

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2021
THE FIGURES HAVE NOT BEEN AUDITED

	Individual Quarter		Cumulative Quarter	
	30.11.2021 RM'000	30.11.2020 RM'000	30.11.2021 RM'000	30.11.2020 RM'000
Revenue	385,448	263,390	660,370	509,309
Cost of sales	(343,595)	(235,917)	(600,287)	(458,286)
Gross profit	41,853	27,473	60,083	51,023
Other income	1,292	590	2,396	1,176
Selling and distribution expenses	(15,400)	(13,013)	(28,370)	(26,752)
Administrative expenses	(14,503)	(7,284)	(18,839)	(14,206)
Other expenses	(53)	(143)	(90)	(1,218)
Finance costs	(2,162)	(1,945)	(4,292)	(4,159)
Share of results of associates, net of tax	240	120	434	206
Profit before tax	11,267	5,798	11,322	6,070
Taxation	(3,656)	(1,382)	(3,063)	(3,453)
Net profit for the period	7,611	4,416	8,259	2,617
Net profit attributable to:				
Owners of the parent	7,728	4,486	8,060	2,968
Non-controlling interests	(117)	(70)	199	(351)
	7,611	4,416	8,259	2,617
Earnings per share attributable to owners of the parent (sen)				
- basic	4.31	2.56	4.50	1.70
- 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 2021)

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2021
THE FIGURES HAVE NOT BEEN AUDITED

	Individual Quarter		Cumulative Quarter	
	30.11.2021 RM'000	30.11.2020 RM'000	30.11.2021 RM'000	30.11.2020 RM'000
Net profit for the period	7,611	4,416	8,259	2,617
Other comprehensive income/(loss):				
Currency translation differences	1,471	(670)	2,130	(4,607)
Re-measurement of defined benefit liability	-	-	-	-
Other comprehensive income/(loss) for the period	1,471	(670)	2,130	(4,607)
Total comprehensive income/(loss) for the period	9,082	3,746	10,389	(1,990)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	9,121	3,974	10,064	(1,194)
Non-controlling interests	(39)	(228)	325	(796)
	9,082	3,746	10,389	(1,990)

(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 2021)

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2021

	As at 30.11.2021 RM'000 (Unaudited)	As at 31.05.2021 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	111,902	115,357
Right-of-use assets	51,315	59,053
Investment in associates	3,425	2,991
Goodwill arising on consolidation	83,876	82,820
Deferred tax assets	24,722	24,255
	<u>275,240</u>	<u>284,476</u>
Current assets		
Inventories	114,732	122,148
Trade and other receivables	271,810	224,265
Investment securities	763	840
Income tax recoverable	4,984	4,124
Derivative assets	4	-
Short-term deposits with licensed banks	8,104	14,719
Cash and bank balances	71,661	79,532
	<u>472,058</u>	<u>445,628</u>
TOTAL ASSETS	<u>747,298</u>	<u>730,104</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	195,143	195,143
Reserves	19,326	17,322
Retained profits	118,829	110,769
Less: Treasury shares, at cost	(10,011)	(10,011)
	<u>323,287</u>	<u>313,223</u>
Non-controlling interests	<u>9,888</u>	<u>9,563</u>
Total equity	<u>333,175</u>	<u>322,786</u>
Non-current liabilities		
Deferred tax liabilities	2,602	2,602
Long term borrowings	24,842	26,837
Provision for retirement benefits	5,002	4,679
Long term lease liabilities	16,094	21,145
	<u>48,540</u>	<u>55,263</u>
Current liabilities		
Trade and other payables	140,837	150,551
Short-term borrowings	213,317	186,717
Income tax payable	1,605	1,464
Short-term lease liabilities	9,824	13,323
	<u>365,583</u>	<u>352,055</u>
Total liabilities	<u>414,123</u>	<u>407,318</u>
TOTAL EQUITY AND LIABILITIES	<u>747,298</u>	<u>730,104</u>
Net assets per share attributable to owners of the parent (RM)	1.80	1.75

(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 2021)

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021**

	<----- Attributable to owners of the parent ----->				Total	Non- controlling interests	Total equity
	Share capital RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000			
<u>6 month period ended 30 November 2021</u>							
Balance as at 01 June 2021	195,143	17,322	110,769	(10,011)	313,223	9,563	322,786
Net profit for the period	-	-	8,060	-	8,060	199	8,259
Other comprehensive profit	-	2,004	-	-	2,004	126	2,130
Total comprehensive income for the period	-	2,004	8,060	-	10,064	325	10,389
Balance as at 30 November 2021	195,143	19,326	118,829	(10,011)	323,287	9,888	333,175
<u>6 month period ended 30 November 2020</u>							
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	-	-	2,968	-	2,968	(351)	2,617
Other comprehensive loss	-	(4,162)	-	-	(4,162)	(445)	(4,607)
Total comprehensive (loss)/income for the period	-	(4,162)	2,968	-	(1,194)	(796)	(1,990)
Balance as at 30 November 2020	195,143	16,648	97,735	(12,916)	296,610	9,305	305,915

(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 2021)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

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

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 NOVEMBER 2021**

	FY 2022 6 months ended 30.11.2021 RM'000 (Unaudited)	FY 2021 6 months ended 30.11.2020 RM'000 (Unaudited)
Cash Flows From Operating Activities		
Profit before tax	11,322	6,070
Adjustments for non-cash items	14,990	20,780
Operating cash flows before working capital changes	26,312	26,850
Working Capital Changes		
Receivables	(43,888)	(26,178)
Inventories	8,706	13,067
Payables	(10,619)	29,718
Related companies	(1,079)	(2,209)
Associates	(565)	(45)
Cash flows (used in)/generated from operations	(21,133)	41,203
Tax paid	(4,787)	(2,069)
Retirement benefits paid	-	(166)
Net Cash Flows (Used In)/From Operating Activities	(25,920)	38,968
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	281	23
Purchase of property, plant and equipment	(1,344)	(271)
Acquisition of interest in an associate	-	(235)
Interest received	1,118	1,103
Dividend received	35	10
Withdrawal/(Placement) of short-term deposits - with maturity of more than three (3) months	1,040	(57)
Net Cash Flows From Investing Activities	1,130	573
Cash Flows From Financing Activities		
Drawdown of borrowings	101,263	95,925
Repayment of borrowings	(78,296)	(112,053)
Repayment of lease liabilities	(8,264)	(6,964)
Interest paid	(4,292)	(4,159)
Net Cash Flows From/(Used In) Financing Activities	10,411	(27,251)
Net (Decrease)/Increase in Cash and Cash Equivalents	(14,379)	12,290
Effects of Exchange Rate Changes	1,585	(6,392)
Cash and Cash Equivalents at beginning of year	91,013	80,269
Effects of Exchange Rate Changes	(652)	1,152
	90,361	81,421
Cash and Cash Equivalents at end of period	77,567	87,319
The Cash and Cash Equivalents comprise:		
Cash and bank balances	71,661	71,581
Short-term deposits	8,104	19,454
	79,765	91,035
Less: Short-term deposits with maturity of more than three (3) months	(2,198)	(3,716)
	77,567	87,319

(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 2021)



NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

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

Notes to the Interim Financial Report
– For the 2nd Financial Quarter Ended 30 November 2021

A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING AND BURSA SECURITIES LISTING REQUIREMENTS
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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 2021.

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 2021.

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 2021 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 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform - Phase 2*

Amendment to MFRS 16 *Leases Covid-19-Related Rent Concessions beyond 30 June 2021*

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 51st Annual General Meeting held on 26 October 2021, 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 quarter and financial year-to-date.

As at 30 November 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

The Company has not paid any dividend for the current financial year-to-date.

A8. Segment Revenue and Results

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

6-Month period ended 30.11.2021	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	39,036	613,637	7,697	-	-	660,370
Inter-segment sales	-	117	-	-	(117)	-
Total revenue	39,036	613,754	7,697	-	(117)	660,370
Results						
Segment result	2,358	17,431	(2,301)	(1,874)	-	15,614
Finance costs						(4,292)
Profit before tax						11,322
Taxation						(3,063)
Net profit for the period						8,259
Non-controlling interests						(199)
Net profit after non-controlling interests						8,060
6-Month period ended 30.11.2020	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	47,526	454,754	7,029	-	-	509,309
Inter-segment sales	-	234	698	-	(932)	-
Total revenue	47,526	454,988	7,727	-	(932)	509,309
Results						
Segment result	3,890	8,102	338	(2,101)	-	10,229
Finance costs						(4,159)
Profit before tax						6,070
Taxation						(3,453)
Net profit for the period						2,617
Non-controlling interests						351
Net profit after non-controlling interests						2,968

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 2021. 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 2021.

A13. Capital Commitment

The capital commitment as at 30 November 2021 are as follows:

	RM'000
Property, plant and equipment	
- Approved and contracted	7,298
- Approved but not contracted	13,392
	<hr/>
	20,690
	<hr/> <hr/>

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 30.11.2021 RM'million	Preceding Year 30.11.2020 RM'million	Changes %	Current Year 30.11.2021 RM'million	Preceding Year 30.11.2020 RM'million	Changes %
Revenue	385.4	263.4	46.3	660.4	509.3	29.7
Profit before interest and tax	13.4	7.7	73.4	15.6	10.2	52.6
Profit before tax	11.3	5.8	94.3	11.3	6.1	86.5
Profit after tax	7.6	4.4	72.4	8.3	2.6	215.6
Profit attributable to owners of the parent	7.7	4.5	72.3	8.1	3.0	171.6

For the six months ended 30 November 2021, the Nylex Group achieved higher revenue of RM660.4 million, which represents an increase of 29.7% from RM509.3 million recorded in the same period last financial year. The higher revenue was mainly due to improved sales performance by its Industrial Chemical Division. With the improved revenue, the Group recorded improved earnings with higher profit before tax ("PBT") of RM11.3 million, compared to RM6.1 million recorded in the corresponding period last year, mainly contributed by the Industrial Chemical Division.

For the current quarter under review, the Nylex Group posted higher revenue of RM385.4 million, which represents an increase of 46.3% from RM263.4 million recorded in the same period last financial year. The increase in revenue was mainly due to higher contribution across all its divisions. After taking into account share of results of associates and some corporate expenses, the Group posted a twofold increase in PBT to RM11.3 million, compared to RM5.8 million recorded in the corresponding period last year, primarily due to better earnings performance of its Industrial Chemical Division.

The Polymer Division achieved higher revenue of RM26.0 million for the current financial quarter, which represents an increase of 16.1% from RM22.4 million in the corresponding quarter in Q2 FY 2021. This was attributed to higher contribution by its manufacturing plant in Surabaya, Indonesia. The Division recorded slightly lower PBT of RM2.0 million compared with PBT of RM2.2 million achieved in the same period last financial year, due to lower products margin as a result of higher raw material prices.

The Industrial Chemical Division has also recorded higher revenue of RM354.4 million for the quarter, an increase of 49.4% compared with RM237.2 million recorded in the same period last year, mainly attributed to higher sales by its subsidiaries in Malaysia and Singapore. With higher revenue, the Division recorded improved PBT of RM12.6 million for Q2 FY 2022 as compared to RM5.0 million recorded in the same period last year, driven by higher margins earned on some of its products.

During the quarter, the Logistics Division also recorded higher revenue of RM5.0 million compared with RM3.8 million recorded in the same period last year. Despite higher revenue, the Division suffered higher LBT of RM1.1 million compared to LBT of RM0.3 million registered in the corresponding quarter in Q2 FY 2021, as its earnings performance was affected by higher bunker prices and higher loss on foreign exchange.

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

	Current Quarter 30.11.2021 RM'million	Immediate Preceding Quarter 31.08.2021 RM'million	Changes %
Revenue	385.4	274.9	40.2
Profit before interest and tax	13.4	2.2	514.6
Profit before tax	11.3	0.1	20,385.5
Profit after tax	7.6	0.6	1,074.5
Profit attributable to owners of the parent	7.7	0.3	2,227.7

For the current quarter under review, the Group recorded higher revenue of RM385.4 million compared to RM274.9 million achieved in the immediate preceding quarter, an improvement of 40.2%, primarily due to higher contribution across its divisions. In tandem with higher revenue, the Group registered higher PBT of RM11.3 million for Q2 FY 2022 compared with RM0.1 million recorded in the immediate preceding quarter.

B3. Current Year's Prospects

There remain uncertainties from the Covid-19 pandemic given the possibility of outbreaks from new Covid-19 variants of concerns.

Pending completion of the proposed disposal and proposed distribution involving Ancom Berhad to acquire all the assets and liabilities of the Company as stated in Note B6(2), the Board will continue to seek opportunities 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

	Individual Quarter		Cumulative Quarter	
	Current Year 30.11.2021 RM'000	Preceding Year 30.11.2020 RM'000	Current Year 30.11.2021 RM'000	Preceding year 30.11.2020 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(3,265)	(1,031)	(3,570)	(2,861)
Foreign	(652)	(568)	(716)	(1,035)
- Deferred tax	261	217	398	454
	<u>(3,656)</u>	<u>(1,382)</u>	<u>(3,888)</u>	<u>(3,442)</u>
Over/(Under) provision in prior years	-	-	825	(11)
	<u>(3,656)</u>	<u>(1,382)</u>	<u>(3,063)</u>	<u>(3,453)</u>

The effective tax rate of the Group for the current quarter 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:

1. Proposed Acquisition of Synergy Trans-Link Sdn Bhd and its subsidiaries

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 of Directors of Nylex had 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.

- 2. (i) Proposed disposal of all the assets and liabilities of Nylex to Ancom Berhad ("Ancom") ("Proposed Disposal"); and
(ii) Proposed distribution of the proceeds from the Proposed Disposal amounting to RM164.3 million to all the entitled shareholders of Nylex by way of a capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("Proposed Distribution")
(Collectively to be referred to as "Proposals")**

On 28 April 2021, Nylex had received a letter dated 28 April 2021 from Ancom ("Proposal Letter") offering to acquire all the assets and liabilities of Nylex, upon the terms and conditions as set out in the Proposal Letter and subject to the execution of a sale of business agreement to effect the Proposed Disposal ("Offer").

On 28 June 2021, Nylex Board (save for Dato' Siew Ka Wei, being an interested director) has decided to accept the Offer, subject to, among others, the approvals of the non-interested shareholders of Nylex and the relevant regulatory authorities, where required.

On 29 July 2021, Nylex entered into the Sale of Business Agreement with Ancom and its wholly owned subsidiary, Nylex Holdings Sdn Bhd in respect of the Proposed Disposal.

On 26 October 2021, the Proposals were approved by the shareholders of the Company at the Extraordinary General Meeting.

On 29 November 2021, the High Court of Malaya has fixed 12 January 2022 as the hearing date of the Company's petition dated 17 November 2021 to obtain the order of the High Court of Malaya confirming the special resolution passed by the shareholders of the Company on 26 October 2021 approving the Proposed Distribution ("Special Resolution") ("Court Order").

On 12 January 2022, Court Order on the Special Resolution has been obtained. Following the receipt of the Court Order, the Sale of Business Agreement for the Proposed Disposal has become unconditional.

As at the date of this report, the Proposals are 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

	As At 30.11.2021 (RM'000 equivalent)	As At 31.05.2021 (RM'000 equivalent)
Short-term borrowings		
Secured		
- United States Dollar	5,053	13,037
- Vietnamese Dong	16,196	11,225
	<u>21,249</u>	<u>24,262</u>
Unsecured		
- Ringgit Malaysia	136,977	132,050
- United States Dollar	55,091	30,405
	<u>192,068</u>	<u>162,455</u>
	<u>213,317</u>	<u>186,717</u>
Long-term borrowings		
Secured		
- United States Dollar	24,842	26,837
	<u>24,842</u>	<u>26,837</u>
Total Borrowings	<u>238,159</u>	<u>213,554</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 30 November 2021 are as follows.

Type of Derivatives	Currency	Contract/Notional Value RM'000	Fair Value RM'000
Forward foreign exchange - Less than 1 year	USD	421	421

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

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

	Current Quarter 30.11.2021 RM'000	Financial Year-To-Date 30.11.2021 RM'000
Interest income	(567)	(1,118)
Dividend income	(32)	(35)
Interest expense	2,162	4,292
Depreciation	6,881	13,551
Provision for and write off/(Write-back) of receivables	(1)	(1,185)
Provision for and write off/(Write-back) of inventories	-	(1,000)
Gain on foreign exchange	(103)	(542)
Fair value loss on investments	45	77

B11. Material Litigation

Save as disclosed below, our Group is not engaged in any material litigation since the date of the last annual Statements of Financial Position as at 31 May 2021:

High Court of Malaya at Kuala Lumpur Suit No. WA-25-341-10/2021

On 14 October 2021, Fermpro Sdn Bhd ("Fermpro"), a wholly-owned subsidiary of the Company, submitted an application for Judicial Review to High Court of Malaya at Kuala Lumpur as Applicant against Royal Malaysian Customs Department ("Customs") as Respondent, in regard to Customs decision dated 3 August 2021 that affirmed Customs earlier decisions dated 15 June 2020 to issue four Bills of Demand ("BODs") for indirect taxes totaling RM7.8 million, comprising import duty, excise duty, Goods and Services Tax ("GST") and sales tax (collectively referred to as "the indirect taxes").

The BODs were issued by Customs due to the alleged liability of Fermpro for the indirect taxes in the removal of goods from Westport Free Commercial Zone ("FCZ") to Licensed Manufacturing Warehouse ("LMW") for the period January 2017 to August 2019.

Upon consulting its tax consultants, the Company is of the view that the BODs are without any technical basis and there are reasonably strong grounds for Fermpro to challenge the validity of the said BODs raised by the Customs, amongst others, the removal of goods from FCZ to LMW should not be liable to import duty, excise duty and sales tax under established general principles in indirect tax law and practice. The GST demanded by Customs is effectively levied on the import duty and excise duty elements and hence, should not be applicable as well, since import duty and excise duty should not be applicable in the removal of goods from FCZ to LMW.

As at the date of this report, the Judicial Review application is in process.

B12. Dividends

The Directors do not recommend the payment of any dividend for the current financial quarter (FY 2021: 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 RM7,727,976 (30.11.2020: RM4,486,151) and net profit of RM8,060,117 (30.11.2020: RM2,967,539) 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 and financial year-to-date of 179,287,212 (30.11.2020: 174,918,836).

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 2021.

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries

Petaling Jaya
17 January 2022