

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR FINANCIAL QUARTER ENDED 28 FEBRUARY 2023**

	Individual quarter ended		Year-to-date ended	
	28.02.2023	28.02.2022	28.02.2023	28.02.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>483,948</b>	510,014	<b>1,565,005</b>	1,447,655
Cost of sales	<b>(413,210)</b>	(437,299)	<b>(1,333,939)</b>	(1,232,213)
Gross profit	<b>70,738</b>	72,715	<b>231,066</b>	215,442
Other income	<b>947</b>	5,339	<b>6,339</b>	11,273
Distribution expenses	<b>(22,932)</b>	(27,559)	<b>(81,755)</b>	(86,260)
Administrative expenses	<b>(19,903)</b>	(19,877)	<b>(59,481)</b>	(62,801)
Other operating expenses	<b>(1,024)</b>	(850)	<b>(5,458)</b>	(5,042)
Finance costs	<b>(5,552)</b>	(3,318)	<b>(14,587)</b>	(9,959)
Share of results of associates	<b>11</b>	188	<b>10</b>	622
Profit before taxation	<b>22,285</b>	26,638	<b>76,134</b>	63,275
Tax expense	<b>(5,879)</b>	(16,782)	<b>(18,073)</b>	(28,348)
Net profit for the financial period	<b>16,406</b>	9,856	<b>58,061</b>	34,927
<b>Net profit/(loss) attributable to</b>				
Owners of the parent	<b>16,356</b>	15,138	<b>56,947</b>	36,256
Non-controlling interests	<b>50</b>	(5,282)	<b>1,114</b>	(1,329)
	<b>16,406</b>	9,856	<b>58,061</b>	34,927
<b>Earnings per ordinary share attributable to equity holders of the Company</b>				
Basic earnings per share (sen)	<b>1.84</b>	2.04	<b>6.40</b>	4.88
Diluted earnings per share (sen)	<b>1.65</b>	1.66	<b>5.74</b>	3.97

The Unaudited Condensed Income Statement should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2022 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR FINANCIAL QUARTER ENDED 28 FEBRUARY 2023**

	Individual quarter ended		Year-to-date ended	
	28.02.2023	28.02.2022	28.02.2023	28.02.2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	16,406	9,856	58,061	34,927
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation	1,393	(3,377)	669	(874)
Re-measurement of defined benefit liability	-	76	-	76
Other comprehensive profit/(loss), net of tax	1,393	(3,301)	669	(798)
<b>Total comprehensive income</b>	<b>17,799</b>	<b>6,555</b>	<b>58,730</b>	<b>34,129</b>
Total comprehensive income/(loss) attributable to				
Owners of the parent	17,749	10,018	57,616	34,251
Non-controlling interests	50	(3,463)	1,114	(122)
	<b>17,799</b>	<b>6,555</b>	<b>58,730</b>	<b>34,129</b>

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 2022 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2023**

	<b>Unaudited 28.02.2023 RM'000</b>	<b>Audited 31.05.2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	220,670	216,656
Investment properties	303	303
Investment in associates	1,719	3,929
Investment in a joint venture	-	-
Other investments	3,165	415
Intangible assets	4,617	4,931
Goodwill on consolidation	81,512	72,158
Rights-of-use assets	99,646	103,864
Deferred tax assets	11,892	11,247
	<b>423,524</b>	<b>413,503</b>
<b>Current assets</b>		
Inventories	197,868	179,134
Receivables	391,311	393,288
Amounts owing by associates	5,532	4,984
Current tax assets	9,546	6,787
Other investments	1,138	2,905
Cash and cash equivalents	159,480	123,176
	<b>764,875</b>	<b>710,274</b>
<b>TOTAL ASSETS</b>	<b>1,188,399</b>	<b>1,123,777</b>
<b><u>EQUITY AND LIABILITES</u></b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	395,468	377,892
Reserves	97,821	40,406
Less : Treasury Shares, at cost	(25,290)	(30,711)
	<b>467,999</b>	<b>387,587</b>
Non-controlling interests	35,056	40,674
<b>TOTAL EQUITY</b>	<b>503,055</b>	<b>428,261</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	78,727	78,904
Long term lease liabilities	7,393	17,348
Deferred tax liabilities	13,131	12,471
Provision for retirement benefits	5,210	5,131
	<b>104,461</b>	<b>113,854</b>
<b>Current liabilities</b>		
Payables	241,409	225,559
Amounts owing to associates	515	12
Borrowings	315,384	332,510
Short term lease liabilities	16,251	14,844
Contract liabilities	1,557	3,869
Current tax payables	5,767	4,868
	<b>580,883</b>	<b>581,662</b>
<b>Total Liabilites</b>	<b>685,344</b>	<b>695,516</b>
<b>TOTAL EQUITY AND LIABILITES</b>	<b>1,188,399</b>	<b>1,123,777</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.50</b>	<b>0.54</b>

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 2022 and the accompanying notes to this Interim Financial Report.

**ANCOM NYLEX BERHAD** (Registration No. 196901000122 (8440-M))  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2023**

	Attributable to equity holders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Foreign exchange reserve	Share options reserve	Treasury shares	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance as at 1 June 2021</b>	256,043	273	7,930	3,117	(6,248)	101,084	362,199	120,197	482,396
Total comprehensive income/(loss)	-	-	2,768	-	-	68,186	<b>70,954</b>	(35,892)	<b>35,062</b>
<b>Transactions with owners</b>									
Ordinary shares issued pursuant to:									
- ESOS	10,815	-	-	(3,209)	-	-	<b>7,606</b>	-	<b>7,606</b>
- Warrants B	5,816	-	-	-	-	-	<b>5,816</b>	-	<b>5,816</b>
Acquisition of subsidiaries	-	-	-	-	-	(24,481)	<b>(24,481)</b>	27,495	<b>3,014</b>
Acquisition of additional equity interest in subsidiaries	105,218	-	2,534	-	-	(127,251)	<b>(19,499)</b>	(71,768)	<b>(91,267)</b>
Accretion of equity interest of a subsidiary	-	-	-	-	-	240	<b>240</b>	(240)	-
Net repurchase of ordinary shares of the Company	-	-	-	-	(24,463)	8,565	<b>(15,898)</b>	-	<b>(15,898)</b>
Derecognition of a subsidiary	-	-	-	-	-	-	-	(186)	<b>(186)</b>
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	333	<b>333</b>
Share options granted under ESOS	-	-	-	2,601	-	-	<b>2,601</b>	(148)	<b>2,453</b>
Dividend in-specie	-	-	-	-	-	(1,951)	<b>(1,951)</b>	1,863	<b>(88)</b>
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(980)	<b>(980)</b>
	<b>121,849</b>	-	<b>2,534</b>	<b>(608)</b>	<b>(24,463)</b>	<b>(144,878)</b>	<b>(45,566)</b>	<b>(43,631)</b>	<b>(89,197)</b>
<b>Balance as at 31 May 2022/1 June 2022</b>	<b>377,892</b>	<b>273</b>	<b>13,232</b>	<b>2,509</b>	<b>(30,711)</b>	<b>24,392</b>	<b>387,587</b>	<b>40,674</b>	<b>428,261</b>
Total comprehensive income	-	-	669	-	-	56,947	<b>57,616</b>	1,114	<b>58,730</b>
<b>Transactions with owners</b>									
Ordinary shares issued pursuant to:									
- ESOS	4,793	-	-	(1,310)	-	-	<b>3,483</b>	-	<b>3,483</b>
- Warrants B	12,783	-	-	-	-	-	<b>12,783</b>	-	<b>12,783</b>
Acquisition of subsidiaries	-	-	-	-	-	-	-	3,642	<b>3,642</b>
Acquisition of additional equity interest in subsidiaries	-	-	2,172	-	-	(3,470)	<b>(1,298)</b>	(7,570)	<b>(8,868)</b>
Net repurchase of ordinary shares of the Company	-	-	-	-	5,421	5,753	<b>11,174</b>	-	<b>11,174</b>
Disposal of a subsidiary	-	-	-	-	-	-	-	(2,668)	<b>(2,668)</b>
Disposal of equity interest of a subsidiary to non-controlling interest	-	-	-	-	-	(3,346)	<b>(3,346)</b>	(136)	<b>(3,482)</b>
	<b>17,576</b>	-	<b>2,172</b>	<b>(1,310)</b>	<b>5,421</b>	<b>(1,063)</b>	<b>22,796</b>	<b>(6,732)</b>	<b>16,064</b>
<b>Balance as at 28 February 2023</b>	<b>395,468</b>	<b>273</b>	<b>16,073</b>	<b>1,199</b>	<b>(25,290)</b>	<b>80,276</b>	<b>467,999</b>	<b>35,056</b>	<b>503,055</b>

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 2022 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2023**

	Year-to-date ended	
	28.02.2023	28.02.2022
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	76,134	63,275
Adjustments for non-cash items	43,877	36,833
Operating profit before working capital changes	120,011	100,108
Inventories	(14,224)	(5,923)
Receivables	(21,637)	(54,272)
Payables	6,148	1,016
Group companies	(45)	(2,445)
Net cash generated from operations	90,253	38,484
Income tax paid	(21,275)	(20,105)
Retirement benefit paid	-	(226)
Net cash from operating activities	68,978	18,153
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(13,895)	(10,902)
Interest received	596	700
Acquisition of subsidiaries	-	25
Acquisition of associates	-	(400)
Purchase of intangible assets	(137)	(558)
Proceeds from disposal of property, plant and equipment	5,843	612
Acquisition of additional equity interest in subsidiaries	(8,867)	-
Winding up of an associate	3,289	-
Net cash inflows on acquisition of subsidiaries	4,995	-
Net cash outflow on disposal/derecognition of subsidiaries	(14)	(13)
Sale of other investments	1,267	162
Placement of short term deposits:		
- pledged with licensed banks	(3)	(2)
- with maturity period more than three months	(1,273)	1,040
Net cash used in investing activities	(8,199)	(9,336)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interest of subsidiaries	-	(980)
Interest paid	(12,585)	(8,010)
Repayment of lease liabilities	(19,178)	(17,728)
Net (repayment)/drawdown of borrowings	(10,377)	81,469
Proceed from issuance of share capital:		
- ESOS	3,483	5,475
- Warrants B	12,783	687
Net repurchased of treasury shares in open market	11,174	8,698
Net cash (used in)/from financing activities	(14,700)	69,611
<b>Net increase in cash and cash equivalents</b>	<b>46,079</b>	<b>78,428</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>106,820</b>	<b>92,908</b>
<b>Effect of exchange rate changes</b>	<b>567</b>	<b>(2,598)</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>153,466</b>	<b>168,738</b>
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	119,635	156,961
Bank overdrafts	(1,152)	(9,678)
Short term deposits	39,844	23,807
	158,327	171,090
Less : Short term deposits pledged to banks	(624)	(154)
Short term deposits with maturity more than 3 months	(4,237)	(2,198)
	153,466	168,738

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 2022 and the accompanying notes to this Interim Financial Report.



## **ANCOM NYLEX BERHAD**

(Registration No. 196901000122 (8440-M))

Incorporated in Malaysia

### **A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2023**

#### **A1. Basis of preparation**

This Interim Financial Report of Ancom Nylex Berhad ("ANB" 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 2022. 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 2022.

For the financial periods up and including the financial year ended 31 May 2022, 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 2022 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:**

Annual Improvements to MFRS standards 2018 - 2020

Amendments to MFRS 3 Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract

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 ANB and its subsidiaries for the financial year ended 31 May 2022 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 28 February 2023.

**A6. Debt and equity securities**

There was no issuance, cancellation, repurchase, resale or repayment of debt securities and equity securities during the financial period ended 28 February 2023 except for the following:

## (a) Issued and paid up ordinary shares

During the financial period ended 28 February 2023, the issued and paid up ordinary shares of the Company was increased from 302,487,849 to 966,772,949 pursuant to the following:

- (i) 604,975,698 new ordinary shares issued pursuant to share split involving a subdivision of one existing ordinary share into three ordinary shares;
- (ii) 13,654,690 new ordinary shares arising from the exercise of ESOS at exercise price of RM0.255 each for cash totalling of RM3,483,000; and
- (iii) 45,654,712 new ordinary shares arising from the exercise of Warrants B at RM0.28 each for cash totalling of RM12,783,000.

## (b) Treasury Shares

During the financial period ended 28 February 2023, the Company (resold)/repurchased its own shares as follows:

	Number of shares (resold)/resale	Highest RM	Price per share Lowest RM	Average RM	(Cost of disposal)/ Consideration paid RM
<b>Shares resold</b>					
August 2022	(1,600,000)	1.090	0.835	0.942	(1,043,709)
September 2022	(2,000,000)	1.040	0.900	0.963	(1,304,636)
November 2022	(1,500,000)	1.030	0.895	0.948	(978,476)
January 2023	(600,000)	1.220	1.030	1.152	(391,391)
February 2023	(6,897,500)	1.280	1.030	1.186	(4,499,363)
<b>Shares repurchased</b>					
June 2022	1,606,600	1.130	0.865	0.964	1,610,204
July 2022	<u>1,357,700</u>	1.040	0.835	0.901	<u>1,186,076</u>
Net shares resold for the financial period	<u>(9,633,200)</u>				<u>(5,421,295)</u>

As at 28 February 2023, the Company holds 38,768,677 Treasury Shares at a cost of RM25,290,000 pursuant to Section 127(4)(b) of the Companies Act 2016.

**A7. Segmental results**

Segmental information for the financial period ended 28 February 2023.

	Investment holdings and others	Agricultural Chemicals	Industrial Chemicals	Logistics	Polymer	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>28 February 2023</b>							
<b>Revenue</b>							
External revenue	40,511	440,039	982,154	40,910	61,391	-	1,565,005
Inter-segment revenue	17,581	141,693	203	5,720	5	(165,202)	-
Total revenue	<u>58,092</u>	<u>581,732</u>	<u>982,357</u>	<u>46,630</u>	<u>61,396</u>		<u>1,565,005</u>
Segment results	(5,332)	64,298	15,006	7,185	5,446	4,108	90,711
Finance costs							(14,587)
Share of results of associates							10
Profit before taxation							<u>76,134</u>
Tax expense							<u>(18,073)</u>
<b>Net profit for the financial period</b>							<u>58,061</u>
<b>28 February 2022</b>							
<b>Revenue</b>							
External revenue	25,588	347,387	985,327	29,291	60,062	-	1,447,655
Inter-segment revenue	13,136	96,181	212	5,526	36	(115,091)	-
Total revenue	<u>38,724</u>	<u>291,406</u>	<u>613,637</u>	<u>22,589</u>	<u>39,037</u>		<u>1,447,655</u>
Segment results	(77,877)	51,683	26,530	348	3,548	68,380	72,612
Finance costs							(9,959)
Share of results of associates							622
Profit before taxation							<u>63,275</u>
Tax expense							<u>(28,348)</u>
<b>Net profit for the financial period</b>							<u>34,927</u>

**A8. Dividends**

There was no dividend declared and/or paid during the financial quarter ended 28 February 2023 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 28 February 2023.

**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 as disclosed below.

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

The acquisition of Shennong and Vemedim have been completed on 22 June 2022.

- ii. The Company had on 5 October 2022 announced that the wholly-owned subsidiary of the Company, Synergy Tanker Sdn. Bhd., ("STSB") completed the acquisition of 25% equity interest in Ancom Chemquest Terminals Sdn. Bhd. ("ACT"), a 51% owned subsidiary of Synergy Trnas-Link Sdn. Bhd., which in turn is a wholly-owned subsidiary of Ancom Logistics Berhad, from Chemquest Sdn. Bhd. for a cash consideration of RM4,000,000. STSB has also completed the acquisition of 24% equity interest in ACT held by a Thai national, Mr. Surasak Suwanapasri for a cash consideration of RM3,840,000 on 15 November 2022.

Upon completion of both acquisitions above, ACT became a 66.3% owned subsidiary of the Company.

**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 2022.

**A13. Capital commitments**

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

	<b>RM'000</b>
Property, plant and equipment	
- Approved and contracted for	21,261
- Approved but not contracted for	35,349
	<u>56,610</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 quarter ended 28 February 2023**

For the nine months ended 28 February 2023, the Group recorded higher revenue of RM1.57 billion as compared with RM1.45 billion in the corresponding period last year. Consequently, the Group reported higher profit before taxation ("PBT") of RM76.1 million as compared with RM63.3 million in the corresponding period last year.

For the financial quarter ended 28 February 2023, the Group recorded lower revenue of RM483.9 million as compared with RM510.0 million in the corresponding quarter last year. Consequently, the PBT decreased to RM22.3 million as compared with RM26.6 million in the corresponding quarter last year.

**Review of business segments for the financial quarter ended 28 February 2023**

Investment Holding and others

The result in this segment includes investment holding, information technology ("IT"), media and electrical businesses. For the current financial quarter, the division posted higher revenue of RM12.0 million compared with RM8.4 million in the corresponding quarter last year. Consequently, the Division reported segmental loss of RM0.2 million for the current financial quarter compared with RM68.0 million in the corresponding quarter last year mainly due to one-off expenses relating to the acquisition of Nylex Business amounted to RM66.8 million which was recognised last year.

Agricultural Chemicals

The Agricultural Chemicals division reported higher revenue of RM117.9 million for the current financial quarter compared to RM98.2 million in the corresponding quarter last year mainly attributable by higher sales volume. The improvement in segmental profit to RM19.8 million in the current financial quarter from RM19.0 million in the corresponding quarter last year is in line with higher revenue and strong demand for our products, especially in the ASEAN region. Included in the current financial quarter are the results of Shennong and Vemedim, which were acquired in June 2022.

Industrial Chemicals

The Industrial Chemicals Division posted lower revenue of RM320.0 million compared with RM371.9 million in the corresponding quarter last year due to lower average selling prices. The lower and volatility of crude oil prices and on-going geopolitical tensions have pushed down the chemicals prices due to weaken global demand. Consequently, the division recorded lower segmental profit of RM4.8 million for the current quarter compared to RM9.1 million in the corresponding quarter.

Logistics

The Logistics Division recorded higher revenue of RM11.1 million for the current financial quarter as compared with RM10.5 million in the corresponding quarter last year. The higher revenue is attributed by higher chartered volume for our chemical vessel and additional attribution of profits from One Chem Terminal Sdn. Bhd. after completion of acquisition of additional 11% equity interest in OCT on 31 May 2022, OCT ceased to be the associate of the Group and became a 51% subsidiary of the Group. Consequently, the Division reported segmental profit of RM1.0 million compared to RM0.3 million in the corresponding quarter last year.

Polymer

The Polymer Division recorded higher revenue of RM23.0 million for the current financial quarter as compared with RM21.1 million in the corresponding quarter last year due to higher contribution from the manufacturing plants in Indonesia. Consequently, the Division recorded higher segmental profit of RM2.2 million compared with RM1.2 million in the corresponding quarter last year.

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

For the current financial quarter ended 28 February 2023, the Group posted lower revenue of RM483.9 million compared with RM531.3 million in the immediate preceding quarter. Consequently, the Group reported lower PBT of RM22.3 million in the current financial quarter compared to PBT of RM26.6 million in the immediate preceding quarter.

**B3. Current year prospects**

The global economy has been affected by the rapid and synchronous monetary policy tightening of major economies worldwide, in controlling inflations. This has exerted a substantial weakening of economic activities and increased the risks of recessions. 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 satisfactorily for the current 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**

	<b>Individual quarter ended 28.02.2023 RM'000</b>	<b>Year-to-date ended 28.02.2023 RM'000</b>
The profit before taxation is stated after charging/(crediting):		
Finance costs	5,552	14,587
Depreciation and amortisation	8,870	31,230
Gain on foreign exchange	820	2,738
Gain on disposal of property, plant and equipment	(446)	(530)
Impairment loss on goodwill on consolidation	998	998
Fair value loss on investment	64	166
Provision for inventories written off	20	20
Gain on disposal of PPE	(446)	(530)
Loss on winding up an associate	1,029	1,029
Property, plant and equipment written off	9	165
Interest income	(253)	(596)
Reversal of impairment loss on investment in an associate	(2,069)	(2,069)
Reversal of impairment loss on receivables	(383)	(726)

**B6. Tax expense**

	Individual quarter ended		Year-to-date ended	
	28.02.2023	28.02.2022	28.02.2023	28.02.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	5,051	7,093	17,790	19,300
Foreign income tax	863	279	1,445	1,038
	<b>5,914</b>	<b>7,372</b>	<b>19,235</b>	<b>20,338</b>
Over provision in prior years	<b>(514)</b>	<b>(5)</b>	<b>(517)</b>	<b>(830)</b>
	<b>5,400</b>	<b>7,367</b>	<b>18,718</b>	<b>12,141</b>
Deferred taxation:				
Relating to origination and reversal of temporary differences	479	9,415	(645)	8,840
	<b>5,879</b>	<b>16,782</b>	<b>18,073</b>	<b>28,348</b>

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. ANB and its subsidiary, Nylex (Malaysia) Berhad ("Nylex"), had on 21 March 2022 entered into a Heads of Agreement ("HOA") with Sinar Bina Infra Sdn. Bhd. ("SBI"), LBS Bina Group Berhad ("LBS") and BTS Group Holdings Public Company Limited ("BTS") 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 Project"). The Proposed Project is subject to the feasibility study (as defined in the HOA) being completed and the grant of the concession award for the 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.

On 14 December 2022, Nylex has announced the signing of a letter of intent with CRRC Changchun Railway Vehicles Co., Ltd ("CRRC Changchun") for the purposes of entering into good faith discussions and negotiations with regards to the construction, commissioning, installation and testing of the Proposed Project.

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

- b. ANB had on 12 April 2013 announced that its wholly-owned subsidiary, Ancom Crop Care Sdn. Bhd., had entered into a Share Sale Agreement with H.J. Unkel (M) Sdn. Bhd., Chong Sau Kin and Ye Suping for the acquisition of 350,000 ordinary shares or 70% equity interest in H.J. Unkel Chemicals Sdn. Bhd. for a cash consideration of RM9,000,000. ("Proposed Acquisition")

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

**B8. Utilisation of proceeds**

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

**B9. Borrowings**

	<b>28.02.2023</b>	31.05.2022
	<b>RM'000</b>	RM'000
<b>SHORT TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>65,149</b>	94,739
United States Dollar	<b>22,888</b>	5,972
Vietnamese Dong	<b>3,369</b>	10,842
	<b>91,406</b>	111,553
Unsecured:		
Ringgit Malaysia	<b>164,369</b>	153,637
United States Dollar	<b>59,609</b>	67,320
	<b>223,978</b>	220,957
<b>Total short term borrowings</b>	<b>315,384</b>	332,510
<b>LONG TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>60,325</b>	55,689
United States Dollar	<b>18,402</b>	23,215
<b>Total long term borrowings</b>	<b>78,727</b>	78,904
<b>TOTAL BORROWINGS</b>	<b>394,111</b>	411,414

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 22 April 2024 to 3 May 2024 and a case management date is fixed on 4 March 2024. 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**

There was no dividend declared and/or paid during the financial quarter ended 28 February 2023.

**B12. Earnings per share**Basic 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	
	28.02.2023	28.02.2022	28.02.2023	28.02.2022
Net profit attributable to owners of the parent	16,356	15,138	56,947	36,256
Weighted average number of ordinary shares in issue ('000)	890,077	742,464	890,077	742,464
<b>Basic earnings per share (sen)</b>	<b>1.84</b>	<b>2.04</b>	<b>6.40</b>	<b>4.88</b>

Diluted earnings per share

	Individual quarter ended		Year-to-date ended	
	28.02.2023	28.02.2022	28.02.2023	28.02.2022
Net profit attributable to owners of the parent	16,356	15,138	56,947	36,256
Weighted average number of ordinary shares in issue ('000)	890,077	742,464	890,077	742,464
Dilutive potential ordinary shares				
- ESOS	16,252	33,930	16,252	33,930
- Warrants	86,481	136,407	86,481	136,407
Adjusted weighted average number of ordinary shares in issues ('000)	992,810	912,801	992,810	912,801
<b>Diluted earnings per share (sen)</b>	<b>1.65</b>	<b>1.66</b>	<b>5.74</b>	<b>3.97</b>

Comparative figure of the weighted average number of ordinary shares in issue for the basic/diluted earnings per share computations have been restated to reflect the adjustments arising from the share split as disclosed in Note A6.