

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2021
THE FIGURES HAVE NOT BEEN AUDITED

	Individual Quarter		Cumulative Quarter	
	31.05.2021 RM'000	31.05.2020 RM'000	31.05.2021 RM'000	31.05.2020 RM'000
Revenue	353,312	230,676	1,151,677	1,136,305
Cost of sales	(312,748)	(211,482)	(1,026,698)	(1,034,761)
Gross profit	40,564	19,194	124,979	101,544
Other income	792	1,299	2,569	3,719
Selling and distribution expenses	(17,236)	(12,552)	(57,949)	(60,157)
Administrative expenses	(9,022)	(10,254)	(32,708)	(38,810)
Other expenses	322	(11,624)	(2,017)	(13,505)
Finance costs	(1,798)	(3,699)	(7,919)	(11,867)
Share of results of associates, net of tax	73	101	390	136
Profit/(Loss) before tax	13,695	(17,535)	27,345	(18,940)
Taxation	(1,721)	(2,181)	(7,665)	(6,765)
Net profit/(loss) for the year	11,974	(19,716)	19,680	(25,705)
Net profit/(loss) attributable to:				
Owners of the parent	11,397	(18,678)	19,306	(23,207)
Non-controlling interests	577	(1,038)	374	(2,498)
	11,974	(19,716)	19,680	(25,705)
Earnings/(Loss) per share attributable to owners of the parent (sen)				
- basic	6.36	(10.68)	10.90	(13.18)
- 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 31 MAY 2021
THE FIGURES HAVE NOT BEEN AUDITED

	Individual Quarter		Cumulative Quarter	
	31.05.2021 RM'000	31.05.2020 RM'000	31.05.2021 RM'000	31.05.2020 RM'000
Net profit/(loss) for the year	11,974	(19,716)	19,680	(25,705)
Other comprehensive income/(loss):				
Currency translation differences	1,612	(5,133)	(3,848)	(3,733)
Re-measurement of defined benefit liability	(896)	(12)	(1,938)	(58)
Other comprehensive income/(loss) for the year	716	(5,145)	(5,786)	(3,791)
Total comprehensive income/(loss) for the year	<u>12,690</u>	<u>(24,861)</u>	<u>13,894</u>	<u>(29,496)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	12,430	(24,036)	14,826	(27,232)
Non-controlling interests	260	(825)	(932)	(2,264)
	<u>12,690</u>	<u>(24,861)</u>	<u>13,894</u>	<u>(29,496)</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 2020)

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2021

	As at	As at
	31.05.2021	31.05.2020
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	115,357	123,658
Right-of-use assets	59,053	48,734
Investment in associates	2,991	2,361
Goodwill arising on consolidation	82,820	85,624
Deferred tax assets	<u>24,253</u>	<u>25,854</u>
	<u>284,474</u>	<u>286,231</u>
Current assets		
Inventories	122,148	87,947
Trade and other receivables	224,081	169,123
Investment securities	840	638
Income tax recoverable	3,324	3,050
Short-term deposits with licensed banks	14,719	16,943
Cash and bank balances	<u>79,532</u>	<u>66,985</u>
	<u>444,644</u>	<u>344,686</u>
TOTAL ASSETS	<u>729,118</u>	<u>630,917</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	195,143	195,143
Reserves	17,323	20,810
Retained profits	110,175	94,767
Less: Treasury shares, at cost	<u>(10,011)</u>	<u>(12,916)</u>
	312,630	297,804
Non-controlling interests	<u>9,169</u>	<u>10,101</u>
Total equity	<u>321,799</u>	<u>307,905</u>
Non-current liabilities		
Deferred tax liabilities	2,602	2,695
Long term borrowings	26,837	34,767
Provision for retirement benefits	4,679	4,561
Long term lease liabilities	<u>21,145</u>	<u>7,117</u>
	<u>55,263</u>	<u>49,140</u>
Current liabilities		
Trade and other payables	150,552	80,507
Short-term borrowings	186,717	175,798
Income tax payable	1,464	1,121
Derivative liabilities	-	8
Short-term lease liabilities	<u>13,323</u>	<u>16,438</u>
	<u>352,056</u>	<u>273,872</u>
Total liabilities	<u>407,319</u>	<u>323,012</u>
TOTAL EQUITY AND LIABILITIES	<u>729,118</u>	<u>630,917</u>
Net assets per share attributable to owners of the parent (RM)	1.74	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 YEAR ENDED 31 MAY 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			
12 month period ended 31 May 2021							
Balance as at 01 June 2020	195,143	20,810	94,767	(12,916)	297,804	10,101	307,905
Net profit for the year	-	-	19,306	-	19,306	374	19,680
Other comprehensive loss	-	(3,487)	(993)	-	(4,480)	(1,306)	(5,786)
Total comprehensive (loss)/income for the year	-	(3,487)	18,313	-	14,826	(932)	13,894
Transactions with owners							
Dividends							
- Final single-tier dividend for the financial year ended 31 May 2020 (distribution of 1 treasury share for every 40 ordinary shares held)	-	-	(2,905)	2,905	-	-	-
Total transactions with owners	-	-	(2,905)	2,905	-	-	-
Balance as at 31 May 2021	<u>195,143</u>	<u>17,323</u>	<u>110,175</u>	<u>(10,011)</u>	<u>312,630</u>	<u>9,169</u>	<u>321,799</u>
12 month period ended 31 May 2020							
Balance as at 01 June 2019	195,143	24,805	119,753	(10,062)	329,639	11,216	340,855
Net loss for the year	-	-	(23,207)	-	(23,207)	(2,498)	(25,705)
Other comprehensive income/(loss)	-	(3,995)	(30)	-	(4,025)	234	(3,791)
Total comprehensive loss for the year	-	(3,995)	(23,237)	-	(27,232)	(2,264)	(29,496)
Transactions with owners							
Dividends							
- Final single-tier dividend for the financial year ended 31 May 2019	-	-	(1,749)	-	(1,749)	-	(1,749)
Acquisition of a subsidiary	-	-	-	-	-	1,149	1,149
Purchase of treasury shares	-	-	-	(2,854)	(2,854)	-	(2,854)
Total transactions with owners	-	-	(1,749)	(2,854)	(4,603)	1,149	(3,454)
Balance as at 31 May 2020	<u>195,143</u>	<u>20,810</u>	<u>94,767</u>	<u>(12,916)</u>	<u>297,804</u>	<u>10,101</u>	<u>307,905</u>

(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 YEAR ENDED 31 MAY 2021**

	FY 2021 12 months ended 31.05.2021 RM'000 (Unaudited)	FY 2020 12 months ended 31.05.2020 RM'000 (Audited)
Cash Flows From Operating Activities		
Profit/(Loss) before tax	27,345	(18,940)
Adjustments for non-cash items	35,127	47,075
Operating cash flows before working capital changes	62,472	28,135
Working Capital Changes		
Receivables	(55,857)	75,481
Inventories	(36,896)	43,291
Payables	69,014	(43,000)
Related companies	(1,866)	4,908
Associates	(113)	(8,224)
Cash flows generated from operations	36,754	100,591
Tax paid	(6,169)	(7,076)
Retirement benefits paid	(224)	(775)
Net Cash Flows From Operating Activities	30,361	92,740
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	1,589	34
Purchase of property, plant and equipment	(4,810)	(6,210)
Acquisition of interest in an associate	(240)	-
Net cash flows on acquisition of a subsidiary	-	152
Interest received	2,322	2,890
Dividend received	14	28
Withdrawal/(Placement) of short-term deposits - with maturity of more than three (3) months	422	(1,576)
Net Cash Flows Used In Investing Activities	(703)	(4,682)
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	-	(1,749)
Drawdown of borrowings	161,914	94,434
Repayment of borrowings	(155,035)	(137,241)
Repayment of lease liabilities	(15,557)	(15,835)
Purchase of treasury shares	-	(2,854)
Interest paid	(7,919)	(11,867)
Net Cash Flows Used In Financing Activities	(16,597)	(75,112)
Net Increase in Cash and Cash Equivalents	13,061	12,946
Effects of Exchange Rate Changes	(2,633)	2,049
Cash and Cash Equivalents at beginning of year	80,269	65,983
Effects of Exchange Rate Changes	316	(709)
Cash and Cash Equivalents at end of year	91,013	80,269
The Cash and Cash Equivalents comprise:		
Cash and bank balances	79,532	66,985
Short-term deposits	14,719	16,943
	94,251	83,928
Less: Short-term deposits with maturity of more than three (3) months	(3,238)	(3,659)
	91,013	80,269

(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 4th Financial Quarter Ended 31 May 2021

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 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 4 Insurance Contracts
- Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform
- Amendments to MFRS 101 and MFRS 108 Definition of Material

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 50th 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 31 May 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:

12-Month period ended 31.5.2021	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	91,768	1,042,354	17,555	-	-	1,151,677
Inter-segment sales	-	377	698	-	(1,075)	-
Total revenue	91,768	1,042,731	18,253	-	(1,075)	1,151,677
Results						
Segment result	5,418	30,518	2,503	(3,175)	-	35,264
Finance costs						(7,919)
Profit before tax						27,345
Taxation						(7,665)
Net profit for the year						19,680
Non-controlling interests						(374)
Net profit after non-controlling interests						19,306

12-Month period ended 31.5.2020	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Investment Holding RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	86,935	1,028,899	20,471	-	-	1,136,305
Inter-segment sales	-	767	1,551	-	(2,318)	-
Total revenue	<u>86,935</u>	<u>1,029,666</u>	<u>22,022</u>	<u>-</u>	<u>(2,318)</u>	<u>1,136,305</u>
Results						
Segment result	6,201	820	1,832	(15,926)	-	(7,073)
Finance costs						(11,867)
Loss before tax						(18,940)
Taxation						(6,765)
Net loss for the year						(25,705)
Non-controlling interests						2,498
Net loss after non-controlling interests						<u>(23,207)</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 31 May 2021 are as follows:

	RM'000
Property, plant and equipment	
- Approved and contracted	307
- Approved but not contracted	8,184
	<u>8,491</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 %
	31.05.2021 RM'million	31.05.2020 RM'million		31.05.2021 RM'million	31.05.2020 RM'million	
Revenue	353.3	230.7	53.2	1,151.7	1,136.3	1.4
Profit/(Loss) before interest and tax	15.5	(13.8)	212.0	35.3	(7.1)	598.6
Profit/(Loss) before tax	13.7	(17.5)	178.1	27.3	(18.9)	244.4
Profit/(Loss) after tax	12.0	(19.7)	160.7	19.7	(25.7)	176.6
Profit/(Loss) attributable to owners of the parent	11.4	(18.7)	161.0	19.3	(23.2)	183.2

Nylex Group's performance improved significantly from a year ago. For the twelve months ended 31 May 2021, the Nylex Group posted higher revenue of RM1,151.7 million, which represents an increase of 1.4% from RM1,136.3 million recorded in the same period last financial year. The improvement in revenue was primarily due to higher contribution from the Industrial Chemical Distribution segment. In tandem with higher revenue and after taking into account the share of results of associates and some corporate expenses, the Group recorded a profit before tax ("PBT") of RM27.3 million. The Group recorded a loss before tax ("LBT") of RM18.9 million in the same period last financial year, after recognizing an impairment of goodwill in our wholly owned subsidiary in Singapore, CKG Chemicals Pte Ltd ("CKG") of RM10.9 million.

The Group's revenue surged 53.2% from RM230.7 million recorded in the same period last financial year, to RM353.3 million for the current quarter under review. The increase in revenue was mainly due to higher contribution from the distribution segment of the Industrial Chemical Division and Polymer Division. The Group recorded PBT of RM13.7 million, compared to a LBT of RM17.5 million recorded in the corresponding period last year, mainly attributable to higher earnings generated by the distribution segment of Industrial Chemical Division and Polymer Division. The LBT recorded in Q4 of the last financial year was arrived at, after taking into account the impairment of goodwill in CKG of RM10.9 million.

The Polymer Division achieved higher sales of RM22.3 million for the current financial quarter, which represents an increase of 93.9% from RM11.5 million in the corresponding quarter in Q4 FY 2020, due to higher sales volume and improved margins for certain products. Consequently, the Division reversed its LBT of RM1.3 million suffered in the same period last year and recorded a PBT of RM0.8 million for the current financial quarter.

The Industrial Chemical Division's revenue has also grown 52.6% to RM325.1 million for the quarter, from RM213.1 million recorded in the same period last year. This was largely attributed to higher sales generated by its subsidiaries in Malaysia and all of its overseas units in Distribution segment. In tandem with higher revenue, the Division reversed its losses and contributed higher PBT of RM12.2 million to the Group for Q4 FY 2021, as compared to LBT of RM4.2 million suffered in the same period last year. The improved profitability was mainly driven by much higher product average selling prices in line with global crude oil prices.

During the quarter, the Logistics Division recorded lower revenue of RM5.9 million compared with RM6.1 million recorded in the same period last year. The Division recorded a PBT of RM1.1 million compared to LBT of RM0.1 million registered in the corresponding quarter in Q4 FY 2020, after recognising higher foreign exchange gain.

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

	Current Quarter 31.05.2021 RM'million	Immediate Preceding Quarter 28.02.2021 RM'million	Changes %
Revenue	353.3	289.1	22.2
Profit before interest and tax	15.5	9.5	62.4
Profit before tax	13.7	7.6	80.7
Profit after tax	12.0	5.1	135.3
Profit attributable to owners of the parent	11.4	4.9	130.7

For the current quarter under review, the Group recorded higher revenue of RM353.3 million compared with RM289.1 million achieved in the immediate preceding quarter, mainly due to generally higher sales volume and higher average selling prices for certain products. Consequently, the Group posted higher PBT of RM13.7 million for the quarter, compared with PBT of RM7.6 million in the immediate preceding quarter.

B3. Future Prospects

The global economic activities have been adversely affected by the resurgence of the Covid-19 pandemic. Despite the rollout of vaccination programs, the outbreaks of new viral variants is expected to prolong and dampen prospect of a rapid recovery. To curb the spread of the pandemic and to ease the burden on the health system, Malaysia government has reimposed total nationwide lockdown in June 2021, followed by enhanced movement control order ("EMCO") in large part of Selangor and several localities in Kuala Lumpur for two weeks in July 2021.

Given the economic uncertainties on the horizon, we expect the demand, prices and product margins to remain volatile, and may affect the Group performance for the next financial year ending 31 May 2022.

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

	Individual Quarter		Cumulative Quarter	
	Current Year 31.05.2021 RM'000	Preceding Year 31.05.2020 RM'000	Current Year 31.05.2021 RM'000	Preceding year 31.05.2020 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(1,629)	(566)	(5,508)	(4,073)
Foreign	493	491	(1,979)	(2,399)
- Deferred tax	(1,373)	(2,145)	(954)	(324)
	(2,509)	(2,220)	(8,441)	(6,796)
Over provision in prior years	788	39	776	31
	(1,721)	(2,181)	(7,665)	(6,765)

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:

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.

- (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.

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 31.05.2021 (RM'000 equivalent)	As At 31.05.2020 (RM'000 equivalent)
Short-term borrowings		
Secured		
- United States Dollar	13,037	5,513
- Vietnamese Dong	11,225	6,454
	<u>24,262</u>	<u>11,967</u>
Unsecured		
- Ringgit Malaysia	132,050	130,380
- United States Dollar	30,405	33,451
	<u>162,455</u>	<u>163,831</u>
	<u>186,717</u>	<u>175,798</u>
Long-term borrowings		
Secured		
- United States Dollar	<u>26,837</u>	<u>34,767</u>
Total Borrowings	<u>213,554</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 31 May 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:

	Current Quarter 31.05.2021 RM'000	Financial Year-To-Date 31.05.2021 RM'000
Interest income	(689)	(2,322)
Dividend income	(4)	(14)
Interest expense	1,798	7,919
Depreciation	6,642	26,741
Provision for and write off/(Write-back) of receivables	891	(52)
Provision for and write off of inventories	728	728
(Gain)/Loss on foreign exchange	(2,103)	1,587
Fair value gain on investments	(103)	(202)

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 year.

For the last financial year, 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.

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 RM11,397,495 (31.5.2020: net loss of RM18,677,240) and net profit of RM19,307,078 (31.5.2020: net loss of RM23,207,378) 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 179,287,212 (31.5.2020: 174,918,836) and financial year-to-date of 177,061,135 (31.5.2020: 176,070,830).

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
29 July 2021