

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR FINANCIAL QUARTER ENDED 29 FEBRUARY 2024**

	Individual quarter ended		Year-to-date ended	
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	516,780	483,948	1,509,297	1,565,005
Cost of sales	(433,718)	(413,210)	(1,273,838)	(1,333,939)
Gross profit	83,062	70,738	235,459	231,066
Other income	1,724	947	6,656	6,339
Distribution expenses	(26,041)	(22,932)	(72,253)	(81,755)
Administrative expenses	(24,127)	(19,903)	(64,320)	(59,481)
Other operating expenses	(806)	(1,024)	(4,066)	(5,458)
Finance costs	(5,310)	(5,552)	(15,626)	(14,587)
Share of results of associates	(1)	11	(31)	10
Profit before taxation	28,501	22,285	85,819	76,134
Tax expense	(8,138)	(5,879)	(21,901)	(18,073)
Net profit for the financial period	20,363	16,406	63,918	58,061
Net profit attributable to				
Owners of the parent	20,111	16,356	63,033	56,947
Non-controlling interests	252	50	885	1,114
	20,363	16,406	63,918	58,061
Earnings per share attributable to owners of the parent				
Basic earnings per share (sen)	2.12	1.78	6.64	6.40
Diluted earnings per share (sen)	2.00	1.66	6.17	5.74

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2023 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 COMPREHENSIVE INCOME
FOR FINANCIAL QUARTER ENDED 29 FEBRUARY 2024**

	Individual quarter ended		Year-to-date ended	
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	20,363	16,406	63,918	58,061
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation	1,186	1,393	446	669
Other comprehensive (loss)/profit, net of tax	1,186	1,393	446	669
Total comprehensive income	21,549	17,799	64,364	58,730
Total comprehensive income attributable				
Owners of the parent	21,297	17,749	63,479	57,616
Non-controlling interests	252	50	885	1,114
	21,549	17,799	64,364	40,931

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2023 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 FINANCIAL POSITION
AS AT 29 FEBRUARY 2024**

	Unaudited 29.02.2024 RM'000	Audited 31.05.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	247,964	221,289
Investment properties	1,916	2,287
Investment in associates	1,555	1,586
Investment in joint ventures	-	-
Other investments	7,899	3,165
Intangible assets	4,407	4,504
Goodwill on consolidation	86,010	86,010
Rights-of-use assets	85,760	98,424
Deferred tax assets	10,135	22,614
	445,646	439,879
Current assets		
Inventories	175,734	211,097
Receivables	397,611	369,479
Amounts owing by associates	6,204	5,080
Current tax assets	9,053	9,875
Other investments	1,170	1,101
Short term deposits	36,708	62,520
Cash and bank balances	106,793	105,691
	733,273	764,843
TOTAL ASSETS	1,178,919	1,204,722
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	407,961	397,624
Reserves	172,078	119,007
Less : Treasury shares, at cost	(37,844)	(25,123)
	542,195	491,508
Non-controlling interests	36,615	32,423
TOTAL EQUITY	578,810	523,931
LIABILITIES		
Non-current liabilities		
Borrowings	51,830	70,989
Lease liabilities	2,505	6,768
Deferred tax liabilities	13,093	19,525
Provision for retirement benefits	5,302	5,143
	72,730	102,425
Current liabilities		
Payables	232,242	237,729
Amounts owing to associates	1,604	694
Borrowings	280,035	312,921
Lease liabilities	7,661	17,077
Contract liabilities	986	4,666
Current tax liabilities	4,850	5,279
	527,378	578,366
TOTAL LIABILITIES	600,108	680,791
TOTAL EQUITY AND LIABILITIES	1,178,918	1,204,722
Net assets per share attributable to owners of the parent (RM)	0.57	0.53

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 2023 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 29 FEBRUARY 2024**

	Attributable to owners of the parent						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Exchange translation reserve RM'000	Share options reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
Balance as at 1 June 2022	377,892	273	13,232	2,509	(30,711)	24,392	387,587	40,674	428,261
Total comprehensive income	-	-	15,128	-	-	68,473	83,601	1,700	85,301
Transactions with owners									
Ordinary shares issued pursuant to:									
- ESOS	6,546	-	-	(1,900)	-	-	4,646	-	4,646
- Warrants B	13,186	-	-	-	-	-	13,186	-	13,186
Acquisition of subsidiaries	-	-	-	-	-	-	-	3,302	3,302
Acquisition of additional equity interests in subsidiaries	-	-	-	-	-	(5,650)	(5,650)	(11,325)	(16,975)
Net resold of treasury shares of the Company	-	-	-	-	5,588	6,032	11,620	-	11,620
Disposal of a subsidiary	-	-	-	-	-	-	-	(725)	(725)
Disposal of equity interest of a subsidiary	-	-	-	-	-	143	143	(143)	-
Share options granted under ESOS	-	-	-	615	-	-	615	-	615
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	(4,240)	(4,240)	(1,060)	(5,300)
Total transactions with owners	19,732	-	-	(1,285)	5,588	(3,715)	20,320	(9,951)	10,369
Balance as at 31 May 2023/1 June 2023	397,624	273	28,360	1,224	(25,123)	89,150	491,508	32,423	523,931
Total comprehensive (loss)/income	-	-	446	-	-	63,033	63,479	885	64,364
Transactions with owners									
Ordinary shares issued pursuant to:									
- ESOS	5,562	-	-	(2,208)	-	-	3,354	-	3,354
- Warrants B	4,775	-	-	-	-	-	4,775	-	4,775
Acquisition of subsidiaries	-	-	-	-	-	-	-	4,307	4,307
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(1,000)	(1,000)
Dividend paid	-	-	-	-	-	(9,253)	(9,253)	-	(9,253)
Net resold of treasury shares of the Company	-	-	-	-	(12,721)	1,053	(11,668)	-	(11,668)
Total transactions with owners	10,337	-	-	(2,208)	(12,721)	(8,200)	(12,792)	3,307	(9,485)
Balance as at 29 February 2024	407,961	273	28,806	(984)	(37,844)	143,983	542,195	36,615	578,810

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 2023 and the accompanying notes to this Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 29 FEBRUARY 2024**

	Year-to-date ended	
	29.02.2024 RM'000	28.02.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	85,819	76,134
Adjustments for non-cash items	42,501	43,877
Operating profit before working capital changes	<u>128,320</u>	<u>120,011</u>
Inventories	39,808	(14,224)
Receivables	(22,049)	(21,637)
Payables	(11,428)	6,148
Associates	(214)	(45)
Net cash generated from operations	<u>134,437</u>	<u>90,253</u>
Income tax paid	(14,968)	(21,275)
Retirement benefit paid	(189)	-
Net cash from operating activities	<u>119,280</u>	<u>68,978</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(41,850)	(13,895)
Interest received	814	596
Purchase of intangible assets	(425)	(137)
Proceeds from disposal of property, plant and equipment	639	5,843
Proceeds from disposal of investment properties	250	-
Acquisition of additional equity interest in subsidiaries	-	(8,867)
Winding up of an associate	-	3,289
Net cash (outflows)/inflows on acquisition of subsidiaries	(927)	4,995
Net cash outflow on disposal of subsidiaries	-	(14)
(Purchase)/Sale of other investments	(4,734)	1,267
Placement of short term deposits:		
- pledged with licensed banks	700	(3)
- with maturity period more than three (3) months	(9,107)	(1,273)
Net cash used in investing activities	<u>(54,640)</u>	<u>(8,199)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(9,253)	-
Interest paid	(14,353)	(12,585)
Repayment of lease liabilities	(15,648)	(19,178)
Net repayment of borrowings	(52,371)	(10,377)
Dividends paid to non-controlling interest	(1,000)	-
Proceed from issuance of ordinary shares pursuant to:		
- ESOS	3,354	3,483
- Warrants B	4,775	12,783
Net (repurchased)/resold of treasury shares in open market	(11,669)	11,174
Net cash used in financing activities	<u>(96,165)</u>	<u>(14,700)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(31,525)</u>	<u>46,079</u>
Cash and cash equivalents at the beginning of the financial period	<u>147,638</u>	<u>106,820</u>
Effect of exchange rate changes	<u>533</u>	<u>567</u>
Cash and cash equivalents at the end of the financial period	<u>116,646</u>	<u>153,466</u>
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	106,793	119,635
Bank overdrafts	(10,626)	(1,152)
Short term deposits	36,708	39,844
	<u>132,875</u>	<u>158,327</u>
Less : Short term deposits pledged with licensed banks	(2,738)	(624)
Short term deposits with maturity period more than three (3) months	(13,491)	(4,237)
	<u>116,646</u>	<u>153,466</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Company's Audited Financial Statements for the financial year ended 31 May 2023 and the accompanying notes to this Interim Financial Report.



ANCOM NYLEX BERHAD

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 29 FEBRUARY 2024

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 Main Market Listing Requirements ("Listing Requirement") of Bursa Malaysia Securities Berhad ("Bursa Securities").

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 2023. 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 2023.

For the financial periods up and including the financial year ended 31 May 2023, the Group prepared its financial report in accordance with Malaysian Financial Reporting Standards ("MFRSs") 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 2023 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 2023:

MFRSs and Amendments to MFRSs:

MFRS 7 Insurance Contracts

Amendments to MFRS 7 Insurance Contracts

Initial application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts)

Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)

Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)

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 2023 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

During the financial quarter ended 29 February 2024, there were no items affecting the Group's assets, liabilities, equity, net income or cash flows that are material and unusual because of their nature, size or incidence.

A5. Changes in estimates

There were no material changes in estimates amounts reported that have a material effect on the financial quarter ended 29 February 2024.

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 29 February 2024 except for the following:

(a) Issued and paid up ordinary shares

During the financial period ended 29 February 2024, the issued and paid up ordinary shares of the Company was increased from 972,776,411 to 1,002,982,952 pursuant to the following:

- (i) 13,151,210 new ordinary shares arising from the exercise of ESOS at exercise price of RM0.255 each for cash totalling of RM3,354,000; and
- (ii) 17,055,331 new ordinary shares arising from the exercise of Warrants B at RM0.28 each for cash totalling of RM4,775,000.

(b) Treasury shares

During the financial period ended 29 February 2024, 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					
July 2023	(3,484,600)	1.050	0.940	1.030	(2,300,394)
August 2023	(1,200,000)	1.120	0.985	1.050	(813,434)
Shares repurchased					
June 2023	2,584,500	1.030	0.935	0.950	2,508,141
September 2023	943,300	1.240	1.130	1.196	1,037,633
October 2023	2,379,000	1.200	1.110	1.156	2,842,165
November 2023	2,311,500	1.160	1.090	1.135	2,660,678
December 2023	2,367,200	1.160	1.090	1.135	2,660,213
January 2024	2,409,600	1.129	1.050	1.079	2,666,486
February 2024	<u>1,346,600</u>	1.100	1.050	1.070	<u>1,459,582</u>
Net shares repurchased for the financial period	<u>9,657,100</u>				<u>12,721,070</u>

As at 29 February 2024, the Company holds 47,925,777 Treasury Shares at a cost of RM37,844,000 pursuant to Section 127(4)(b) of the Companies Act 2016.

A7. Segmental results

Segmental information for the financial period ended 29 February 2024.

	Investment					Elimination RM'000	Total RM'000
	Holdings and Others RM'000	Agricultural Chemicals RM'000	Industrial Chemicals RM'000	Logistics RM'000	Polymer RM'000		
29 February 2024							
Revenue							
External revenue	45,740	404,659	963,791	36,554	58,553	-	1,509,297
Inter-segment revenue	13,080	109,878	476	5,477	-	(128,911)	-
Total revenue	<u>58,820</u>	<u>514,537</u>	<u>964,267</u>	<u>42,031</u>	<u>58,553</u>		<u>1,509,297</u>
Segment results	(11,247)	79,338	17,307	8,781	6,947	350	101,476
Finance costs							(15,626)
Share of results of associates							(31)
Profit before taxation							85,819
Tax expense							(21,901)
Net profit for the financial period							<u>63,918</u>
28 February 2023							
Revenue							
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							76,134
Tax expense							(18,073)
Net profit for the financial period							<u>58,061</u>

A8. Dividends paid

There were no dividends have been paid during the financial period ended 29 February 2024 other than the following:

- i. A first interim dividend of 1.0 sen per ordinary share, amounting to RM9,493,000 in respect of the financial year ended 31 May 2023 was paid on 30 August 2023.
- ii. The Board of Directors has proposed a first interim dividend for the financial year ending 31 May 2024 by way of distribution of treasury shares of the Company by way of dividend-in-specie to the shareholders of the Company on the basis of one (1) treasury share of the Company for every one hundred (100) ANB shares held by shareholders whose names appear in the Record of Depositors of the Company on 16 February 2024. ("Dividend-in-Specie")

The Dividend-in-Specie was completed on 1 March 2024 by crediting 9,378,600 treasury shares to the Central Depository System accounts of the Company's shareholders.

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 29 February 2024.

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 Report.

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.

- ANB via its wholly-owned subsidiary, Ancom Crop Care Sdn. Bhd. ("ACC"), 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. (H.J. Unkel) for a cash consideration of RM9,000,000.

The acquisition of H.J. Unkel have been completed on 10 January 2024.

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 2023.

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	11,464
- Approved but not contracted for	40,422
	<u>51,886</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 29 February 2024**

For the nine months ended 29 February 2024, the Group recorded lower revenue of RM1.51 billion as compared with RM1.57 billion in the corresponding period last year. Nevertheless, the Group reported higher profit before taxation ("PBT") of RM85.8 million as compared with RM76.1 million in the corresponding period last year.

For the financial quarter ended 29 February 2024, the Group recorded higher revenue of RM516.8 million as compared with RM483.9 million in the corresponding quarter last year. Consequently, the PBT increased to RM28.5 million compared to RM22.3 million in the corresponding quarter last year.

Review of business segments for the financial quarter ended 29 February 2024Investment Holding and Others

This division comprises investment holding, information technology ("IT"), media and electrical businesses. For the current financial quarter, the revenue of this division decreased slightly to RM11.9 million compared with RM12.0 million in the corresponding quarter last year. The division reported higher segmental loss of RM5.7 million for the current financial quarter compared with RM0.2 million in the corresponding quarter last year mainly due to higher operating expenses.

Agricultural Chemicals

The Agricultural Chemicals Division reported higher revenue of RM138.1 million for the current financial quarter compared to RM135.9 million in the corresponding quarter last year. Revenue from the new subsidiary, H.J. Unkel, which were acquired in January 2024 have been incorporated in the current financial quarter. Segmental profit improved to RM27.6 million in the current financial quarter from RM19.8 million last year mainly due to improvement in sales for products with higher profit margins.

Industrial Chemicals

The Industrial Chemicals Division posted higher revenue of RM335.7 million compared with RM302.0 million in the corresponding quarter last year mainly due to higher average selling prices for most of its products. Consequently, the division recorded higher segmental profit of RM5.6 million for the current quarter compared to RM4.8 million in the corresponding quarter due to improvement in profit margins from the lower cost of sales of its products.

Logistics

The Logistics Division recorded lower revenue of RM12.2 million for the current financial quarter as compared with RM11.1 million in the corresponding quarter last year. Consequently, the division reported higher segmental profit of RM3.3 million compared to RM1.0 million in the corresponding quarter last year.

Polymer

The Polymer Division recorded lower revenue of RM19.0 million for the current financial quarter as compared with RM23.0 million in the corresponding quarter last year. Despite lower revenue, the segmental profit improved to RM2.6 million compared to RM2.2 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 29 February 2024, the Group posted higher revenue of RM516.8 million compared with RM505.2 million in the immediate preceding quarter. The Group reported higher PBT of RM28.5 million in the current financial quarter compared to PBT of RM28.0 million in the immediate preceding quarter.

B3. Current year prospects

The El Niño weather phenomenon, which brings prolonged hot and dry weather, is expected to continue into 2024. Furthermore, global economic is expected to remain volatile due to the on-going geopolitical tensions and tighter monetary policy. These factors may affect the businesses of the Group for the remaining of the financial year.

The Board will continue to be vigilant in managing these risks and continue to explore and expand opportunities for our business. Barring any unforeseen, the Group should perform satisfactorily for the remaining of the 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 29.02.2024 RM'000	Year-to-date ended 29.02.2024 RM'000
The profit before taxation is stated after charging/(crediting):		
Depreciation and amortisation	10,084	31,284
Fair value gain on investment	(7)	(70)
Finance costs	5,310	15,626
Interest income	(281)	(814)
Loss on disposal of investment properties	-	97
Net gain on disposal of property, plant and equipment	(154)	(511)
Net loss on foreign exchange	(1,090)	(360)
Net reversal of impairment loss on receivables	(58)	(399)
Reversal of provision for inventories written off	(915)	(1,782)

B6. Tax expense

	Individual quarter ended		Year-to-date ended	
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	7,539	5,051	19,140	17,790
Foreign income tax	426	863	1,252	1,445
	7,965	5,914	20,392	19,235
Over provision in prior years	(147)	(514)	(2,587)	(517)
	7,818	5,400	17,805	18,718
Deferred taxation:				
Relating to origination and reversal of temporary differences	320	479	4,096	(645)
	8,138	5,879	21,901	18,073

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., LBS Bina Group Berhad and BTS Group Holdings Public Company Limited (collectively referred to as "Parties") 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 ("LRT Project"). The Parties are working together exclusively to agree on the terms of the definitive agreements to effect the proposals stipulated in the HOA ("Proposal"). The LRT Project is subject to an ongoing 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 Proposals will form part of the regularization plan to be undertaken by Nylex to regularize its affected listed issuer status.

Nylex had on 13 December 2022, signed a Letter of Intent ("LOI") 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 LRT Project. The LOI is entered by Nylex as a part of its efforts to complete the feasibility study for the LRT Project.

Bursa Securities had via its letter dated 30 January 2023, granted Nylex an extension of time of six (6) months up to 26 July 2023 for Nylex to submit its regularisation plan to the regulatory authorities.

On 22 March 2023, the Parties have agreed to extend the long stop date of the HOA by another three (3) months to 21 June 2023. On 21 June 2023, the Parties have further agreed to extend the long stop date of the HOA to 31 January 2024.

On 16 August 2023, Bursa Securities has rejected Nylex's extension of time application as Nylex has not demonstrated to the satisfaction of Bursa Securities any material development towards the finalisation and submission of the regularisation plan to the regulatory authorities. On the same day, Nylex has received a notice to show cause on commencement of suspension and de-listing procedures pursuant to Paragraph 8.03a(3)(b) of the Listing Requirements from Bursa Securities ("Notice").

Nylex had on 23 August 2023 submitted the written representations to Bursa Securities in relation to why a suspension should not be imposed on the trading of the securities of Nylex; and why the securities of Nylex should not be de-listed from the Official List of Bursa Securities.

On 13 October 2023, Bursa Securities had decided to grant Nylex a further extension of time until 26 January 2024 to submit the regularisation plan to the relevant authorities for approval ("Extended Timeframe"). Bursa Securities has further decided to suspend and de-list the securities of Nylex from the Official List of Bursa Securities pursuant to paragraph 8.03(3A) of the Listing Requirements in the event:

- (i) Nylex fails to submit the proposed regularisation plan to the relevant authorities for approval within the Extended Timeframe;
- (ii) Nylex fails to obtain the approval for the implementation of its regularisation plan and does not appeal within the timeframe (or extended timeframe, as the case may be) prescribed to lodge an appeal;
- (iii) Nylex does not succeed in its appeal; or

- (iv) Nylex fails to implement its regularisation plan within the timeframe or extended timeframes stipulated by the relevant authorities.

Bursa Securities has via its letter dated 4 March 2024, decided to:

- (i) allow the appeal against the de-listing of Nylex and grant Nylex a further extension of time until 26 July 2024 as requested by Nylex to submit the regularisation plan to the relevant authorities for approval ("Extended Timeframe"); and
- (ii) dismiss the appeal against the suspension of trading of the securities of Nylex.

Bursa Securities has further decided to de-list the securities of Nylex from the Official List of Bursa Securities pursuant to paragraph 8.03A(3) of the Listing Requirements in the event:

- (i) Nylex fails to submit the proposed regularisation plan to the relevant authorities for approval within the Extended Timeframe i.e. on or before 26 July 2024;
- (ii) Nylex fails to obtain the approval for the implementation of its regularisation plan and does not appeal within the timeframe (or extended timeframe, as the case may be) prescribed to lodge an appeal;
- (iii) Nylex does not succeed in its appeal; or
- (iv) Nylex fails to implement its regularisation plan within the timeframe or extended timeframes stipulated by the relevant authorities.

In this respect, upon occurrence of any of the events set out in paragraphs (i) to (iv) above, the securities of Nylex shall be removed from the Official List of Bursa Securities upon expiry of two (2) market days from the date Nylex is notified by Bursa Securities or on such date as may be specified by Bursa Securities.

In arriving at the aforesaid decision to de-list, Bursa Securities had affirmed similar factors considered by Bursa Securities as set out in its letter dated 13 October 2023.

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

- b. ANB and its subsidiary, Ancom Logistics Berhad ("ALB") had entered into a Heads of Agreement ("ALB HOA") with Greenheart Sdn Bhd ("GSB"), Choong Wee Keong ("CWK") and How Yoon For ("HYF") for the following:

(GSB, CWK and HYF shall be collectively referred to as "Vendors" and ANB, ALB, and Vendors shall be collectively referred to as "Parties")

- (i) proposed acquisition by ALB of the entire share capital of Green Lagoon Technology Sdn Bhd ("GLTSB") from the Vendors for total consideration of RM120,000,000, subject to an independent valuation to be conducted on GLTSB during the due diligence and in return ALB shall issue 1,000,000,000 new ordinary shares in ALB ("ALB Share(s)") at an issue price of RM0.12 per ALB Share, that will be listed and tradeable in the ACE Market to the GLTSB shareholders ("Consideration Shares") ("Proposed Acquisition");
- (ii) proposed exemption under subparagraph 4.08(1)(a) of the Rules on Takeovers, Mergers and Compulsory Acquisitions to the Vendors, other shareholders of GLTSB and their person(s) acting in concert (collectively "PAC(s)") under Sections 216(2) and 216(3) of the Capital Markets and Services Act 2007 from the obligation to undertake a mandatory offer for the

remaining ALB Shares not already owned by them pursuant to the Proposed Acquisition ("Proposed Exemption");

- (iii) proposed private placement of up to 183,333,334 new Shares (or such other number of new Shares as may be applicable) to ANB for the total sum of up to RM22,000,000.08 (or such other amount corresponding to such number of new ALB Shares to be issued), and to be settled in cash at the issue price of RM0.12 per ALB Share, provided that the total percentage of shareholding held by ANB directly and indirectly in the share capital of ALB on completion of the Proposed Acquisition shall not exceed such number of ALB Shares representing 21% of the entire share capital of ALB ("Proposed Private Placement"); and
- (iv) proposed disposal by ALB all of its subsidiaries (i.e., Synergy Trans-Link Sdn Bhd and its subsidiaries, Pengangkutan Cogent Sdn Bhd and Ancom-Nylex Terminals Sdn Bhd) to ANB at an independent valuation to be conducted and agreed by ANB and ALB and upon such terms and conditions to be determined later ("Proposed Disposal").

(The Proposed Acquisition, Proposed Exemption, Proposed Private Placement and Proposed Disposal shall be collectively referred to as "Proposals")

The Parties have each agreed that the ALB HOA is legally binding on all Parties and the purpose of the Parties entering into the ALB HOA is to record the salient terms of the Proposals which shall be incorporated into the Share Sale Agreement entered between the Vendors and ALB ("SSA") and such other documents to be executed between the Vendors and ALB upon such other terms and conditions to be mutually agreed between the Parties.

Other salient terms to be included in the SSA shall include but not limited to the following:

- (i) the total consideration for the purchase of the total share capital of GLTSB by ALB is RM120,000,000 ("Agreed Price") subject to an independent valuation to be conducted on GLTSB during due diligence and if the value in the valuation report is less than the Agreed Price, then the Vendors and ALB shall re-negotiate and revise the Agreed Price, Proposed Private Placement amount and any other relevant terms in good faith, and in return ALB shall issue the Consideration Shares (or such adjusted number of ALB Shares if the Agreed Price is revised) at the issue price of RM0.12 per Share that will be listed and tradeable on the ACE Market to the GLTSB shareholders;
- (ii) the Vendors shall jointly and severally provide a profit guarantee in favour of ALB that GLTSB will have no less than RM8,000,000.00 profit after tax on a consolidated basis for the first (1st) full financial year of GLTSB after completion of the Proposed Acquisition ("First Financial Year") and no less than RM10,000,000.00 profit after tax on a consolidated basis for the second (2nd) full financial year of GLTSB after completion of the Proposed Acquisition ("Second Financial Year") and any shortfall therein shall be compensated by the Vendors to ALB in cash. It shall be agreed between the Parties that any profit after tax of GLTSB on a consolidated basis procured in surplus of RM8,000,000.00 for First Financial Year shall for the purpose of calculation of the profit guarantee, be incorporated as profit after tax procured for the Second Financial Year. GSB or a company nominated by the Vendors to hold the Consideration Shares ("ALB Shareholder") shall provide a corporate guarantee together with a written irrevocable undertaking that it shall continue to hold a minimal sum of RM8,000,000.00 worth of Consideration Share for the First Financial Year and a minimal of RM10,000,000.00 worth of Consideration Shares for the Second Financial Year

("Profit Guarantee ALB Shares") so as to satisfy the profit guarantee ("GSB Corporate Guarantee"). In event of any shortfall in the profit guarantee, and the Vendors fail to compensate ALB in cash, then the Vendors shall procure that the ALB Shareholder sells such Profit Guarantee ALB Shares sufficient for the shortfall and the proceeds are to be used to compensate ALB for the shortfall. The computation of the profit guarantee shall exclude any one-off or non-recurring income or expenses which are not in the ordinary course of the business.

For avoidance of doubt, the above Proposals are inter-conditional. All new issued and paid-up ALB Shares shall rank pari-passu or equally in all aspects with the existing ALB Shares.

Upon completion of the Proposals, ALB will cease to be a subsidiary of ANB and will become an associate company of ANB.

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

B8. Utilisation of proceeds

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

B9. Borrowings

	29.02.2024	31.05.2023
	RM'000	RM'000
LONG TERM BORROWINGS		
Secured:		
Ringgit Malaysia	41,602	52,034
United States Dollar	-	18,955
	41,602	70,989
Unsecured:		
Ringgit Malaysia	10,228	-
Total long term borrowings	51,830	70,989
SHORT TERM BORROWINGS		
Secured:		
Ringgit Malaysia	53,235	71,610
United States Dollar	491	6,035
Vietnamese Dong	7,184	13,885
	60,910	91,530
Unsecured:		
Ringgit Malaysia	171,466	172,637
United States Dollar	47,659	48,754
	219,125	221,391
Total short term borrowings	280,035	312,921
TOTAL BORROWINGS	331,865	383,910

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, ACC 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.

Full trial for the matter is fixed on 24 April 2024. The matter is not expected to have a material impact on the earnings, net assets 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.

The High Court had on 25 August 2023 dismissed Fermpro's application. Subsequent to the High Court's decision, Fermpro has seek for legal advice and the solicitor is of the view that it has a fair chance to defend against the High Court's decision as the High Court has ignored all the ground above and gave no reason for the judgement. Furthermore, there is no evidence given by the Custom to prove Fermpro has transferred the goods from FCZ to LMW.

Therefore, the Group has filed an appeal with Court of Appeal to against the judgement of the High Court and the case management date is fixed on 11 June 2024.

The Group has not recognised any potential liability in respect of the claims in the financial statements of the Group up to the reporting date as the Group believes that there are strong grounds to argue the case.

B11. Dividend

The Board of Directors does not recommend or propose any dividend in respect of the current financial quarter.

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	
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
Net profit attributable to owners of the parent	20,111	16,356	63,033	56,947
Weighted average number of ordinary shares in issue ('000)	948,852	890,077	948,852	890,077
Basic earnings per share (sen)	2.12	1.78	6.64	6.40

Diluted earnings per share

	Individual quarter ended		Year-to-date ended	
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
Net profit attributable to owners of the parent	20,111	16,356	63,033	56,947
Weighted average number of ordinary shares in issue ('000)	948,852	890,077	948,852	890,077
Dilutive potential ordinary shares				
- ESOS	2,114	16,252	2,114	16,252
- Warrants	69,929	86,481	69,929	86,481
Adjusted weighted average number of ordinary shares in issues ('000)	1,020,895	992,810	1,020,895	992,810
Diluted earnings per share (sen)	2.00	1.66	6.17	5.74