

ANCOM NYLEX BERHAD (Registration No. 196901000122 (8440-M))

(Formerly known as Ancom Berhad)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR FINANCIAL QUARTER ENDED 31 MAY 2022**

	Individual quarter ended		Year-to-date ended	
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	565,448	445,891	2,013,103	1,538,476
Cost of sales	(490,355)	(380,495)	(1,722,568)	(1,290,266)
Gross profit	75,093	65,396	290,535	248,210
Other income	30,590	4,876	41,863	11,959
Distribution expenses	(30,542)	(27,482)	(116,802)	(96,020)
Administrative expenses	(36,017)	(21,833)	(98,818)	(83,958)
Other operating expenses	(20,554)	(2,181)	(25,596)	(14,091)
Finance costs	(3,705)	(2,890)	(13,664)	(12,734)
Share of results of associates	53	(386)	675	(2,389)
Profit before taxation	14,918	15,500	78,193	50,977
Tax expense	(20,760)	(2,733)	(49,108)	(18,418)
Net profit for the financial period	(5,842)	12,767	29,085	32,559
Net profit attributable to				
Owners of the parent	31,922	7,419	68,178	23,753
Non-controlling interests	(37,764)	5,348	(39,093)	8,806
	(5,842)	12,767	29,085	32,559
Earnings per ordinary share attributable to equity holders of the Company				
Basic earnings per share (sen)	12.61	3.11	26.93	9.97
Diluted earnings per share (sen)	10.62	2.68	22.69	8.60

The Unaudited Condensed Income Statement should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2021 and the accompanying notes to this Interim Financial Report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL QUARTER ENDED 31 MAY 2022**

	Individual quarter ended		Year-to-date ended	
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	(5,842)	12,767	29,085	32,559
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation	9,377	2,579	8,503	(4,919)
Re-measurement of defined benefit liability	(65)	509	11	(22)
Other comprehensive loss, net of tax	9,312	3,088	8,514	(4,941)
Total comprehensive income	3,470	15,855	37,599	27,618
Total comprehensive income/(loss)				
Owners of the parent	38,441	9,137	72,692	20,909
Non-controlling interests	(37,505)	6,718	(37,627)	6,709
	936	15,855	35,065	27,618

The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2021 and the accompanying notes to this Interim Financial Report.

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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2022**

	Unaudited 31.05.2022 RM'000	Audited 31.05.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	199,249	189,690
Investment properties	314	314
Investment in associates	4,729	5,718
Investment in a joint venture	-	-
Other investments	415	415
Intangible assets	4,931	5,778
Goodwill on consolidation	72,158	70,112
Rights-of-use assets	103,864	110,150
Deferred tax assets	11,247	25,341
	396,907	407,518
Current assets		
Inventories	179,134	175,024
Receivables	409,956	355,233
Amounts owing by associates	5,585	9,108
Current tax assets	6,695	5,912
Other investments	2,905	3,031
Cash and cash equivalents	123,176	105,803
	727,451	654,111
Non-current assets held for sale	-	6,680
TOTAL ASSETS	1,124,358	1,068,309
EQUITY AND LIABILITES		
Equity attributable to equity holders of the Company		
Share capital	377,892	256,043
Reserves	50,676	112,404
Less : Treasury Shares, at cost	(30,711)	(6,248)
	397,857	362,199
Non-controlling interests	32,274	120,197
TOTAL EQUITY	430,131	482,396
LIABILITIES		
Non-current liabilities		
Borrowings	78,904	50,704
Long term lease liabilities	17,298	25,340
Deferred tax liabilities	11,236	10,374
Provision for retirement benefits	5,131	4,679
	112,569	91,097
Current liabilities		
Payables	225,103	217,987
Amounts owing to associates	408	2,089
Borrowings	332,510	250,092
Short term lease liabilities	14,900	15,561
Contract liabilities	3,869	5,280
Current tax payables	4,868	3,807
	581,658	494,816
Total Liabilites	694,227	585,913
TOTAL EQUITY AND LIABILITES	1,124,358	1,068,309
Net assets per share attributable to owners of the parent (RM)	1.39	1.53

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2021 and the accompanying notes to this Interim Financial Report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2022**

	Attributable to equity holders of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Foreign exchange reserve RM'000	Share options reserve RM'000	Treasury shares RM'000	Retained Profits RM'000			
Balance as at 1 June 2020	245,766	273	10,752	-	(9,688)	64,604	311,707	111,854	423,561
Total comprehensive (loss)/income	-	-	(2,822)	-	-	23,731	20,909	6,709	27,618
Transactions with owners									
Ordinary shares issued pursuant to:									
- private placement	8,591	-	-	-	-	-	8,591	-	8,591
- Employees' Share Option Scheme ("ESOS")	1,704	-	-	(524)	-	-	1,180	-	1,180
Share issue expenses	(18)	-	-	-	-	-	(18)	-	(18)
Acquisition of a subsidiary	-	-	-	-	-	-	-	379	379
Disposal of equity interest of subsidiaries to non-controlling interests	-	-	-	-	-	11,659	11,659	1,934	13,593
Accretion of equity interest of a subsidiary	-	-	-	-	-	(152)	(152)	152	-
Resold of ordinary shares of the Company	-	-	-	-	3,440	2,427	5,867	-	5,867
Share options granted under ESOS	-	-	-	3,641	-	-	3,641	149	3,790
Dividend-in-specie	-	-	-	-	-	(1,185)	(1,185)	1,176	(9)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(2,156)	(2,156)
	10,277	-	-	3,117	3,440	12,749	29,583	1,634	31,217
Balance as at 31 May 2021/1 June 2021	256,043	273	7,930	3,117	(6,248)	101,084	362,199	120,197	482,396
Total comprehensive (loss)/income	-	-	4,503	-	-	68,189	72,692	(37,627)	35,065
Transactions with owners									
Ordinary shares issued pursuant to:									
- ESOS	10,815	-	-	(3,209)	-	-	7,606	-	7,606
- Warrants B	5,816	-	-	-	-	-	5,816	-	5,816
Acquisition of subsidiaries	-	-	-	-	-	(24,482)	(24,482)	27,495	3,013
Acquisition of additional equity interest in subsidiaries	105,218	-	2,534	-	-	(119,353)	(11,601)	(78,433)	(90,034)
Accretion of equity interest of a subsidiary	-	-	-	-	-	240	240	(240)	-
Net repurchase of ordinary shares of the Company	-	-	-	-	(24,463)	8,565	(15,898)	-	(15,898)
Derecognition of a subsidiary	-	-	-	-	-	-	-	(186)	(186)
Disposal of equity interest of a subsidiary to non-controlling interest	-	-	-	-	-	-	-	-	-
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	333	333
Share options granted under ESOS	-	-	-	3,236	-	-	3,236	(148)	3,088
Dividend-in-specie	-	-	-	-	-	(1,951)	(1,951)	1,863	(88)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(980)	(980)
	121,849	-	2,534	27	(24,463)	(136,981)	(37,034)	(50,296)	(87,330)
Balance as at 31 May 2022	377,892	273	14,967	3,144	(30,711)	32,292	397,857	32,274	430,131

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2021 and the accompanying notes to this Interim Financial Report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2022**

	Year-to-date ended	
	31.05.2022	31.05.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	78,194	50,977
Adjustments for non-cash items	34,160	60,789
Operating profit before working capital changes	112,354	111,766
Inventories	(4,110)	(42,763)
Receivables	(54,336)	(69,867)
Payables	2,960	54,023
Group companies	1,843	(179)
Net cash generated from operations	58,711	52,980
Income tax paid	(35,737)	(21,305)
Retirement benefit paid	(226)	(224)
Net cash from operating activities	22,748	31,451
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13,591)	(11,915)
Interest received	975	685
Acquisition of associates	(800)	(240)
Dividend received	-	22
Proceed from disposal of equity interest in a subsidiary	-	13,593
Purchase of intangible assets	(643)	(1,355)
Proceeds from disposal of property, plant and equipment	25,014	1,901
Proceeds from disposal of right-of-use assets	160	200
Proceeds from termination of marketing rights	-	10,000
Proceeds from disposal of non-current assets held for sale	7,002	-
Acquisition of additional equity interest in subsidiaries	(7,934)	500
Capital repayment to non-controlling interest of a subsidiary	(35,000)	-
Net cash inflows on acquisition of subsidiaries	841	244
Net cash outflow on derecognition/disposal of subsidiaries	(13)	(2)
Purchase of right-of-use assets	-	(765)
Purchase of treasury shares of a subsidiary from non-controlling interests	333	-
Sale of other investments	125	-
Placement of short term deposits:		
- pledged with licensed banks	(3)	(4)
- with maturity period more than three months	(192)	421
Net cash (used in)/from investing activities	(23,726)	13,285
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest of subsidiaries	(980)	(2,156)
Interest paid	(11,019)	(11,753)
Repayment of lease liabilities	(21,465)	(19,861)
Net drawdown/(repayment) of borrowings	49,052	(5,892)
Dividends paid to non-controlling interest	(88)	(9)
Proceed from issuance of share capital:		
- private placement	-	8,591
- ESOS	7,606	1,180
- Warrants B	5,816	-
Share issue expense	-	(18)
Net (repurchased)/Proceed from resale of treasury shares in open market	(15,899)	5,867
Net cash from/(used in) financing activities	13,023	(24,051)
Net increase in cash and cash equivalents	12,045	20,685
Cash and cash equivalents at the beginning of the financial period	92,908	73,049
Effect of exchange rate changes	1,868	(826)
Cash and cash equivalents at the end of the financial period	106,821	92,908
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	85,591	90,833
Bank overdrafts	(12,770)	(9,505)
Short term deposits	37,585	14,970
	110,406	96,298
Less : Short term deposits pledged to banks	(155)	(152)
Short term deposits with maturity more than 3 months	(3,430)	(3,238)
	106,821	92,908

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2021 and the accompanying notes to this Interim Financial Report.



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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2022

A1. Basis of preparation

This Interim Financial Report of Ancom Nylex Berhad ("Ancom" or "the Company") and its subsidiaries ("Group") is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and Rule 9.22(2) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Board ("Listing Requirements").

This Interim Financial Report of the Group should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 May 2021. These explanatory notes attached to the Interim Financial Report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2021.

For the financial periods up and including the financial year ended 31 May 2021, the Group prepared its financial report in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRSs"). The accounting policies and methods of computation adopted by the Group in this Interim Financial Report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 May 2021 except for the adoption of the following Amendments to MFRSs and IC Interpretation (collectively referred to as "pronouncements") which are applicable to the Group for the financial year beginning 1 June 2021:

Accounting Standards and amendments:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

A2. Auditors' report

The audited financial statements of Ancom and its subsidiaries for the financial year ended 31 May 2021 were not subject to any audit qualification.

A3. Seasonality or cyclicity

The operations of the Group were not significantly affected by any seasonal and cyclical factors.

A4. Items of unusual nature and amount

The Group's assets, liabilities, equity, net income or cash flows were not affected by items that are material and unusual because of their nature, size or incidence in the current financial year.

A5. Changes in estimates

There were no material changes in estimates amounts reported that have a material effect on the financial quarter ended 31 May 2022.

A6. Debt and equity securities

There was no issuance, cancellation, repurchase, resale or repayment of debt securities and equity securities during the financial quarter ended 31 May 2022 except for the following:

(a) Issued and paid up ordinary shares

During the financial year ended 31 May 2022, the issued and paid up ordinary shares of the Company was increased from 254,491,472 to 302,487,849 pursuant to the following:

- (i) 31,129,508 new ordinary shares issued at fair value of RM3.38 each pursuant to the acquisitions of all the assets and liabilities of Nylex (Malaysia) Berhad ("Nylex");
- (ii) 9,994,520 new ordinary shares arising from the exercise of ESOS at exercise price of RM0.765 each for cash totalling of RM7,606,000; and
- (iii) 6,924,349 new ordinary shares arising from the exercise of Warrants B at RM0.84 each for cash totalling of RM5,816,000.

(b) Treasury Shares

During the year ended 31 May 2022, the Company (resold)/repurchased its own shares as follows:

	Number of shares resale	Highest RM	Price per share Lowest RM	Average RM	Cost of disposal RM
Shares resold					
September 2021	(500,000)	2.220	1.420	2.170	(263,068)
October 2021	(500,000)	2.990	2.150	2.770	(263,068)
November 2021	(1,000,000)	3.000	2.540	2.710	(526,135)
January 2022	(170,000)	3.490	3.000	3.370	(103,721)
February 2022	(1,350,000)	4.100	3.330	3.920	(903,245)
Shares repurchase					
December 2021	403,400	3.150	2.440	3.080	1,075,503
January 2022	-	3.490	3.000	3.370	
February 2022	241,500	4.100	3.330	3.920	849,724
March 2022	3,718,200	4.070	3.290	3.650	13,455,965
April 2022	1,106,600	3.918	3.279	3.411	3,822,133
May 2022	<u>2,275,000</u>	3.459	3.051	3.111	<u>7,318,827</u>
Net shares resold for the financial year	<u>4,224,700</u>				<u>24,462,916</u>

As at 31 May 2022, the Company holds 16,099,759 Treasury Shares at a cost of RM30,711,000 pursuant to Section 127(4)(b) of the Companies Act 2016.

A7. Segmental results

Segmental information for the financial year ended 31 May 2022.

	YTD - 31 May 2022						
	Investment holdings and others RM'000	Agricultural Chemicals RM'000	Industrial Chemicals RM'000	Logistics RM'000	Polymer RM'000	Elimination RM'000	Total RM'000
31 May 2022							
Revenue							
External revenue	33,273	462,763	1,390,986	41,420	84,661	-	2,013,103
Inter-segment revenue	31,783	139,655	273	7,315	36	(179,062)	-
Total revenue	<u>65,056</u>	<u>602,418</u>	<u>1,391,259</u>	<u>48,735</u>	<u>84,697</u>		<u>2,013,103</u>
Segment results	(42,208)	70,718	62,547	1,851	2,790	(4,516)	91,182
Finance costs							(13,664)
Share of results of associates							675
Profit before taxation							<u>78,193</u>
Tax expense							<u>(49,108)</u>
Net profit for the financial year							<u>29,085</u>
31 May 2021							
Revenue							
External revenue	32,654	332,028	1,042,128	39,928	91,738	-	1,538,476
Inter-segment revenue	25,390	81,746	226	8,103	30	(115,495)	-
Total revenue	<u>45,372</u>	<u>413,774</u>	<u>1,042,354</u>	<u>48,031</u>	<u>91,768</u>		<u>1,538,476</u>
Segment results	(17,995)	47,104	29,565	6,403	5,418	(4,395)	66,100
Finance costs							(12,734)
Share of results of associates							<u>(2,389)</u>
Profit before taxation							<u>50,977</u>
Tax expense							<u>(18,418)</u>
Net profit for the financial year							<u>32,559</u>

A8. Dividends

There was no dividend declared and/or paid during the financial quarter ended 31 May 2022 other than as disclosed in Note B11.

A9. Valuation of property, plant and equipment

The Group did not carry out any valuation on its property, plant and equipment during the financial quarter ended 31 May 2022.

A10. Subsequent events

There were no material events subsequent to the end of the financial year up to the date of this Report that have not been reflected in the Interim Financial Statements.

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 other than the following:

Ancom had on 28 April 2021 announced that the Company submitted a formal proposal to the Board of Directors of Nylex ("Nylex Board") to acquire all the assets and liabilities of Nylex ("the Offer"). The Offer entails the acquisition by Ancom for all the business of Nylex for a total consideration of RM179,287,212 ("Proposed Acquisitions of Nylex Business").

On 26 October 2021, the shareholders of the Company have approved the Proposed Acquisitions of Nylex Business subject to fulfillment of all conditions precedents as announced on 29 July 2021.

The proposed Acquisitions of Nylex Business was completed on 26 January 2022.

A12. Changes in contingent liabilities

There were no material changes to the contingent liabilities disclosed since the last Audited financial statements for the financial year ended 31 May 2021.

A13. Capital commitments

The capital commitments as at the end of the reporting date are as follows:

	RM'000
Property, plant and equipment	
- Approved and contracted for	18,068
- Approved but not contracted for	43,349
	<u>61,417</u>

B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group's performance

Overall review for the financial period and quarter ended 31 May 2022

For the financial year ended 31 May 2022, the Group recorded higher revenue of RM2.0 billion as compared with RM1.5 billion in the corresponding period last year. The higher revenue was mainly due to improved sales performance by its Industrial Chemicals and Agricultural Chemicals divisions. Consequently, the Group reported higher profit before taxation ("PBT") of RM78.2 million as compared with RM32.6 million in the corresponding period last year.

For the financial quarter ended 31 May 2022, the Group recorded higher revenue of RM565.4 million as compared with RM445.9 million in the corresponding quarter last year. Nevertheless, the PBT decreased slightly to RM14.9 million compared to RM15.5 million in the corresponding quarter last year.

Review of business segments for the financial quarter ended 31 May 2022

Investment Holding and others

The result in this segment includes investment holding, education, information technology ("IT"), media and electrical businesses. For the current financial quarter, the division posted higher revenue of RM33.3 million compared with RM5.3 million in the corresponding quarter last year. The Division reported higher segmental loss of RM33.2 million for the current financial quarter compared with RM3.5 million in the corresponding quarter last year was mainly due to the impairment of financial and non-financial assets as part of the Group's rationalisation exercise.

Agricultural Chemicals

The Agricultural Chemicals division reported higher revenue of RM115.4 million for the current financial quarter compared with RM79.7 million in the corresponding quarter last year mainly attributable by higher sales volume. Segmental profit improved to RM19.0 million in the current financial quarter compared with RM9.3 million in the corresponding quarter last year in line with higher revenue and strong demand for our products, especially in the ASEAN region.

Industrial Chemicals

The Industrial Chemicals Division posted higher revenue of RM405.7 million as compared with RM325.1 million in the corresponding quarter last year mainly attributed to higher sales volume and selling prices. The division recorded higher segmental profit of RM36.0 million for the current quarter compared to RM12.1 million in the corresponding quarter last mainly due to the one off gain on the disposal of terminal assets of RM24.5 million.

Logistics

The Logistics Division recorded higher revenue of RM12.1 million for the current financial quarter as compared with RM11.9 million in the corresponding quarter last year. The Division reported lower segmental profit of RM1.5 million compared RM2.3 million in the corresponding quarter last year, as its earnings performance was affected by higher fuel prices.

Polymer

The Polymer Division recorded higher revenue of RM24.6 million for the current financial quarter, which represents an increase of 10.3% from RM22.3 million in the corresponding quarter last year. This was attributed to higher contribution from the manufacturing plant in Indonesia. Nevertheless, the Division recorded segmental loss of RM0.8 million compared with segmental profit RM0.9 million in the corresponding quarter last year due to higher raw materials costs.

B2. Material change in the results for the current quarter as compared with the immediate preceding quarter

For the current financial quarter ended 31 May 2022, the Group posted higher revenue of RM565.4 million compared with RM510.0 million in the immediate preceding quarter. Nevertheless, the Group reported lower PBT of RM14.9 million in the current financial quarter compared to PBT of RM26.6 million in the immediate preceding quarter.

B3. Prospects for the next financial year

The prolonged Zero-Covid measures in China coupled with the Ukraine-Russia conflict have disrupted the global economy and potentially risk a global recession. High inflation and increase financing costs will put pressures in managing our costs while the supply chain disruptions have not fully receded. The management will continue to be vigilant in managing these risks and continue to explore and expand opportunities for our business. Barring any unforeseen circumstances, the Group should perform satisfactory for the next financial year.

B4. Forecast profit, profit guarantee and internal targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any publicly available documents or announcements.

B5. Profit before taxation

	Individual quarter ended 31.05.2022 RM'000	Year-to-date ended 31.05.2022 RM'000
The profit before taxation is stated after charging/(crediting):		
Finance costs	3,705	13,664
Share options granted under ESOS	503	3,087
Depreciation and amortisation	11,477	40,801
Gain on foreign exchange	(3,932)	(4,440)
Gain on disposal of property, plant and equipment	(24,368)	(24,677)
Gain on remeasurement of retained interests	(681)	(681)
Gain on disposal of non-current assets held for sale	(747)	(747)
Fair value loss on investment	(37)	(53)
Provision for inventories written off	3,183	2,348
Property, plant and equipment written off	3,680	3,682
Impairment loss on property, plant and equipment	2,668	2,668
Impairment loss on goodwill on consolidation	2,080	2,080
Interest income	(275)	(975)
Impairment loss on receivables	<u>10,910</u>	<u>9,753</u>

B6. Tax expense

	Individual quarter ended		Year-to-date ended	
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	9,123	4,892	28,423	17,793
Foreign income tax	8,606	(519)	9,644	1,953
	<u>17,729</u>	4,373	<u>38,067</u>	19,746
Under/(Over) provision in prior years	60	(1,933)	(770)	(1,202)
	<u>17,789</u>	2,440	<u>37,297</u>	18,544
Deferred taxation:				
Relating to origination and reversal of temporary differences	3,659	689	12,499	270
Over provision in prior years	(688)	(396)	(688)	(396)
	<u>20,760</u>	2,733	<u>49,108</u>	18,418

The effective rate of taxation for the Group is higher than the statutory tax rate mainly due to losses in certain subsidiaries that are not available for set-off against taxable profits in other companies within the Group.

B7. Status of corporate proposals

There were no corporate proposals announced and not completed as at the date of this report other than the following:

- (a) Ancom had on 28 December 2021 announced that the wholly-owned subsidiary of the Company, Ancom Crop Care Sdn. Bhd. ("ACC") had entered several Share Sale Agreements to acquire 80% equity interest each in Shennong Animal Health (Malaysia) Sdn. Bhd. and Vemedim Sdn. Bhd. for total purchase consideration of RM23,919,999.

The transaction completed on 22 June 2022.

- (b) Ancom had on 7 March 2022 announced that the Company proposes to undertake the proposed share split involving the subdivision of every 1 existing Ancom Share held by shareholders of the Company into 3 Ancom Shares ("Proposed Share Split").

On 6 April 2022, the Company announced that Bursa Securities had, vide its letter dated 6 April 2022, approved the following:

- (i) the Proposed Share Split;
- (ii) listing of and quotation for up to 116,864,960 additional Warrants B to be issued arising from adjustments to the exercise price and number of outstanding Warrants B pursuant to the Proposed Share Split on the Main Market of Bursa Securities; and
- (iii) listing of and quotation for up to 116,864,960 new Ancom Shares after the Proposed Share Split to be issued arising from the exercise of Additional Warrants B on the Main Market of Bursa Securities.

At the Extraordinary General Meeting of the Company held on 20 May 2022, shareholders of the Company had approved the Proposed Share Split.

On 7 June 2022, the Company announced that the Proposed Share Split has been completed following the listing and quotation of 907,463,547 new Ancom Shares and 105,908,882 Additional Warrants B on the Main Market of Bursa Securities.

- (c) Ancom and its subsidiary, Nylex (Malaysia) Berhad, had on 21 March 2022 entered into a Heads of Agreement ("HOA") with Sinar Bina Infra Sdn Bhd, LBS Bina Group Berhad and BTS Group Holdings Public Company Limited for the collaboration to build and operate a light rail transport system connected with the railway shuttle link currently being built from Singapore to Johor Bahru, with an integrated property development using the "Transit-Oriented Development" concept in Johor Bahru metropolitan region ("Proposed LRT Project"). The Proposed LRT Project is subject to the feasibility study (as defined in the HOA) being completed and the grant of the concession award for the LRT Project by the state government of Johor.

The parties are working together exclusively to agree on the terms of the definitive agreements to effect the proposals stipulated in the HOA.

As at the date of this report, the Proposed LRT Projects are yet to be completed.

B8. Utilisation of proceeds

The Company does not have any unutilised proceeds raised from any corporate exercise.

B9. Borrowings

	31.05.2022	31.05.2021
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	77,363	48,979
United States Dollar	5,972	20,210
Vietnamese Dong	10,842	6,454
	98,437	75,643
Unsecured:		
Ringgit Malaysia	166,753	140,998
United States Dollar	67,320	33,451
	234,073	174,449
Total short term borrowings	332,510	250,092
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	55,689	15,937
United States Dollar	23,215	34,767
Total long term borrowings	78,904	50,704
TOTAL BORROWINGS	411,414	300,796

Borrowings denominated in foreign currencies are stated at Ringgit Malaysia equivalent as at the reporting dates stated above.

B10. Material litigation

There was no change in material litigation since the date of the last financial quarter except for the following:

(i) High Court of Malaya at Kuala Lumpur Suit No. WA-22NCVC-87-02/2018

On 12 February 2018, a wholly owned subsidiary of the Company, Ancom Crop Care Sdn. Bhd, and Hamshi Plantation Sdn. Bhd. initiated a legal action at the High Court of Malaya at Kuala Lumpur as plaintiffs against Logix World (M) Sdn. Bhd. and Citra Semerbak Sdn. Bhd. as defendants to claim against and to hold the defendants jointly and severally liable for a principal sum of RM2,702,500, being the unpaid amount for goods sold and delivered by the plaintiffs to the defendants, and interest at the rate of 12.0% per annum from 24 October 2017 until full and final settlement.

On 21 May 2019, the plaintiffs filed the Substantive Application for Contempt against the directors of Logix World (M) Sdn. Bhd. The court had on 13 July 2020 found the directors of Logix World (M) Sdn. Bhd. guilty of contempt and that the plaintiffs have proven their case against the aforesaid directors for interference with the administration of justice beyond reasonable doubt. The court has on 15 October 2021, sentenced the directors and awarded costs of RM15,000 and imposed a fine of RM10,000 per person to be paid within 1 month by 14 November 2021, failing which the defaulting party will be imprisoned for 2 weeks.

Full trials for the matter are fixed on 20 to 24 June 2022 for the matter have been vacated and a case management date is fixed on 17 August 2022. The solicitors for the plaintiffs are of the opinion that they can only evaluate the likelihood of the outcome of the case and the approximate amount which may

be granted by the court after the evidence has been presented in the court later. The matter is not expected to have a material impact on the earnings, NA and gearing of our Group as the principal sum of RM2,702,500 has been fully provided and accounted for in prior years.

(ii) 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 Nylex Holdings Sdn Bhd, 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 totalling 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.

B11. Dividend

On 7 March 2022, the Company proposed an interim dividend for the financial year ending 31 May 2022 by way of distribution of up to 18,356,515 ordinary shares of Nylex (Malaysia) Berhad ("Nylex") by way of dividend-in-specie to the shareholders of the Company on the basis of 1 Nylex Share for every 20 ordinary shares in Ancom ("Ancom Shares") held by shareholders of the Company whose names appear in the Record of Depositors of the Company on 15 April 2022 ("Proposed Dividend-In-Specie")

The Proposed Dividend-In-Specie completed on 6 May 2022 by crediting Nylex shares to the Central Depository System accounts of the Shareholders of the Company.

There was no dividend declared and/or paid during the financial quarter ended 31 May 2022 other than as disclosed above.

B12. Earnings per shareBasic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to the owners of the parents by the weighted average number of ordinary shares in issue during the financial period as follows:

	Individual quarter ended		Year-to-date ended	
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
Net profit attributable to owners of the parent	31,922	7,419	68,178	23,753
Weighted average number of ordinary shares in issue ('000)	253,197	238,352	253,197	238,352
Basic earnings per share (sen)	12.61	3.11	26.93	9.97

Diluted earnings per share

	Individual quarter ended		Year-to-date ended	
	31.05.2022	31.05.2021	31.05.2022	31.05.2021
Net profit attributable to owners of the parent	31,922	7,419	68,178	23,753
Weighted average number of ordinary shares in issue ('000)	253,197	238,352	253,197	238,352
Dilutive potential ordinary shares				
- ESOS	8,636	9,716	8,636	9,716
- Warrants	38,656	28,245	38,656	28,245
Adjusted weighted average number of ordinary shares in issues ('000)	300,489	276,313	300,489	276,313
Diluted earnings per share (sen)	10.62	2.68	22.69	8.60

The Company does not have convertible securities at the end of the reporting period.