

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 31 MAY 2019 THE FIGURES HAVE NOT BEEN AUDITED

	Individual Quarter		Cumulative Quarter	
	31.05.2019 RM'000	31.05.2018 RM'000	31.05.2019 RM'000	31.05.2018 RM'000
Revenue	380,284	424,593	1,560,354	1,446,375
Cost of sales	(353,962)	(387,329)	(1,444,499)	(1,304,335)
Gross profit	26,322	37,264	115,855	142,040
Other income	427	2,466	3,515	4,614
Selling and distribution expenses	(15,428)	(15,108)	(63,046)	(58,818)
Administrative expenses	(4,774)	(14,360)	(36,902)	(45,884)
Other expenses	(1,180)	835	(2,064)	(478)
Finance costs	(3,249)	(3,093)	(12,474)	(11,156)
Share of results of associates, net of tax	(314)	469	(244)	258
Profit before tax	1,804	8,473	4,640	30,576
Taxation	(2,871)	(2,599)	(9,160)	(10,501)
Net (loss)/profit for the year	<u>(1,067)</u>	<u>5,874</u>	<u>(4,520)</u>	<u>20,075</u>
Net (loss)/profit attributable to:				
Owners of the parent	130	5,695	(3,332)	19,093
Non-controlling interests	(1,197)	179	(1,188)	982
	<u>(1,067)</u>	<u>5,874</u>	<u>(4,520)</u>	<u>20,075</u>
Earnings/(Loss) per share attributable to owners of the parent (sen)				
- basic	0.07	3.03	(1.80)	10.05
- 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 MAY 2019
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	31.05.2019 RM'000	31.05.2018 RM'000	31.05.2019 RM'000	31.05.2018 RM'000
Net (loss)/profit for the year	<u>(1,067)</u>	<u>5,874</u>	<u>(4,520)</u>	<u>20,075</u>
Other comprehensive income/(loss):				
Currency translation differences	3,269	938	6,589	(14,218)
Re-measurement of defined benefit liability	-	1	56	(29)
Other comprehensive income/(loss) for the year	<u>3,269</u>	<u>939</u>	<u>6,645</u>	<u>(14,247)</u>
Total comprehensive income for the year	<u><u>2,202</u></u>	<u><u>6,813</u></u>	<u><u>2,125</u></u>	<u><u>5,828</u></u>
Total comprehensive income attributable to:				
Owners of the parent	3,115	6,477	2,753	5,683
Non-controlling interests	<u>(913)</u>	<u>336</u>	<u>(628)</u>	<u>145</u>
	<u><u>2,202</u></u>	<u><u>6,813</u></u>	<u><u>2,125</u></u>	<u><u>5,828</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 MAY 2019**

	As at 31.05.2019 RM'000 (Unaudited)	As at 31.05.2018 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	147,340	146,197
Investment in associates	3,579	573
Goodwill arising on consolidation	100,661	102,798
Deferred tax assets	25,770	25,066
	<u>277,350</u>	<u>274,634</u>
Current assets		
Inventories	130,518	90,363
Trade and other receivables	241,991	303,977
Investment securities	662	1,067
Income tax recoverable	2,089	892
Short-term deposits with licensed banks	17,960	33,259
Cash and bank balances	50,107	75,259
	<u>443,327</u>	<u>504,817</u>
TOTAL ASSETS	<u>720,677</u>	<u>779,451</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	195,143	195,143
Reserves	24,805	18,612
Retained profits	119,753	135,353
Less: Treasury shares, at cost	(10,062)	(4,883)
	<u>329,639</u>	<u>344,225</u>
Non-controlling interests	<u>11,216</u>	<u>16,011</u>
Total equity	<u>340,855</u>	<u>360,236</u>
Non-current liabilities		
Deferred tax liabilities	2,380	1,405
Long term borrowings	38,558	41,368
Provision for retirement benefits	4,666	4,672
	<u>45,604</u>	<u>47,445</u>
Current liabilities		
Trade and other payables	121,169	157,712
Short-term borrowings	211,727	212,691
Income tax payable	1,322	1,367
	<u>334,218</u>	<u>371,770</u>
Total liabilities	<u>379,822</u>	<u>419,215</u>
TOTAL EQUITY AND LIABILITIES	<u>720,677</u>	<u>779,451</u>
Net assets per share attributable to owners of the parent (RM)	1.83	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 YEAR ENDED 31 MAY 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			
<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 year	-	-	-	(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 year	-	-	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
<u>12 month period ended 31 May 2018</u>								
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 year	-	-	-	19,093	-	19,093	982	20,075
Other comprehensive loss	-	-	(13,381)	(29)	-	(13,410)	(837)	(14,247)
Total comprehensive (loss)/income for the year	-	-	(13,381)	19,064	-	5,683	145	5,828
Transactions with owners								
Dividends								
- Final single-tier dividend for the financial year ended 31 May 2017	-	-	-	(3,838)	-	(3,838)	-	(3,838)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(720)	(720)
Purchase of treasury shares	-	-	-	-	(3,497)	(3,497)	-	(3,497)
Total transactions with owners	-	-	-	(3,838)	(3,497)	(7,335)	(720)	(8,055)
Transfer pursuant to Companies Act 2016	805	(805)	-	-	-	-	-	-
Balance as at 31 May 2018	195,143	-	18,612	135,353	(4,883)	344,225	16,011	360,236

(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 YEAR ENDED 31 MAY 2019

	FY 2019 12 months ended 31.05.2019 RM'000 (Unaudited)	FY 2018 12 months ended 31.05.2018 RM'000 (Audited)
Cash Flows From Operating Activities		
Profit before tax	4,640	30,576
Adjustments for non-cash items	18,295	20,780
Operating cash flows before working capital changes	22,935	51,356
Working Capital Changes		
Receivables	50,428	(25,891)
Inventories	(38,173)	22,493
Payables	(29,907)	(4,069)
Related companies	(2,829)	569
Associates	6,708	(1,874)
Cash flows generated from operations	9,162	42,584
Tax paid	(10,339)	(12,420)
Retirement benefits paid	(471)	(2)
Net Cash Flows (Used In)/From Operating Activities	(1,648)	30,162
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	399	268
Purchase of property, plant and equipment	(12,236)	(2,166)
Acquisition of investment securities	-	(650)
Acquisition of interest in associates	(2,250)	-
Net cash flows on disposal and derecognition of subsidiaries	1,904	-
Acquisition of non-controlling interests in a subsidiary	(686)	-
Interest received	2,546	2,468
Dividend received	39	17
Withdrawal/(Placement) of short-term deposits		
- pledged with a licensed bank	5,966	(5,966)
- with maturity of more than three (3) months	934	(3,514)
Net Cash Flows Used In Investing Activities	(3,384)	(9,543)
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	(5,537)	(3,838)
Dividends paid to non-controlling interests of a subsidiary	-	(720)
Drawdown of borrowings	146,460	173,649
Repayment of borrowings	(154,655)	(179,886)
Purchase of treasury shares	(5,058)	(3,492)
Interest paid	(12,474)	(11,156)
Net Cash Flows Used In Financing Activities	(31,264)	(25,443)
Net Decrease in Cash and Cash Equivalents	(36,296)	(4,824)
Effects of Exchange Rate Changes	3,832	(9,552)
Cash and Cash Equivalents at beginning of year	99,038	109,049
Effects of Exchange Rate Changes	(591)	4,365
	98,447	113,414
Cash and Cash Equivalents at end of year	65,983	99,038
The Cash and Cash Equivalents comprise:		
Cash and bank balances	50,107	75,259
Short-term deposits	17,960	33,259
	68,067	108,518
Less: Short-term deposits pledged with a licensed bank	-	(5,966)
Less: Short-term deposits with maturity of more than three (3) months	(2,084)	(3,514)
	65,983	99,038

(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)



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(Incorporated in Malaysia)
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**Notes to the Interim Financial Report
– For the 4th Financial Quarter Ended 31 May 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	
Assets			
Trade and other receivables	303,977	(6,603)	297,374
Equity			
Retained profits	135,353	(6,603)	128,750

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 3,157,300 and 7,908,300, 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
March 2019	463,900	0.6850	0.6500	0.6600	307,775.87
April 2019	364,200	0.6900	0.6300	0.6492	237,658.54
May 2019	2,329,200	0.6600	0.6100	0.6366	1,489,439.04
	3,157,300				2,034,873.45
Total	7,908,300				5,179,507.68

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

As at 31 May 2019, a total of 14,689,324 treasury shares at a total cost of RM10,062,156.71 were held by the Company pursuant to Section 127 (4) (b) of the Companies Act 2016.

A7. Dividends Paid

The dividends paid during the financial year ended 31 May 2019 is as follows:

	RM
Final single-tier dividend of 2.0 sen per share in respect of the financial year ended 31 May 2018, paid on 6 December 2018	3,720,862.72
Interim single-tier dividend of 1.0 sen per share in respect of the financial year ended 31 May 2019, paid on 24 May 2019	1,816,589.36
	<u>5,537,452.08</u>

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 31.05.2019	Industrial			Investment		Consolidated RM'000
	Polymer RM'000	Chemical RM'000	Logistics RM'000	Holding RM'000	Eliminations 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	<u>112,324</u>	<u>1,430,579</u>	<u>20,157</u>	<u>-</u>	<u>(2,706)</u>	<u>1,560,354</u>

12-Month period ended 31.05.2019 <i>(Continued)</i>	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
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)

12-Month period ended 31.05.2018	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	125,825	1,290,799	29,751	-	-	1,446,375
Inter-segment sales	-	2,286	-	-	(2,286)	-
Total revenue	125,825	1,293,085	29,751	-	(2,286)	1,446,375
Results						
Segment result	15,013	30,453	6,710	(10,444)	-	41,732
Finance costs						(11,156)
Profit before tax						30,576
Taxation						(10,501)
Net profit for the year						20,075
Non-controlling interests						(982)
Net profit after non-controlling interests						19,093

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 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.

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, 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 (“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 material contingent liabilities since the last annual Statements of Financial Position as at 31 May 2018.

A13. Capital Commitment

The capital commitment as at 31 May 2019 are as follows:

	RM'000
Property, plant and equipment	
- Approved and contracted	1,385
- Approved but not contracted	3
	1,388

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 %
	31.05.2019 RM'million	31.05.2018 RM'million		31.05.2019 RM'million	31.05.2018 RM'million	
Revenue	380.3	424.6	(10.4)	1,560.4	1,446.4	7.9
Profit before interest and tax	5.1	11.6	(56.3)	17.1	41.7	(59.0)
Profit before tax	1.8	8.5	(78.7)	4.6	30.6	(84.8)
(Loss)/Profit after tax	(1.1)	5.9	(118.2)	(4.5)	20.1	(122.5)
Profit/(Loss) attributable to owners of the parent	0.1	5.7	(97.7)	(3.3)	19.1	(117.5)

For the twelve months ended 31 May 2019, the Nylex Group posted higher revenue of RM1,560.4 million, which represents an increase of 7.9% from RM1,446.4 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"), which was arrived at after incorporating the share of results of associates and some corporate expenses, declined to RM4.6 million, from RM30.6 million recorded in the corresponding period last financial year, mainly attributed to lower contribution across the divisions.

For the current quarter under review, the Nylex Group registered lower revenue of RM380.3 million, which represents a decrease of 10.4% from RM424.6 million recorded in the same period last financial year. The decrease in revenue was mainly due to lower contribution across the divisions. The Group recorded PBT of RM1.8 million, compared to RM8.5 million recorded in the corresponding period last year, mainly attributable to losses suffered by the Industrial Chemical Division.

The Polymer Division posted lower revenue of RM29.1 million for the current financial quarter, compared with RM34.9 million in the corresponding quarter in Q4 FY 2018 as a result of generally weak market sentiment. The Division posted higher PBT of RM5.8 million compared with RM3.2 million achieved in the same period last year, mainly attributable to some reversal of provisions no longer required.

The Industrial Chemical Division also posted lower revenue of RM345.6 million for the quarter compared with RM381.6 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 RM0.9 million for the quarter, as compared to a PBT of RM7.0 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 RM5.6 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 loss before tax of RM1.5 million compared to PBT of RM2.9 million registered in the corresponding quarter in Q4 FY 2018, after recognizing foreign exchange loss of RM1.3 million during the quarter. Foreign exchange gain of RM2.7 million was recognised in the books same period last year.

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

	Current Quarter 31.05.2019 RM'million	Immediate Preceding Quarter 28.02.2019 RM'million	Changes %
Revenue	380.3	325.3	16.9
Profit before interest and tax	5.1	(4.5)	212.9
Profit/(Loss) before tax	1.8	(7.7)	123.5
Loss after tax	(1.1)	(8.2)	87.0
Profit/(Loss) attributable to owners of the parent	0.1	(6.8)	101.9

For the current quarter under review, the Group recorded higher revenue of RM380.3 million compared to RM325.3 million achieved in the immediate preceding quarter, mainly due to improved contribution across the divisions. Consequently, the Group registered improved PBT of RM1.8 million for the quarter, compared with loss before tax of RM7.7 million in the immediate preceding quarter.

B3. Future Prospects

The challenging business environment is expected to persist, amid market volatility and softening global demand. The US-China trade tensions as well as the Iran oil export sanctions have cast a pall of uncertainty over the global economy. The slower global trade and weak consumer demand will continue to put downward pressure on product margins for the Group's operating divisions for the next financial year ending 31 May 2020.

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 31.05.2019 RM'000	Preceding Year 31.05.2018 RM'000	Current Year 31.05.2019 RM'000	Preceding Year 31.05.2018 RM'000
Taxation based on results for the period				
- Current				
Malaysian	1,293	(645)	(5,841)	(6,784)
Foreign	(149)	(1,258)	(2,526)	(3,105)
- Deferred tax	(2,936)	(520)	268	(488)
	(1,792)	(2,423)	(8,099)	(10,377)
Under provision in prior years	(1,079)	(176)	(1,061)	(124)
	(2,871)	(2,599)	(9,160)	(10,501)

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 31.05.2019 (RM'000 equivalent)	As At 31.05.2018 (RM'000 equivalent)
Short-term borrowings		
Secured		
- United States Dollar	14,363	48,521
- Vietnamese Dong	782	-
	<u>15,145</u>	<u>48,521</u>
Unsecured		
- Ringgit Malaysia	159,600	163,266
- United States Dollar	36,982	904
	<u>196,582</u>	<u>164,170</u>
	<u>211,727</u>	<u>212,691</u>
Long-term borrowings		
Secured		
- United States Dollar	38,558	41,368
	<u>38,558</u>	<u>41,368</u>
Total Borrowings	<u>250,285</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 31 May 2019.

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 31.05.2019 RM'000	Financial Year-To-Date 31.05.2019 RM'000
Interest income	(800)	(3,001)
Dividend income	(8)	(39)
Interest expense	3,249	12,474
Depreciation and amortisation	2,598	10,423
(Write-back)/Provision for and write off of receivables	(1,412)	(1,539)
Provision for and write off of inventories	372	422
Loss on disposal of quoted investment	3	3
Gain on disposal of subsidiary	-	(1,423)
Loss on derecognition of subsidiary	-	947
(Gain)/Loss on foreign exchange	(543)	529
Fair value loss on investments	185	218
Fair value gain on derivatives	(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, 8 April 2019 and 16 July 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 of 1.0 sen per share.

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

Other than the above recommended dividend, the Company has declared and paid an interim single-tier dividend of 1.0 sen per share for the current financial year.

For the last financial year, the Company paid a final single-tier dividend of 2.0 sen per share amounting to RM3,720,862.72.

B13. Earnings/(Loss) per Share

Basic Earnings/(Loss) Per Share

The calculation of basic earnings/(loss) per share was based on the net profit attributable to owners of the parent for the current quarter of RM129,096 (31.05.2018: RM5,695,953) and net loss of RM3,332,027 (31.05.2018: net profit of RM19,092,704) 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 181,901,370 (31.05.2018: 187,758,812) and for the financial year-to-date of 185,131,773 (31.05.2018: 190,057,978).

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
29 July 2019