

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 30 NOVEMBER 2022**

	Individual quarter ended		Year-to-date ended	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	531,252	532,912	1,081,057	937,641
Cost of sales	(452,275)	(447,722)	(920,729)	(794,914)
Gross profit	78,977	85,190	160,328	142,727
Other income	2,598	1,585	5,392	5,934
Distribution expenses	(27,695)	(30,630)	(58,823)	(58,701)
Administrative expenses	(19,218)	(28,214)	(39,578)	(42,924)
Other operating expenses	(3,722)	(889)	(4,434)	(4,192)
Finance costs	(4,392)	(3,291)	(9,035)	(6,641)
Share of results of associates	6	240	(1)	434
Profit before taxation	26,554	23,991	53,849	36,637
Tax expense	(5,251)	(8,215)	(12,194)	(11,566)
Net profit for the financial period	21,303	15,776	41,655	25,071
Net profit attributable to				
Owners of the parent	20,560	12,078	40,591	21,118
Non-controlling interests	743	3,698	1,064	3,953
	21,303	15,776	41,655	25,071
Earnings per ordinary share attributable to equity holders of the Company				
Basic earnings per share (sen)	2.34	1.64	4.62	2.87
Diluted earnings per share (sen)	2.07	1.34	4.08	2.34

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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL QUARTER ENDED 30 NOVEMBER 2022**

	Individual quarter ended		Year-to-date ended	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	21,303	15,776	41,655	25,071
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation	(2,406)	1,754	(724)	2,503
Other comprehensive (loss)/profit, net of tax	(2,406)	1,754	(724)	2,503
Total comprehensive income	18,897	17,530	40,931	27,574
Total comprehensive income attributable to				
Owners of the parent	18,154	13,062	39,867	24,233
Non-controlling interests	743	4,468	1,064	3,341
	18,897	17,530	40,931	27,574

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.

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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2022**

	Unaudited 30.11.2022 RM'000	Audited 31.05.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	224,693	216,656
Investment properties	303	303
Investment in associates	3,928	3,929
Investment in a joint venture	-	-
Other investments	2,865	415
Intangible assets	4,741	4,931
Goodwill on consolidation	81,512	72,158
Rights-of-use assets	102,529	103,864
Deferred tax assets	11,556	11,247
	432,127	413,503
Current assets		
Inventories	203,601	179,134
Receivables	375,836	393,288
Amounts owing by associates	5,650	4,984
Current tax assets	7,947	6,787
Other investments	1,203	2,905
Cash and cash equivalents	140,366	123,176
	734,603	710,274
TOTAL ASSETS	1,166,730	1,123,777
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	386,720	377,892
Reserves	80,150	40,406
Less : Treasury Shares, at cost	(30,180)	(30,711)
	436,690	387,587
Non-controlling interests	35,092	40,674
TOTAL EQUITY	471,782	428,261
LIABILITIES		
Non-current liabilities		
Borrowings	89,837	78,904
Long term lease liabilities	9,440	17,348
Deferred tax liabilities	12,890	12,471
Provision for retirement benefits	5,283	5,131
	117,450	113,854
Current liabilities		
Payables	231,266	225,559
Amounts owing to associates	515	12
Borrowings	322,388	332,510
Short term lease liabilities	16,644	14,844
Contract liabilities	730	3,869
Current tax payables	5,955	4,868
	577,498	581,662
Total Liabilities	694,948	695,516
TOTAL EQUITY AND LIABILITIES	1,166,730	1,123,777
Net assets per share attributable to owners of the parent (RM)	0.49	0.54

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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 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 2021	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	70,954	(35,892)	35,062
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	-	-	-	-	-	(24,481)	(24,481)	27,495	3,014
Acquisition of additional equity interest in subsidiaries	105,218	-	2,534	-	-	(127,251)	(19,499)	(71,768)	(91,267)
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)
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	333	333
Share options granted under ESOS	-	-	-	2,601	-	-	2,601	(148)	2,453
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	(608)	(24,463)	(144,878)	(45,566)	(43,631)	(89,197)
Balance as at 31 May 2022/1 June 2022	377,892	273	13,232	2,509	(30,711)	24,392	387,587	40,674	428,261
Total comprehensive income	-	-	(724)	-	-	40,591	39,867	1,064	40,931
Transactions with owners									
Ordinary shares issued pursuant to:									
- ESOS	789	-	-	(411)	-	-	378	-	378
- Warrants B	8,039	-	-	-	-	-	8,039	-	8,039
Acquisition of subsidiaries	-	-	-	-	-	-	-	3,642	3,642
Acquisition of additional equity interest in subsidiaries	-	-	2,175	-	-	(3,561)	(1,386)	(7,477)	(8,863)
Net repurchase of ordinary shares of the Company	-	-	-	-	531	1,531	2,062	-	2,062
Disposal of a subsidiary	-	-	-	-	-	-	-	(2,668)	(2,668)
Disposal of equity interest of a subsidiary to non-controlling interest	-	-	-	-	-	143	143	(143)	-
	8,828	-	2,175	(411)	531	(1,887)	9,236	(6,646)	2,590
Balance as at 30 November 2022	386,720	273	14,683	2,098	(30,180)	63,096	436,690	35,092	471,782

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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2022**

	Year-to-date ended	
	30.11.2022 RM'000	30.11.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	53,849	36,637
Adjustments for non-cash items	31,316	26,694
Operating profit before working capital changes	85,165	63,331
Inventories	(19,957)	16,148
Receivables	(430)	(52,940)
Payables	(4,820)	(28,626)
Group companies	(163)	(907)
Net cash generated from operations	59,795	(2,994)
Income tax paid	(13,515)	(9,287)
Retirement benefit paid	-	(226)
Net cash from operating activities	46,280	(12,507)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,603)	(8,649)
Interest received	343	281
Proceeds from disposal of property, plant and equipment	146	479
Acquisition of additional equity interest in subsidiaries	(8,866)	25
Net cash inflows on acquisition of subsidiaries	4,995	-
Net cash outflow on disposal/derecognition of subsidiaries	(14)	(13)
Sale of other investments	(748)	56
Placement of short term deposits:		
- pledged with licensed banks	(3)	(2)
- with maturity period more than three months	(2,034)	1,040
Net cash used in investing activities	(15,784)	(6,783)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest of subsidiaries	-	(490)
Interest paid	(7,629)	(5,251)
Repayment of lease liabilities	(14,105)	(9,226)
Net (repayment)/drawdown of borrowings	(6,612)	24,374
Proceed from issuance of share capital:		
- ESOS	378	1,876
- Warrants B	8,039	72
Net repurchased of treasury shares in open market	2,062	4,939
Net cash used in financing activities	(17,867)	16,294
Net increase/(decrease) in cash and cash equivalents	12,629	(2,996)
Cash and cash equivalents at the beginning of the financial period	106,820	92,908
Effect of exchange rate changes	(205)	324
Cash and cash equivalents at the end of the financial period	119,244	90,236
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	103,298	92,626
Bank overdrafts	(15,500)	(8,762)
Short term deposits	37,068	8,724
	124,866	92,588
Less : Short term deposits pledged to banks	(624)	(154)
Short term deposits with maturity more than 3 months	(4,998)	(2,198)
	119,244	90,236

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.



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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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 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 Ancom 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 30 November 2022.

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 30 November 2022 except for the following:

(a) Issued and paid up ordinary shares

During the financial period ended 30 November 2022, the issued and paid up ordinary shares of the Company was increased from 302,487,849 to 937,656,350 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) 1,484,050 new ordinary shares arising from the exercise of ESOS at exercise price of RM0.255 each for cash totalling of RM378,000; and
- (iii) 28,711,753 new ordinary shares arising from the exercise of Warrants B at RM0.28 each for cash totalling of RM8,039,000.

(b) Treasury Shares

During the financial period ended 30 November 2022, 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
Shares resold					
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)
Shares repurchase					
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>(2,135,700)</u>				<u>(530,541)</u>

As at 30 November 2022, the Company holds 46,266,177 Treasury Shares at a cost of RM30,180,000 pursuant to Section 127(4)(b) of the Companies Act 2016.

A7. Segmental results

Segmental information for the financial period ended 30 November 2022.

	YTD - 30 November 2022						
	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
30 November 2022							
Revenue							
External revenue	28,536	304,173	680,204	29,761	38,383	-	1,081,057
Inter-segment revenue	14,911	120,275	104	3,855	-	(139,145)	-
Total revenue	<u>43,447</u>	<u>424,448</u>	<u>680,308</u>	<u>33,616</u>	<u>38,383</u>		<u>1,081,057</u>
Segment results	(5,116)	44,504	10,162	6,168	3,261	3,906	62,885
Finance costs							(9,035)
Share of results of associates							(1)
Profit before taxation							<u>53,849</u>
Tax expense							<u>(12,194)</u>
Net profit for the financial period							<u>41,655</u>
30 November 2021							
Revenue							
External revenue	17,217	249,185	613,458	18,778	39,003	-	937,641
Inter-segment revenue	10,836	42,221	179	3,811	34	(57,081)	-
Total revenue	<u>28,053</u>	<u>291,406</u>	<u>613,637</u>	<u>22,589</u>	<u>39,037</u>		<u>937,641</u>
Segment results	(9,918)	32,697	17,431	83	2,358	193	42,844
Finance costs							(6,641)
Share of results of associates							434
Profit before taxation							<u>36,637</u>
Tax expense							<u>(11,566)</u>
Net profit for the financial period							<u>25,071</u>

A8. Dividends

There was no dividend declared and/or paid during the financial quarter ended 30 November 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 30 November 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 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 is also in the process of finalising the proposed acquisition of 24% equity interest in ACT held by a Thai national, Mr. Surasak Suwanapasri for a cash consideration of RM3,840,000 ("Proposed Acquisition").

The Proposed Acquisition have been completed 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:

	RM'000
Property, plant and equipment	
- Approved and contracted for	24,319
- Approved but not contracted for	32,851
	<u>57,170</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 30 November 2022

For the six months ended 30 November 2022, the Group recorded higher revenue of RM1.08 billion as compared with RM0.93 billion in the corresponding period last year. Consequently, the Group reported higher profit before taxation ("PBT") of RM53.8 million as compared with RM36.6 million in the corresponding period last year.

For the financial quarter ended 30 November 2022, the Group recorded lower revenue of RM531.3 million as compared with RM532.9 million in the corresponding quarter last year. Despite lower revenue, the PBT increased to RM26.6 million as compared with RM24.0 million in the corresponding quarter last year.

Review of business segments for the financial quarter ended 30 November 2022

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 RM19.7 million compared with RM8.1 million in the corresponding quarter last year. Consequently, the Division reported lower segmental loss of RM2.6 million for the current financial quarter compared with RM6.6 million in the corresponding quarter last year mainly due to better performance from its IT and media businesses.

Agricultural Chemicals

The Agricultural Chemicals division reported higher revenue of RM141.9 million for the current financial quarter compared to RM133.7 million in the corresponding quarter last year mainly attributable by higher sales volume. The improvement in segmental profit to RM21.3 million in the current financial quarter from RM16.5 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 RM336.5 million compared with RM354.4 million in the corresponding quarter last year due to lower average selling prices. The lower 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 RM4.2 million for the current quarter compared to RM13.9 million in the corresponding quarter.

Logistics

The Logistics Division recorded higher revenue of RM14.5 million for the current financial quarter as compared with RM10.7 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 RM3.1 million compared to segmental loss of RM1.1 million in the corresponding quarter last year.

Polymer

The Polymer Division recorded lower revenue of RM18.7 million for the current financial quarter or declined 27.9% as compared with RM26.0 million in the corresponding quarter last year due to lower contribution from the manufacturing plants in Shah Alam and Indonesia. Consequently, the Division recorded lower segmental profit of RM1.6 million compared with RM2.0 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 30 November 2022, the Group posted lower revenue of RM531.3 million compared with RM549.8 million in the immediate preceding quarter. Consequently, the Group reported lower PBT of RM26.6 million in the current financial quarter compared to PBT of RM27.3 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

	Individual quarter ended 30.11.2022 RM'000	Year-to-date ended 30.11.2022 RM'000
The profit before taxation is stated after charging/(crediting):		
Finance costs	4,392	9,035
Depreciation and amortisation	10,295	22,360
Gain on foreign exchange	2,929	1,918
Gain on disposal of property, plant and equipment	2	(84)
Fair value loss on investment	17	102
Property, plant and equipment written off	125	156
Interest income	(166)	(343)
Reversal of impairment loss on receivables	(250)	(343)

B6. Tax expense

	Individual quarter ended		Year-to-date ended	
	30.11.2022 RM'000	30.11.2021 RM'000	30.11.2022 RM'000	30.11.2021 RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	5,644	7,881	12,739	12,207
Foreign income tax	382	652	582	759
	6,026	8,533	13,321	12,966
Over provision in prior years	(3)	-	(3)	(825)
	6,023	8,533	13,318	12,141
Deferred taxation:				
Relating to origination and reversal of temporary differences	(772)	(318)	(1,124)	(575)
	5,251	8,215	12,194	11,566

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:

Ancom 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.

B8. Utilisation of proceeds

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

B9. Borrowings

	30.11.2022	31.05.2022
	RM'000	RM'000
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	80,443	94,739
United States Dollar	22,168	5,972
Vietnamese Dong	4,703	10,842
	107,314	111,553
Unsecured:		
Ringgit Malaysia	172,302	153,637
United States Dollar	42,772	67,320
	215,074	220,957
Total short term borrowings	322,388	332,510
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	68,948	55,689
United States Dollar	20,889	23,215
Total long term borrowings	89,837	78,904
TOTAL BORROWINGS	412,225	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 30 November 2022.

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	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
Net profit attributable to owners of the parent	20,560	12,078	40,591	21,118
Weighted average number of ordinary shares in issue ('000)	879,456	736,974	879,456	736,974
Basic earnings per share (sen)	2.34	1.64	4.62	2.87

Diluted earnings per share

	Individual quarter ended		Year-to-date ended	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021
Net profit attributable to owners of the parent	20,560	12,078	40,591	21,118
Weighted average number of ordinary shares in issue ('000)	879,456	736,974	879,456	736,974
Dilutive potential ordinary shares				
- ESOS	24,033	40,851	24,033	40,851
- Warrants	91,710	123,600	91,710	123,600
Adjusted weighted average number of ordinary shares in issues ('000)	995,199	901,425	995,199	901,425
Diluted earnings per share (sen)	2.07	1.34	4.08	2.34

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.