

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2021**  
**THE FIGURES HAVE NOT BEEN AUDITED**

|  | Individual Quarter   |                      | Cumulative Quarter   |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 28.02.2021<br>RM'000 | 29.02.2020<br>RM'000 | 28.02.2021<br>RM'000 | 29.02.2020<br>RM'000 |
| Revenue  | 289,056              | 275,341              | 798,365              | 905,629              |
| Cost of sales  | (255,664)            | (249,130)            | (713,950)            | (823,279)            |
| <b>Gross profit</b>  | 33,392               | 26,211               | 84,415               | 82,350               |
| Other income   | 601                  | 747                  | 1,777                | 2,420                |
| Selling and distribution expenses                                    | (13,961)             | (15,967)             | (40,713)             | (47,605)             |
| Administrative expenses  | (9,480)              | (9,917)              | (23,686)             | (28,556)             |
| Other expenses   | (1,121)              | (1,363)              | (2,339)              | (1,881)              |
| Finance costs  | (1,962)              | (2,498)              | (6,121)              | (8,168)              |
| Share of results of associates, net of tax                           | 111                  | 145                  | 317                  | 35                   |
| <b>Profit/(Loss) before tax</b>                                      | 7,580                | (2,642)              | 13,650               | (1,405)              |
| Taxation   | (2,491)              | (1,448)              | (5,944)              | (4,584)              |
| <b>Net profit/(loss) for the period</b>                              | 5,089                | (4,090)              | 7,706                | (5,989)              |
| Net profit/(loss) attributable to:                                   |                      |                      |                      |                      |
| Owners of the parent   | 4,941                | (3,674)              | 7,909                | (4,529)              |
| Non-controlling interests  | 148                  | (416)                | (203)                | (1,460)              |
|  | 5,089                | (4,090)              | 7,706                | (5,989)              |
| Earnings/(Loss) per share attributable to owners of the parent (sen) |                      |                      |                      |                      |
| - basic  | 2.76                 | (2.10)               | 4.49                 | (2.57)               |
| - 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 2020)**

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2021**  
**THE FIGURES HAVE NOT BEEN AUDITED**

|   | Individual Quarter   |                      | Cumulative Quarter   |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 28.02.2021<br>RM'000 | 29.02.2020<br>RM'000 | 28.02.2021<br>RM'000 | 29.02.2020<br>RM'000 |
| <b>Net profit/(loss) for the period</b>                 | 5,089                | (4,090)              | 7,706                | (5,989)              |
| Other comprehensive (loss)/income:                      |                      |                      |                      |                      |
| Currency translation differences                        | (853)                | 920                  | (5,460)              | 1,400                |
| Re-measurement of defined benefit liability             | (1,042)              | (46)                 | (1,042)              | (46)                 |
| <b>Other comprehensive (loss)/income for the period</b> | (1,895)              | 874                  | (6,502)              | 1,354                |
| <b>Total comprehensive income/(loss) for the period</b> | 3,194                | (3,216)              | 1,204                | (4,635)              |
| Total comprehensive income/(loss) attributable to:      |                      |                      |                      |                      |
| Owners of the parent                                    | 3,590                | (2,855)              | 2,396                | (3,196)              |
| Non-controlling interests                               | (396)                | (361)                | (1,192)              | (1,439)              |
|   | 3,194                | (3,216)              | 1,204                | (4,635)              |

(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 2020)

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 28 FEBRUARY 2021**

|  | <b>As at<br/>28.02.2021<br/>RM'000<br/>(Unaudited)</b> | <b>As at<br/>31.05.2020<br/>RM'000<br/>(Audited)</b> |
|--|--|--|
| <b>ASSETS</b>  |  |  |
| <b>Non-current assets</b>                                      |  |  |
| Property, plant and equipment                                  | 115,897  | 123,658  |
| Right-of-use assets  | 35,383   | 48,734   |
| Investment in associates                                       | 2,918  | 2,361  |
| Goodwill arising on consolidation                              | 81,804   | 85,624   |
| Deferred tax assets  | 26,064   | 25,854   |
|  | 262,066  | 286,231  |
| <b>Current assets</b>  |  |  |
| Inventories  | 93,055   | 87,947   |
| Trade and other receivables                                    | 220,812  | 169,123  |
| Investment securities  | 738  | 638  |
| Income tax recoverable   | 3,261  | 3,050  |
| Short-term deposits with licensed banks                        | 14,943   | 16,943   |
| Cash and bank balances   | 73,114   | 66,985   |
|  | 405,923  | 344,686  |
| <b>TOTAL ASSETS</b>  | <b>667,989</b>   | <b>630,917</b>                                       |
| <b>EQUITY AND LIABILITIES</b>                                  |  |  |
| <b>Equity attributable to owners of the parent</b>             |  |  |
| Share capital  | 195,143  | 195,143  |
| Reserves   | 15,828   | 20,810   |
| Retained profits   | 99,240   | 94,767   |
| Less: Treasury shares, at cost                                 | (10,011)   | (12,916)   |
|  | 300,200  | 297,804  |
| <b>Non-controlling interests</b>                               | 8,909  | 10,101   |
| <b>Total equity</b>  | 309,109  | 307,905  |
| <b>Non-current liabilities</b>                                 |  |  |
| Deferred tax liabilities                                       | 2,695  | 2,695  |
| Long term borrowings   | 26,326   | 34,767   |
| Provision for retirement benefits                              | 4,921  | 4,561  |
| Long term lease liabilities                                    | 4,298  | 7,117  |
|  | 38,240   | 49,140   |
| <b>Current liabilities</b>                                     |  |  |
| Trade and other payables                                       | 136,153  | 80,507   |
| Short-term borrowings  | 174,239  | 175,798  |
| Income tax payable   | 3,471  | 1,121  |
| Derivative liabilities   | -  | 8  |
| Short-term lease liabilities                                   | 6,777  | 16,438   |
|  | 320,640  | 273,872  |
| <b>Total liabilities</b>                                       | 358,880  | 323,012  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                            | <b>667,989</b>   | <b>630,917</b>                                       |
| Net assets per share attributable to owners of the parent (RM) | 1.67   | 1.70   |

(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 2020)

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021**

|   | <----- Attributable to owners of the parent -----> |                                  |                               |                              | Total   | Non-<br>controlling<br>interests | Total<br>equity |
|---|--|----------------------------------|-------------------------------|------------------------------|---------|----------------------------------|-----------------|
|   | Share<br>capital<br>RM'000                         | Translation<br>reserve<br>RM'000 | Retained<br>profits<br>RM'000 | Treasury<br>shares<br>RM'000 |         |                                  |                 |
| <b><u>9 month period ended 28 February 2021</u></b>   |  |                                  |                               |                              |         |                                  |                 |
| Balance as at 01 June 2020  | 195,143  | 20,810                           | 94,767                        | (12,916)                     | 297,804 | 10,101                           | 307,905         |
| Net profit/(loss) for the period  | -  | -                                | 7,909                         | -                            | 7,909   | (203)                            | 7,706           |
| Other comprehensive loss  | -  | (4,982)                          | (531)                         | -                            | (5,513) | (989)                            | (6,502)         |
| Total comprehensive (loss)/income<br>for the period   | -  | (4,982)                          | 7,378                         | -                            | 2,396   | (1,192)                          | 1,204           |
| <b>Transactions with owners</b>   |  |                                  |                               |                              |         |                                  |                 |
| Dividends   |  |                                  |                               |                              |         |                                  |                 |
| - Final single-tier dividend for the financial<br>year ended 31 May 2020 (distribution of 1<br>treasury share for every 40 ordinary shares<br>held) | -  | -                                | (2,905)                       | 2,905                        | -       | -                                | -               |
| Total transactions with owners  | -  | -                                | (2,905)                       | 2,905                        | -       | -                                | -               |
| Balance as at 28 February 2021  | 195,143  | 15,828                           | 99,240                        | (10,011)                     | 300,200 | 8,909                            | 309,109         |
| <b><u>9 month period ended 29 February 2020</u></b>   |  |                                  |                               |                              |         |                                  |                 |
| 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   | -  | -                                | (4,529)                       | -                            | (4,529) | (1,460)                          | (5,989)         |
| Other comprehensive income/(loss)   | -  | 1,357                            | (24)                          | -                            | 1,333   | 21                               | 1,354           |
| Total comprehensive income/(loss)<br>for the period   | -  | 1,357                            | (4,553)                       | -                            | (3,196) | (1,439)                          | (4,635)         |
| <b>Transactions with owners</b>   |  |                                  |                               |                              |         |                                  |                 |
| Acquisition of a subsidiary   | -  | -                                | -                             | -                            | -       | 1,148                            | 1,148           |
| Purchase of treasury shares   | -  | -                                | -                             | (2,854)                      | (2,854) | -                                | (2,854)         |
| Total transactions with owners  | -  | -                                | (1,749)                       | (2,854)                      | (4,603) | 1,148                            | (3,455)         |
| Balance as at 29 February 2020  | 195,143  | 26,162                           | 113,451                       | (12,916)                     | 321,840 | 10,925                           | 332,765         |

**(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 2020)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

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

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 28 FEBRUARY 2021**

|  | FY 2021  | FY 2020  |
|--|--|--|
|  | 9 months<br>ended<br>28.02.2021<br>RM'000<br>(Unaudited) | 9 months<br>ended<br>29.02.2020<br>RM'000<br>(Unaudited) |
| <b>Cash Flows From Operating Activities</b>  |  |  |
| Profit/(Loss) before tax   | 13,650   | (1,405)  |
| Adjustments for non-cash items   | 29,032   | 16,561   |
| Operating cash flows before working capital changes  | 42,682   | 15,156   |
| <b>Working Capital Changes</b>   |  |  |
| Receivables  | (52,640)   | 35,373   |
| Inventories  | (7,681)  | 29,358   |
| Payables   | 56,155   | 1,244  |
| Related companies  | (2,175)  | 4,983  |
| Associates   | (111)  | (8,269)  |
| Cash flows generated from operations   | 36,230   | 77,845   |
| Tax paid   | (3,409)  | (5,709)  |
| Retirement benefits paid   | (166)  | (211)  |
| <b>Net Cash Flows From Operating Activities</b>  | <b>32,655</b>  | <b>71,925</b>  |
| <b>Cash Flows From Investing Activities</b>  |  |  |
| Proceeds from disposal of property, plant and equipment  | 255  | 34   |
| Purchase of property, plant and equipment  | (2,174)  | (3,974)  |
| Acquisition of interest in an associate  | (240)  | -  |
| Net cash flows on acquisition of a subsidiary  | -  | 152  |
| Interest received  | 1,633  | 1,566  |
| Dividend received  | 10   | 24   |
| (Placement)/Withdrawal of short-term deposits<br>- with maturity of more than three (3) months | (57)   | (1,500)  |
| <b>Net Cash Flows Used In Investing Activities</b>   | <b>(573)</b>   | <b>(3,698)</b>   |
| <b>Cash Flows From Financing Activities</b>  |  |  |
| Dividends paid to shareholders of the Company  | -  | (1,749)  |
| Drawdown of borrowings   | 115,490  | 98,580   |
| Repayment of borrowings  | (120,277)  | (143,197)  |
| Repayment of lease liabilities   | (10,923)   | -  |
| Purchase of treasury shares  | -  | (2,854)  |
| Interest paid  | (6,121)  | (8,168)  |
| <b>Net Cash Flows Used In Financing Activities</b>   | <b>(21,831)</b>  | <b>(57,388)</b>  |
| <b>Net Increase in Cash and Cash Equivalents</b>   | <b>10,251</b>  | <b>10,839</b>  |
| <b>Effects of Exchange Rate Changes</b>  | <b>(7,026)</b>   | <b>(837)</b>   |
| <b>Cash and Cash Equivalents at beginning of year</b>  | <b>80,269</b>  | <b>65,983</b>  |
| <b>Effects of Exchange Rate Changes</b>  | <b>847</b>   | <b>(758)</b>   |
|  | <b>81,116</b>  | <b>65,225</b>  |
| <b>Cash and Cash Equivalents at end of period</b>  | <b>84,341</b>  | <b>75,227</b>  |
| <b>The Cash and Cash Equivalents comprise:</b>   |  |  |
| Cash and bank balances   | 73,114   | 62,409   |
| Short-term deposits  | 14,943   | 16,402   |
|  | <b>88,057</b>  | <b>78,811</b>  |
| Less: Short-term deposits with maturity of more than three (3) months                          | (3,716)  | (3,584)  |
|  | <b>84,341</b>  | <b>75,227</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 2020)



**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

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

**Notes to the Interim Financial Report  
– For the 3<sup>rd</sup> Financial Quarter Ended 28 February 2021**

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| <b>A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING AND BURSA SECURITIES LISTING REQUIREMENTS</b> |
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**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 2020.

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 2020.

**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 2020 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 2020:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 Definition of a Business
- Amendments to MFRS 101 and MFRS 108 Definition of Material
- Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

The adoption of the above pronouncements will have no material impact on the financial statements of the Group.

**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 50<sup>th</sup> Annual General Meeting held on 21 October 2020, 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 year.

On 4 December 2020, the Company distributed a total of 4,368,376 treasury shares at an average cost of RM2,905,551.76, being payment of the final single-tier dividend for the financial year ended 31 May 2020.

As at 28 February 2021, a total of 15,050,648 treasury shares at a total cost of RM10,010,685.15 were held by the Company pursuant to Section 127(4)(b) of the Companies Act 2016.

**A7. Dividends Paid**

On 4 December 2020, the Company paid a final single-tier dividend in the form of distribution of one (1) treasury share for every forty (40) existing ordinary shares, of which fraction of a treasury share was disregarded. The cost of this distribution is RM2,905,551.76.

**A8. Segment Revenue and Results**

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

| <b>9-Month period ended<br/>28.2.2021</b>  | <b>Polymer<br/>RM'000</b> | <b>Industrial<br/>Chemical<br/>RM'000</b> | <b>Logistics<br/>RM'000</b> | <b>Investment<br/>Holding<br/>RM'000</b> | <b>Eliminations<br/>RM'000</b> | <b>Consolidated<br/>RM'000</b> |
|--|---------------------------|---|-----------------------------|--|--------------------------------|--------------------------------|
| <b>Revenue</b>                             |                           |   |                             |  |                                |                                |
| External sales                             | 69,476                    | 717,237                                   | 11,652                      | -  | -                              | 798,365                        |
| Inter-segment sales                        | -                         | 377                                       | 698                         | -  | (1,075)                        | -                              |
| <b>Total revenue</b>                       | <b>69,476</b>             | <b>717,614</b>                            | <b>12,350</b>               | <b>-</b>                                 | <b>(1,075)</b>                 | <b>798,365</b>                 |
| <b>Results</b>                             |                           |   |                             |  |                                |                                |
| Segment result                             | 4,504                     | 17,463                                    | 624                         | (2,820)                                  | -                              | 19,771                         |
| Finance costs                              |                           |   |                             |  |                                | (6,121)                        |
| Profit before tax                          |                           |   |                             |  |                                | 13,650                         |
| Taxation                                   |                           |   |                             |  |                                | (5,944)                        |
| Net profit for the period                  |                           |   |                             |  |                                | 7,706                          |
| Non-controlling interests                  |                           |   |                             |  |                                | 203                            |
| Net profit after non-controlling interests |                           |   |                             |  |                                | 7,909                          |

| 9-Month period ended<br>29.2.2020        | Polymer<br>RM'000 | Industrial<br>Chemical<br>RM'000 | Logistics<br>RM'000 | Investment<br>Holding<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|--|-------------------|----------------------------------|---------------------|---------------------------------|------------------------|------------------------|
| <b>Revenue</b>                           |                   |                                  |                     |                                 |                        |                        |
| External sales                           | 75,453            | 815,819                          | 14,357              | -                               | -                      | 905,629                |
| Inter-segment sales                      | -                 | 670                              | 1,551               | -                               | (2,221)                | -                      |
| <b>Total revenue</b>                     | <u>75,453</u>     | <u>816,489</u>                   | <u>15,908</u>       | <u>-</u>                        | <u>(2,221)</u>         | <u>905,629</u>         |
| <b>Results</b>                           |                   |                                  |                     |                                 |                        |                        |
| Segment result                           | 7,576             | 2,678                            | 838                 | (4,329)                         | -                      | 6,763                  |
| Finance costs                            |                   |                                  |                     |                                 |                        | (8,168)                |
| Loss before tax                          |                   |                                  |                     |                                 |                        | (1,405)                |
| Taxation                                 |                   |                                  |                     |                                 |                        | (4,584)                |
| Net loss for the period                  |                   |                                  |                     |                                 |                        | (5,989)                |
| Non-controlling interests                |                   |                                  |                     |                                 |                        | 1,460                  |
| Net loss after non-controlling interests |                   |                                  |                     |                                 |                        | <u>(4,529)</u>         |

#### **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 2020. 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.

#### **A12. Contingent Liabilities**

There were no material contingent liabilities since the last annual Statements of Financial Position as at 31 May 2020.

#### **A13. Capital Commitment**

The capital commitment as at 28 February 2021 are as follows:

|                               | RM'000        |
|-------------------------------|---------------|
| Property, plant and equipment |               |
| - Approved and contracted     | 2,238         |
| - Approved but not contracted | 8,423         |
|                               | <u>10,661</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 % |
|  | 28.02.2021<br>RM'million | 29.02.2020<br>RM'million |           | 28.02.2021<br>RM'million | 29.02.2020<br>RM'million |           |
| Revenue  | 289.1                    | 275.3                    | 5.0       | 798.4                    | 905.6                    | (11.8)    |
| Profit/(Loss) before interest and tax              | 9.5                      | (0.1)                    | 6,726.4   | 19.8                     | 6.8                      | 192.3     |
| Profit/(Loss) before tax                           | 7.6                      | (2.6)                    | 386.9     | 13.7                     | (1.4)                    | 1,071.5   |
| Profit/(Loss) after tax                            | 5.1                      | (4.1)                    | 224.4     | 7.7                      | (6.0)                    | 228.7     |
| Profit/(Loss) attributable to owners of the parent | 4.9                      | (3.7)                    | 234.5     | 7.9                      | (4.5)                    | 274.6     |

For the nine months ended 28 February 2021, Nylex Group posted a lower revenue of RM798.4 million, which represents a decrease of 11.8% from RM905.6 million recorded in the same period last year. The decline in revenue was mainly attributed to lower contribution across the divisions. Despite the lower revenue, after taking into account share of result of associates and corporate expenses, the Group recorded a significantly better performance with profit before tax ("PBT") of RM13.7 million, from a loss before tax ("LBT") of RM1.4 million recorded in the corresponding period last financial year.

For the current quarter under review, the Nylex Group's revenue grew 5.0% to RM289.1 million, from RM275.3 million recorded in the same period last year. The improvement in revenue was primarily due to higher contribution from the Industrial Chemical Division and Logistics Division. In tandem with the higher revenue, the Group recorded an improved PBT of RM7.6 million, compared to LBT of RM2.6 million recorded in the corresponding period last year, mainly attributable to higher earnings contributed by the Industrial Chemical Division.

The Polymer Division reported lower revenue of RM22.0 million for the current financial quarter, compared with RM25.1 million in the corresponding quarter, mainly due to lower contribution by both of its manufacturing plants in Shah Alam and Surabaya, Indonesia, as a result of weakening consumer demand amid the on-going Covid-19 pandemic. The Division posted lower PBT of RM0.6 million compared to RM2.7 million achieved in the same period last year, due to lower revenue as well as the increase in its raw material cost.

The Industrial Chemical Division's revenue for Q3 FY 2021 grew 6.7% to RM262.5 million compared to RM246.0 million recorded in the same period last year, attributed by higher volume and higher average selling prices. Consequently, the Division reversed its losses and recorded a PBT of RM8.5 million, compared to LBT of RM1.4 million achieved in the same period last year.

During the quarter, the Logistics Division recorded higher revenue of RM4.6 million compared to RM4.2 million recorded in the same period last year, as a result of improved vessel utilisation. The Division posted lower LBT of RM0.6 million compared to LBT of RM1.4 million registered in the corresponding quarter.

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

|   | <b>Current<br/>Quarter<br/>28.02.2021<br/>RM'million</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>30.11.2020<br/>RM'million</b> | <b>Changes<br/>%</b> |
|---|--|--|----------------------|
| Revenue                                     | 289.1  | 263.4  | 9.7                  |
| Profit before interest and tax              | 9.5  | 7.7  | 23.2                 |
| Profit before tax                           | 7.6  | 5.8  | 30.7                 |
| Profit after tax                            | 5.1  | 4.4  | 15.2                 |
| Profit attributable to owners of the parent | 4.9  | 4.5  | 10.1                 |

For the current quarter under review, the Group recorded higher revenue of RM289.1 million compared to RM263.4 million achieved in the immediate preceding quarter, mainly due to higher sales volume and higher average selling prices for certain products. Accordingly, the Group recorded higher PBT of RM7.6 million compared with RM5.8 million recorded in the immediate preceding quarter.

**B3. Current Year's Prospects**

While there are early signs of economic recovery following the rollout of vaccination programs, the pace and extent of economic expansion remains challenging and uncertain.

We expect the demand, prices and product margins to remain volatile and uncertain, and may affect the Group performance for the remaining period of financial year ending 31 May 2021.

The Board will continue to seek opportunities to strengthen our businesses and to improve the Group's 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<br/>Year<br/>28.02.2021<br/>RM'000</b> | <b>Preceding<br/>Year<br/>29.02.2020<br/>RM'000</b> | <b>Current<br/>Year<br/>28.02.2021<br/>RM'000</b> | <b>Preceding<br/>year<br/>29.02.2020<br/>RM'000</b> |
| Taxation based on results for the period |   |   |   |   |
| - Current                                |   |   |   |   |
| Malaysian                                | (1,018)   | (680)   | (3,879)   | (3,507)   |
| Foreign                                  | (1,437)   | (1,757)   | (2,472)   | (2,890)   |
| - Deferred tax                           | (35)  | 997   | 419   | 1,821   |
|  | (2,490)   | (1,440)   | (5,932)   | (4,576)   |
| Under provision in prior years           | (1)   | (8)   | (12)  | (8)   |
|  | (2,491)   | (1,448)   | (5,944)   | (4,584)   |

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 and not completed as at the date of this report, other than the following:

Nylex had on 16 July 2020 announced that Nylex’s holding company, Ancom Berhad (“Ancom”) and Ancom Logistic Berhad (“ALB”) (a subsidiary of Ancom), had on the same date entered into a Heads of Agreement (“HOA”) with S7 Holdings Sdn Bhd, Merrington Assets Limited, MY E.G. Capital Sdn Bhd and Avocat Sdn Bhd regarding corporate exercises involving ALB. In the said HOA, ALB proposed to dispose of the entire equity interest in its wholly-owned subsidiary, Synergy Trans-Link Sdn Bhd and its subsidiaries to Nylex at a valuation to be agreed by Nylex and ALB (“Proposed Acquisition”). The Board has on 15 July 2020 approved in principle the Proposed Acquisition subject to the terms and conditions to be determined by Nylex and ALB at later date.

As at the date of this Report, the Proposed Acquisition is yet to be completed.

**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<br/>28.02.2021<br/>(RM’000<br/>equivalent)</b> | <b>As At<br/>31.05.2020<br/>(RM’000<br/>equivalent)</b> |
|------------------------------|---|---|
| <b>Short-term borrowings</b> |   |   |
| Secured                      |   |   |
| - United States Dollar       | 4,860   | 5,513   |
| - Vietnamese Dong            | 9,178   | 6,454   |
|                              | <u>14,038</u>   | <u>11,967</u>   |
| Unsecured                    |   |   |
| - Ringgit Malaysia           | 125,001   | 130,380   |
| - United States Dollar       | 35,200  | 33,451  |
|                              | <u>160,201</u>  | <u>163,831</u>  |
|                              | <u>174,239</u>  | <u>175,798</u>  |
| <b>Long-term borrowings</b>  |   |   |
| Secured                      |   |   |
| - United States Dollar       | <u>26,326</u>   | <u>34,767</u>   |
| <b>Total Borrowings</b>      | <u>200,565</u>  | <u>210,565</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 28 February 2021.

**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<br/>Quarter<br/>28.02.2021<br/>RM'000</b> | <b>Financial<br/>Year-To-Date<br/>28.02.2021<br/>RM'000</b> |
|---|--|---|
| Interest income   | (530)  | (1,633)   |
| Dividend income   | -  | (10)  |
| Interest expense  | 1,962  | 6,121   |
| Depreciation  | 6,587  | 20,099  |
| Provision for and write off/(Write-back) of receivables | (888)  | (943)   |
| Loss on foreign exchange                                | 173  | 3,690   |
| Impairment loss on assets                               | 1,000  | 1,000   |
| Fair value gain on investments                          | (52)   | (99)  |

**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 2020.

**B12. Dividends**

The Directors do not recommend the payment of any dividend for the current financial quarter (FY 2020: 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 RM4,942,044 (29.2.2020: net loss of RM3,674,241) and net profit of RM7,909,583 (29.2.2020: net loss of RM4,530,138) 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 179,141,599 (29.2.2020: 174,921,561) and financial year-to-date of 176,310,956 (29.2.2020: 176,457,631).

*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 2020.

**BY ORDER OF THE BOARD**

Choo Se Eng  
Stephen Geh Sim Whye  
*Company Secretaries*

Petaling Jaya  
28 April 2021