
Payables	(36,747)	(18,104)
Group companies	(1,827)	(694)
Associates	2,474	-
Cash flows generated from operations	578	24,885
Tax paid	(5,953)	(9,486)
Retirement benefits paid	(382)	(3)
<b>Net Cash Flows (Used In)/From Operating Activities</b>	<b>(5,757)</b>	<b>15,396</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	306	264
Purchase of property, plant and equipment	(7,890)	(1,046)
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	1,784	1,699
Dividend received	31	7
Withdrawal of short-term deposits - pledged with a licensed bank	5,967	-
<b>Net Cash Flows From Investing Activities</b>	<b>166</b>	<b>274</b>
<b>Cash Flows From Financing Activities</b>		
Dividends paid to shareholders of the Company	(3,721)	(3,838)
Dividends paid to non-controlling interests of subsidiary	-	(400)
Drawdown of term loans and advances	130,551	108,488
Repayment of term loans and advances	(123,093)	(120,322)
Purchase of treasury shares	(3,144)	(2,802)
Interest paid	(9,225)	(8,063)
<b>Net Cash Flows Used In Financing Activities</b>	<b>(8,632)</b>	<b>(26,937)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(14,223)</b>	<b>(11,267)</b>
<b>Effects of Exchange Rate Changes</b>	<b>2,565</b>	<b>(13,651)</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>(875)</b>	<b>4,341</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>86,505</b>	<b>88,472</b>
<b>The Cash and Cash Equivalents Comprise:</b>		
Cash and bank balances	64,997	60,576
Short-term deposits	24,526	27,896
	<b>89,523</b>	<b>88,472</b>
Less: Short-term deposits with maturity of more than three (3) months	(3,018)	-
	<b>86,505</b>	<b>88,472</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 3<sup>rd</sup> Financial Quarter Ended 28 February 2019**

**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 and other receivables	303,977	(6,370)	297,607
<b>Equity</b>			
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 48<sup>th</sup> 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 3,016,600 and 4,751,000, 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	0.6400	0.6100	0.6235	57,549.18
July 2018	40,000	0.6300	0.6150	0.6220	25,050.27
	131,600				82,599.45
September 2018	288,000	0.6750	0.6250	0.6646	192,302.27
October 2018	857,500	0.7200	0.5800	0.6772	583,247.78
November 2018	457,300	0.7000	0.6350	0.6731	309,276.21
	1,602,800				1,084,826.26
December 2018	555,400	0.6700	0.5800	0.6165	344,043.79
January 2019	2,032,400	0.7000	0.6000	0.6569	1,340,585.95
February 2019	428,800	0.7000	0.6350	0.6790	292,578.78
	3,016,600				1,977,208.52
Total	4,751,000				3,144,634.23

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

As at 28 February 2019, a total of 11,532,024 treasury shares at a total cost of RM8,027,283.26 were held by the Company pursuant to Section 127 (4) (b) of the Companies Act 2016.

#### A7. Dividend Paid

On 6 December 2018, the Company paid a final single-tier dividend of 2.0 sen per share amounting to RM3,720,862.72 in respect of the financial year ended 31 May 2018.

#### 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 28.02.2019	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	83,269	1,083,118	13,683	-	-	1,180,070
Inter-segment sales	-	1,392	864	-	(2,256)	-
<b>Total revenue</b>	<b>83,269</b>	<b>1,084,510</b>	<b>14,547</b>	<b>-</b>	<b>(2,256)</b>	<b>1,180,070</b>
<b>Results</b>						
Segment result	5,356	11,727	(313)	(4,709)	-	12,061
Finance costs						(9,225)
Profit before tax						2,836
Taxation						(6,289)
Net loss for the period						(3,453)
Non-controlling interests						(9)
Net loss after non-controlling interests						(3,462)

9-Month period ended 28.02.2018	Polymer	Industrial Chemical	Logistics	Investment Holding	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External sales	90,907	909,166	21,709	-	-	1,021,782
Inter-segment sales	-	1,976	-	-	(1,480)	496
<b>Total revenue</b>	<b>90,907</b>	<b>911,142</b>	<b>21,709</b>	<b>-</b>	<b>(1,480)</b>	<b>1,022,278</b>
<b>Results</b>						
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						13,398

#### 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 28 February 2019 are as follows:

	<b>RM'000</b>
Property, plant and equipment	
- Approved and contracted	3,542
- Approved but not contracted	<u>41</u>
	<u><u>3,583</u></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 28.02.2019 RM'million	Preceding Year 28.02.2018 RM'million	Changes %	Current Year 28.02.2019 RM'million	Preceding Year 28.02.2018 RM'million	Changes %
Revenue	325.3	344.8	(5.6)	1,180.1	1,021.8	15.5
(Loss)/Profit before interest and tax	(4.5)	10.2	(144.0)	12.1	30.2	(60.0)
(Loss)/Profit before tax	(7.7)	7.4	(203.1)	2.8	22.1	(87.2)
(Loss)/Profit after tax	(8.2)	5.0	(266.2)	(3.5)	14.2	(124.3)
(Loss)/Profit attributable to owners of the parent	(6.8)	4.7	(242.5)	(3.5)	13.4	(125.8)

For the nine months ended 28 February 2019, the Nylex Group posted higher revenue of RM1,180.1 million, which represents an increase of 15.5% from RM1,021.8 million recorded in the same period last financial year. The increase in revenue was due to higher contribution from the Industrial Chemical Division. However, the Group's profit before tax ("PBT") decline by 87.2% from RM22.1 million recorded in the corresponding period last financial year, to RM2.8 million for the nine months in the current financial year, mainly attributed to lower earnings contributed by the Industrial Chemical Division.

For the current quarter under review, the Nylex Group registered lower revenue of RM325.3 million, which represents a decrease of 5.6% from RM344.8 million recorded in the same period last financial year. The decrease in revenue was mainly due to lower contribution across the divisions. The Group suffered loss before tax of RM7.7 million, compared to a PBT of RM7.4 million recorded in the corresponding period last year, mainly attributable to losses suffered by the distribution segment of Industrial Chemical Division.

The Polymer Division posted lower revenue of RM26.9 million for the current financial quarter, compared with RM28.6 million in the corresponding quarter in Q3 FY 2018 mainly due to lower contribution by its manufacturing plant in Shah Alam as a result of weak market sentiment as well as competition from cheap China imports. The Division posted lower PBT of RM1.3 million compared with RM3.2 million achieved in the same period last year, attributable to lower revenue and lower product margins.

The Industrial Chemical Division also posted lower revenue of RM294.8 million for the quarter compared with RM308.3 million recorded in the same period last year, contributed by lower volume sold coupled with generally lower average selling prices for certain products. The Division posted a loss before tax of RM8.2 million for the quarter, as compared to a PBT of RM6.4 million achieved in the same period last year, due to lower revenue and lower margin earned on certain products.

During the quarter, the Logistics Division recorded lower revenue of RM3.6 million compared with RM8.0 million recorded in the same period last year, following the disposal of its 60% owned subsidiary in June 2018. The Division recorded a PBT of RM0.9 million compared to RM0.4 million registered in the corresponding quarter in Q3 FY 2018.

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

	<b>Current Quarter 28.02.2019 RM'million</b>	<b>Immediate Preceding Quarter 30.11.2018 RM'million</b>	<b>Changes %</b>
Revenue	325.3	434.4	(25.1)
(Loss)/Profit before interest and tax	(4.5)	8.3	(154.1)
(Loss)/Profit before tax	(7.7)	5.1	(250.2)
(Loss)/Profit after tax	(8.2)	1.4	(670.3)
(Loss)/Profit attributable to owners of the parent	(6.8)	0.2	(3,331.1)

For the current quarter under review, the Group recorded lower revenue of RM325.3 million compared to RM434.4 million achieved in the immediate preceding quarter, mainly due to lower demand for our products because of the year end and new year festivities, and also generally lower average selling prices for certain products. Consequently, the Group suffered losses of RM7.7 million for the quarter, compared with PBT of RM5.1 million in the immediate preceding quarter.

**B3. Current Year's Prospects**

The challenging business environment is expected to persist, amid market volatility and softening global demand. The slowdown in Chinese economic growth triggered by uncertainty in US-China trade tensions has affected the trade and growth across the region. The uncertain market conditions will 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**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year 28.02.2019 RM'000</b>	<b>Preceding Year 28.02.2018 RM'000</b>	<b>Current Year 28.02.2019 RM'000</b>	<b>Preceding Year 28.02.2018 RM'000</b>
Taxation based on results for the period				
- Current				
Malaysian	(903)	(1,914)	(7,134)	(6,139)
Foreign	(1,439)	(653)	(2,377)	(1,847)
- Deferred tax	1,755	35	3,204	32
	(587)	(2,532)	(6,307)	(7,954)
(Under)/Over provision in prior years	18	52	18	52
	(569)	(2,480)	(6,289)	(7,902)

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</b> <b>28.02.2019</b> <b>(RM'000</b> <b>equivalent)</b>	<b>As At</b> <b>31.05.2018</b> <b>(RM'000</b> <b>equivalent)</b>
<b>Short-term borrowings</b>		
Secured		
- United States Dollar	10,994	48,521
Unsecured		
- Ringgit Malaysia	211,966	163,266
- United States Dollar	1,787	904
	<u>213,753</u>	<u>164,170</u>
	<u>224,747</u>	<u>212,691</u>
<b>Long-term borrowings</b>		
Secured		
- United States Dollar	38,649	41,368
<b>Total Borrowings</b>	<u>263,396</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 28 February 2019 are as follows:

<b>Type of Derivatives</b>	<b>Currency</b>	<b>Contract/Notional Value</b> <b>RM'000</b>	<b>Fair Value</b> <b>RM'000</b>
Forward foreign exchange - Less than 1 year	USD	2,448	2,440

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 28.02.2019 RM'000</b>	<b>Financial Year-To-Date 28.02.2019 RM'000</b>
Interest income	(719)	(2,201)
Dividend income	-	(31)
Interest expense	3,186	9,225
Depreciation and amortisation	2,525	7,825
(Write-back)/Provision for and write off of receivables	(48)	(127)
Provision for and write off of inventories	12	50
Loss/(Gain) on disposal of unquoted investments	-	-
Gain on disposal of subsidiary	-	(1,423)
Loss on derecognition of subsidiary	-	947
Loss/(Gain) on foreign exchange	(467)	1,072
Impairment of goodwill	-	-
Fair value loss/(gain) on investments	59	33
Fair value loss/(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 2018 except as announced on 6 September 2018 and 8 April 2019.

**B12. Dividends**

A single-tier interim dividend has been declared in respect of the financial year ending 31 May 2019;

- (i) The amount per share: 1.0 sen;
- (ii) The previous corresponding period: Nil;
- (iii) The date payable: 24 May 2019; and
- (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 13 May 2019; and

The total dividend declared for the current financial year-to-date is 1.0 sen per share (FY 2018: Nil).

**B13. (Loss)/Earnings per Share**

*Basic (Loss)/Earnings Per Share*

The calculation of basic (loss)/earnings per share was based on the net loss attributable to owners of the parent for the current quarter of RM6,752,714 (28.02.2018: net profit of RM4,738,777) and net loss of RM3,461,123 (28.02.2018: net profit of RM13,396,751) 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 184,481,102 (28.02.2018: 188,763,486) and for the financial year-to-date of 186,220,407 (28.02.2018: 190,832,788).

*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  
26 April 2019