

**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 28 FEBRUARY 2022**

	Individual quarter ended		Year-to-date ended	
	28.02.2022	28.02.2021	28.02.2022	28.02.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>510,014</b>	389,200	<b>1,447,655</b>	1,092,585
Cost of sales	<b>(437,299)</b>	(324,181)	<b>(1,232,213)</b>	(909,771)
Gross profit	<b>72,715</b>	65,019	<b>215,442</b>	182,814
Other income	<b>5,339</b>	3,102	<b>11,273</b>	7,083
Distribution expenses	<b>(27,559)</b>	(24,740)	<b>(86,260)</b>	(68,538)
Administrative expenses	<b>(19,877)</b>	(20,744)	<b>(62,801)</b>	(62,125)
Other operating expenses	<b>(850)</b>	(4,034)	<b>(5,042)</b>	(11,910)
Finance costs	<b>(3,318)</b>	(3,192)	<b>(9,959)</b>	(9,844)
Share of results of associates	<b>188</b>	(662)	<b>622</b>	(2,003)
Profit before taxation	<b>26,638</b>	14,749	<b>63,275</b>	35,477
Tax expense	<b>(16,782)</b>	(5,129)	<b>(28,348)</b>	(15,685)
Net profit for the financial period	<b>9,856</b>	9,620	<b>34,927</b>	19,792
<b>Net profit attributable to</b>				
Owners of the parent	<b>15,138</b>	7,084	<b>36,256</b>	16,334
Non-controlling interests	<b>(5,282)</b>	2,536	<b>(1,329)</b>	3,458
	<b>9,856</b>	9,620	<b>34,927</b>	19,792
<b>Earnings per ordinary share attributable to equity holders of the Company</b>				
Basic earnings per share (sen)	<b>6.12</b>	2.98	<b>14.65</b>	6.86
Diluted earnings per share (sen)	<b>4.98</b>	2.70	<b>11.92</b>	6.23

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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR FINANCIAL QUARTER ENDED 28 FEBRUARY 2022**

	Individual quarter ended		Year-to-date ended	
	28.02.2022	28.02.2021	28.02.2022	28.02.2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period	<b>9,856</b>	9,620	<b>34,927</b>	19,792
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation	<b>(3,377)</b>	(1,542)	<b>(874)</b>	(7,498)
Re-measurement of defined benefit li	<b>76</b>	(531)	<b>76</b>	(531)
Other comprehensive loss, net of tax	<b>(3,301)</b>	(2,073)	<b>(798)</b>	(8,029)
<b>Total comprehensive income</b>	<b>6,555</b>	7,547	<b>34,129</b>	11,763
Total comprehensive income/(loss)				
Owners of the parent	<b>10,018</b>	5,963	<b>34,251</b>	11,772
Non-controlling interests	<b>(3,463)</b>	1,584	<b>(122)</b>	(9)
	<b>6,555</b>	7,547	<b>34,129</b>	11,763

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

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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2022**

	Unaudited 28.02.2022 RM'000	Audited 31.05.2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	184,536	189,690
Investment properties	314	314
Investment in associates	6,740	5,718
Investment in a joint venture	-	-
Other investments	415	415
Intangible assets	5,125	5,778
Goodwill on consolidation	90,041	70,112
Rights-of-use assets	105,455	110,150
Deferred tax assets	16,226	25,341
	<b>408,852</b>	<b>407,518</b>
<b>Current assets</b>		
Inventories	180,947	175,024
Receivables	409,202	355,233
Amounts owing by associates	10,014	9,108
Current tax assets	6,392	5,912
Other investments	2,869	3,031
Cash and cash equivalents	180,768	105,803
	<b>790,192</b>	<b>654,111</b>
Non-current assets held for sale	<b>7,144</b>	<b>6,680</b>
<b>TOTAL ASSETS</b>	<b>1,206,188</b>	<b>1,068,309</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	264,536	256,043
Reserves	52,041	112,404
Less : Treasury Shares, at cost	(6,114)	(6,248)
	<b>310,463</b>	<b>362,199</b>
Non-controlling interests	<b>99,067</b>	<b>120,197</b>
<b>TOTAL EQUITY</b>	<b>409,530</b>	<b>482,396</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	62,926	50,704
Long term lease liabilities	20,694	25,340
Deferred tax liabilities	8,860	10,374
Provision for retirement benefits	5,038	4,679
	<b>97,518</b>	<b>91,097</b>
<b>Current liabilities</b>		
Payables	361,496	217,987
Amounts owing to associates	550	2,089
Borrowings	319,513	250,092
Short term lease liabilities	11,125	15,561
Contract liabilities	1,531	5,280
Current tax payables	4,927	3,807
	<b>699,142</b>	<b>494,816</b>
<b>Total Liabilities</b>	<b>796,660</b>	<b>585,913</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,206,190</b>	<b>1,068,309</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>1.22</b>	<b>1.54</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 2021 and the accompanying notes to this Interim Financial Report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 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			
<b>Balance as at 1 June 2020</b>	245,766	273	10,752	-	(9,688)	64,604	311,707	111,854	423,561
Total comprehensive (loss)/income	-	-	(2,822)	-	-	23,731	<b>20,909</b>	6,709	<b>27,618</b>
<b>Transactions with owners</b>									
Ordinary shares issued pursuant to:									
- private placement	8,591	-	-	-	-	-	<b>8,591</b>	-	<b>8,591</b>
- Employees' Share Option Scheme ("ESOS")	1,704	-	-	(524)	-	-	<b>1,180</b>	-	<b>1,180</b>
Share issue expenses	(18)	-	-	-	-	-	<b>(18)</b>	-	<b>(18)</b>
Acquisition of a subsidiary	-	-	-	-	-	-	-	379	<b>379</b>
Disposal of equity interest of subsidiaries to non-controlling interests	-	-	-	-	-	11,659	<b>11,659</b>	1,934	<b>13,593</b>
Accretion of equity interest of a subsidiary	-	-	-	-	-	(152)	<b>(152)</b>	152	-
Resold of ordinary shares of the Company	-	-	-	-	3,440	2,427	<b>5,867</b>	-	<b>5,867</b>
Share options granted under ESOS	-	-	-	3,641	-	-	<b>3,641</b>	149	<b>3,790</b>
Dividend-in-specie	-	-	-	-	-	(1,185)	<b>(1,185)</b>	1,176	<b>(9)</b>
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(2,156)	<b>(2,156)</b>
	10,277	-	-	3,117	3,440	12,749	<b>29,583</b>	1,634	<b>31,217</b>
<b>Balance as at 31 May 2021/1 June 2021</b>	256,043	273	7,930	3,117	(6,248)	101,084	<b>362,199</b>	120,197	<b>482,396</b>
Total comprehensive (loss)/income	-	-	(2,081)	-	-	36,332	<b>34,251</b>	(122)	<b>34,129</b>
<b>Transactions with owners</b>									
Ordinary shares issued pursuant to:									
- ESOS	7,806	-	-	(2,331)	-	-	<b>5,475</b>	-	<b>5,475</b>
- Warrants B	687	-	-	-	-	-	<b>687</b>	-	<b>687</b>
Acquisition of subsidiaries	-	-	-	-	-	-	-	(18,430)	<b>(18,430)</b>
Acquisition of additional equity interest of subsidiaries	-	-	-	-	-	(103,331)	<b>(103,331)</b>	(2,679)	<b>(106,010)</b>
Net repurchase of ordinary shares of the Company	-	-	-	-	134	8,565	<b>8,699</b>	-	<b>8,699</b>
Derecognition of a subsidiary	-	-	-	-	-	-	-	980	<b>980</b>
Share options granted under ESOS	-	-	-	2,483	-	-	<b>2,483</b>	101	<b>2,584</b>
Dividend-in-specie	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(980)	<b>(980)</b>
	8,493	-	-	152	134	(94,766)	<b>(85,987)</b>	(21,008)	<b>(106,995)</b>
<b>Balance as at 28 February 2022</b>	<b>264,536</b>	<b>273</b>	<b>5,849</b>	<b>3,269</b>	<b>(6,114)</b>	<b>42,650</b>	<b>310,463</b>	<b>99,067</b>	<b>409,530</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 2021 and the accompanying notes to this Interim Financial Report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2022**

	Year-to-date ended	
	28.02.2022	28.02.2021
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	63,275	35,477
Adjustments for non-cash items	36,833	43,112
Operating profit before working capital changes	<u>100,108</u>	<u>78,589</u>
Inventories	(5,923)	(7,552)
Receivables	(54,272)	(63,220)
Payables	1,016	40,423
Group companies	(2,445)	1,960
Net cash generated from operations	<u>38,484</u>	<u>50,200</u>
Income tax paid	(20,105)	(14,475)
Retirement benefit paid	(226)	(637)
Net cash from operating activities	<u>18,153</u>	<u>35,088</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(10,902)	(9,571)
Interest received	700	412
Acquisition of a subsidiary	25	(382)
Acquisition of associates	(400)	(240)
Proceed from disposal of equity interest in a subsidiary	-	13,190
Proceeds from disposal of property, plant and equipment	612	426
Sale of other investments	162	670
Net cash outflow on disposal of a subsidiary	(13)	-
Purchase of right-of-use assets	-	(233)
Placement of short term deposits:		
- pledged with licensed banks	(2)	(60)
- with maturity period more than three months	1,040	-
Net cash (used in)/from investing activities	<u>(9,336)</u>	<u>4,212</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interest of subsidiaries	(980)	(1,568)
Interest paid	(8,010)	(8,063)
Repayment of lease liabilities	(17,728)	(15,646)
Net drawdown/(repayment) of borrowings	81,469	(23,599)
Dividends paid	-	(10)
Proceed from issuance of share capital:		
- private placement	-	4,087
- ESOS	5,475	-
- Warrants B	687	-
Proceed from resale of treasury shares in open market	8,698	8,591
Net cash from/(used in) financing activities	<u>69,611</u>	<u>(36,208)</u>
<b>Net increase in cash and cash equivalents</b>	<u>78,428</u>	<u>3,092</u>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>92,908</u>	<u>72,466</u>
<b>Effect of exchange rate changes</b>	<u>(2,598)</u>	<u>583</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u>90,310</u>	<u>73,049</u>
	<u>168,738</u>	<u>76,141</u>
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	156,961	84,913
Bank overdrafts	(9,678)	(19,999)
Short term deposits	23,807	15,094
	<u>171,090</u>	<u>80,008</u>
Less : Short term deposits pledged to banks	(154)	(151)
Short term deposits with maturity more than 3 months	(2,198)	(3,716)
	<u>168,738</u>	<u>76,141</u>

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



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### **A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2022**

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

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

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

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

#### **Accounting Standards and amendments:**

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

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

#### **A2. Auditors' report**

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

#### **A3. Seasonality or cyclicity**

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

**A4. Items of unusual nature and amount**

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

**A5. Changes in estimates**

There were no material changes in estimates amounts reported that have a material effect on the financial quarter ended 28 February 2022.

**A6. Debt and equity securities**

There was no issuance, cancellation, repurchase, resale or repayment of debt securities and equity securities during the financial quarter ended 28 February 2022 except for the following:

## (a) Issued and paid up ordinary shares

During the financial quarter and financial period to date, the issued and paid up ordinary shares of the Company was increased from 254,491,472 to 262,465,925 pursuant to the following:

- (i) 7,156,420 new ordinary shares arising from the exercise of ESOS at exercise price of RM0.765 each for cash totalling of RM5,475,000; and
- (ii) 818,033 new ordinary shares arising from the exercise of Warrants B at RM0.84 each for cash totalling of RM687,000.

## (b) Treasury Shares

During the financial quarter and financial period to date, the Company (resold)/repurchased its own shares as follows:

	Number of shares resale	Highest RM	Price per share Lowest RM	Average RM	Cost of disposal RM
<b>Shares resold</b>					
September 2021	(500,000)	2.220	1.420	2.170	(263,068)
October 2021	(500,000)	2.990	2.150	2.770	(263,068)
November 2021	(1,000,000)	3.000	2.540	2.710	(526,135)
January 2022	(170,000)	3.490	3.000	3.370	(103,721)
February 2022	(1,350,000)	4.100	3.330	3.920	(903,245)
<b>Shares repurchase</b>					
December 2021	403,400	3.150	2.440	3.080	1,075,503
February 2022	<u>241,500</u>	4.100	3.330	3.920	<u>849,724</u>
Net shares resold for the financial period	<u>(2,875,100)</u>				<u>(134,009)</u>

As at 28 February 2022, the Company holds 8,999,959 Treasury Shares at a cost of RM6,114,000 pursuant to Section 127(4)(b) of the Companies Act 2016.

**A7. Dividends**

There was no dividend declared and/or paid during the financial quarter ended 28 February 2022 other than as disclosed in Note B11.

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Explanatory notes to the Interim Financial Report for the quarter ended 28 February 2022

**A8. Segmental results**

Segmental information for the financial period ended 28 February 2022.

	YTD -28 February 2022							
	Investment holdings and others RM'000	Agricultural Chemicals RM'000	Industrial Chemicals RM'000	Logistics RM'000	Media RM'000	Polymer RM'000	Elimination RM'000	Total RM'000
<b>28 February 2022</b>								
<b>Revenue</b>								
External revenue	18,856	347,387	985,327	29,291	6,732	60,062	-	1,447,655
Inter-segment revenue	13,120	96,181	212	5,526	16	36	(115,091)	-
Total revenue	<u>31,976</u>	<u>443,568</u>	<u>985,539</u>	<u>34,817</u>	<u>6,748</u>	<u>60,098</u>		<u>1,447,655</u>
Segment results	(74,971)	51,683	26,530	348	(2,906)	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								(28,348)
<b>Net profit for the financial period</b>								<u>34,927</u>
<b>28 February 2021</b>								
<b>Revenue</b>								
External revenue	14,647	252,336	717,063	28,046	11,047	69,446	-	1,092,585
Inter-segment revenue	10,815	58,357	174	6,143	503	31	(76,023)	-
Total revenue	<u>25,462</u>	<u>310,693</u>	<u>717,237</u>	<u>34,189</u>	<u>11,550</u>	<u>69,477</u>		<u>1,092,585</u>
Segment results	(10,776)	37,826	17,463	4,134	(3,747)	4,505	(2,081)	47,324
Finance costs								(9,844)
Share of results of associates								(2,003)
Profit before taxation								<u>35,477</u>
Tax expense								(15,685)
<b>Net profit for the financial period</b>								<u>19,792</u>



**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 2022.

**A10. Subsequent events**

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

**A11. Changes in composition of the Group**

There were no material changes in the composition of the Group for the current quarter and financial year-to-date including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuing operations other than the following:

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

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

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

**A12. Changes in contingent liabilities**

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

**A13. Capital commitments**

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

	<b>RM'000</b>
Property, plant and equipment	
- Approved and contracted for	24,725
- Approved but not contracted for	41,591
	<u>66,316</u>

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

**B1. Review of Group's performance**

**Overall review for the financial period and quarter ended 28 February 2022**

For the nine months ended 28 February 2022, the Group recorded higher revenue of RM1.4 billion as compared with RM1.1 billion in the corresponding period last year. The higher revenue was mainly due to improved sales performance by its Industrial Chemicals and Agricultural Chemicals divisions. Consequently, the Group reported higher profit before taxation ("PBT") of RM63.3 million as compared with RM35.5 million in the corresponding period last year.

For the financial quarter ended 28 February 2022, the Group recorded higher revenue of RM510.0 million as compared with RM389.2 million in the corresponding quarter last year. Consequently, the Group reported higher PBT of RM26.6 million compared to RM14.7 million in the corresponding quarter last year.

**Review of business segments for the financial quarter ended 28 February 2022**

Investment Holding and others

The result in this segment includes investment holding, education, information technology ("IT") and electrical businesses. For the current financial quarter, the division posted higher revenue of RM5.6 million compared with RM4.8 million in the corresponding quarter last year due to higher revenue generated from IT businesses. However, the Division reported higher segmental loss of RM67.8 million for the current financial quarter compared with RM1.7 million in the corresponding quarter last year was mainly due to effects of the Proposed Acquisition of Nylex Business amounting to RM66.8 million in this segment, but is eliminated at Ancom Group level.

Agricultural Chemicals

The Agricultural Chemicals division reported higher revenue of RM98.2 million for the current financial quarter compared with RM85.0 million in the corresponding quarter last year due to higher export sales. Segmental profit improved to RM19.0 million in the current financial quarter compared with RM10.3 million in the corresponding quarter last year in line with higher revenue and strong demand for our products, especially in the ASEAN region.

Industrial Chemicals

The Industrial Chemicals Division posted higher revenue of RM371.9 million as compared with RM262.5 million in the corresponding quarter last year mainly attributed to higher sales volume and selling prices. However, the division recorded lower segmental profit of RM9.1 million for the current quarter compared to RM9.4 million in the corresponding quarter last year as profit margins were lower for certain products in the distribution business.

Logistics

The Logistics Division recorded revenue of RM10.5 million for the current financial quarter and corresponding quarter in last year. The Division reported lower segmental profit of RM0.3 million compared RM1.4 million in the corresponding quarter last year, as its earnings performance was affected by higher fuel prices.

### Media

This division posted lower revenue of RM2.8 million for the current financial quarter compared to RM4.5 million in the corresponding quarter last year as advertisers remained cautious despite relaxation of COVID-19 control measures. Nevertheless, segmental loss decreased to RM0.1 million compared with RM0.3 million in the corresponding quarter last year.

### Polymer

The Polymer Division achieved lower revenue of RM21.1 million for the current financial quarter, which represents a decrease of 4.1% from RM22.0 million in the corresponding quarter last year. This was attributed to lower contribution from the manufacturing plant in Shah Alam. The Division recorded higher segmental profit of RM1.2 million compared with RM0.6 million in the corresponding quarter last year due to better overhead recovery.

## **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 2022, the Group posted lower revenue of RM510.0 million compared with RM532.9 million in the immediate preceding quarter. Nevertheless, the Group reported higher PBT of RM26.6 million in the current financial quarter compared to PBT of RM24.0 million in the immediate preceding quarter.

## **B3. Current year prospects**

The recent COVID-19 outbreaks in China couple with the Russia's invasion of Ukraine have a major setback in the recovery of global economic. The Board will continue to be vigilant and monitor any situation which may affect the performance of the Group. Barring any unforeseen circumstances, the Group should perform satisfactory for the current financial year.

The Board will continue to explore opportunities and build new capabilities to strengthen the Group's businesses and be more resilient to face future challenges.

**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 28.02.2022 RM'000</b>	<b>Year-to-date ended 28.02.2022 RM'000</b>
The profit before taxation is stated after charging/(crediting):		
Finance costs	3,318	9,959
Share options granted under ESOS	861	2,584
Depreciation and amortisation	6,816	29,324
Gain on foreign exchange	72	(508)
Gain on disposal of property, plant and equipment	(2)	(309)
Fair value loss on investment	(72)	(16)
Write back of inventories written off	165	(835)
Property, plant and equipment written off	(3)	2
Interest income	(419)	(700)
Reversal of impairment loss on receivables	28	(1,157)

**B6. Tax expense**

	<b>Individual quarter ended</b>		<b>Year-to-date ended</b>	
	<b>28.02.2022</b>	28.02.2021	<b>28.02.2022</b>	28.02.2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	<b>7,093</b>	3,699	<b>19,300</b>	12,901
Foreign income tax	<b>279</b>	1,437	<b>1,038</b>	2,472
	<b>7,372</b>	5,136	<b>20,338</b>	15,373
(Over)/Under provision in prior years	<b>(5)</b>	-	<b>(830)</b>	731
	<b>7,367</b>	5,136	<b>19,508</b>	16,104
Deferred taxation:				
Relating to origination and reversal of temporary differences	<b>9,415</b>	(90)	<b>8,840</b>	(419)
Over provision in prior years	-	83	-	-
	<b>16,782</b>	5,129	<b>28,348</b>	15,685

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) On 16 July 2020 and 19 January 2022, the Company announced that it had entered into Head of Agreement (“HOA”) (“Announcements”) between S7 Holdings Sdn. Bhd, Merrington Assets Limited, MY E.G. Capital Sdn. Bhd, Avocat Sdn. Bhd., Matrix Indeks Sdn. Bhd., Venstrait Sdn. Bhd. (“Vendors”, collectively) and ALB (the Vendors, the Company and ALB are collectively referred to as “Parties”) for Proposed Acquisition, Proposed Mandatory General Offer, Proposed Private Placement, Proposed Offer for Sale and Proposed Disposal.

Unless otherwise defined, the abbreviations and definitions used shall be the same as those previously defined in the Announcements.

On 15 April 2022, the Company announced that the HOA (as supplemented by the Supplemental HOA) has expired and lapsed as the conditions in the Supplementary HOA has not been met, and no further extension of time of the Negotiation Period has been requested by the Vendors.

- (b) Ancom had on 28 December 2021 announced that the wholly-owned subsidiary of the Company, Ancom Crop Care Sdn. Bhd. (“ACC”) had entered several Share Sale Agreements to acquire 80% equity interest each in Shennong Animal Health (Malaysia) Sdn. Bhd. and Vemedim Sdn. Bhd. for total purchase consideration of RM23,919,999.
- (c) Ancom had on 7 March 2022 announced that the Company proposes to undertake the proposed share split involving the subdivision of every 1 existing Ancom Share held by shareholders of the Company whose names appear in the Record of Depositors of the Company on an entitlement date to be determined and announced by the Board at a later date into 3 Ancom Shares (“Proposed Share Split”).

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

- (i) the Proposed Share Split;
- (ii) listing of and quotation for up to 116,864,960 additional Warrants B to be issued arising from adjustments to the exercise price and number of outstanding Warrants B pursuant to the Proposed Share Split on the Main Market of Bursa Securities; and
- (iii) listing of and quotation for up to 116,864,960 new Ancom Shares after the Proposed Share Split to be issued arising from the exercise of Additional Warrants B on the Main Market of Bursa Securities.
- (d) Ancom and its subsidiary, Nylex (Malaysia) Berhad, had on 21 March 2022 entered into a Heads of Agreement (“HOA”) with Sinar Bina Infra Sdn Bhd, LBS Bina Group Berhad and BTS Group Holdings Public Company Limited for the collaboration to build and operate a light rail transport system connected with the railway shuttle link currently being built from Singapore to Johor Bahru, with an integrated property development using the “Transit-Oriented Development” concept in Johor Bahru metropolitan region (“LRT Project”). The LRT Project is subject to the feasibility study (as defined in the HOA) being completed and the grant of the concession award for the LRT Project by the state government of Johor.

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

As at the date of this report, the 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**

	28.02.2022	31.05.2021
	RM'000	RM'000
<b>SHORT TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	70,788	48,979
United States Dollar	10,807	20,210
Vietnamese Dong	16,196	6,454
	<b>97,791</b>	<b>75,643</b>
Unsecured:		
Ringgit Malaysia	160,810	140,998
United States Dollar	60,912	33,451
	<b>221,722</b>	<b>174,449</b>
<b>Total short term borrowings</b>	<b>319,513</b>	<b>250,092</b>
<b>LONG TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	32,700	15,937
United States Dollar	22,250	34,767
	<b>54,950</b>	<b>50,704</b>
Unsecured:		
Ringgit Malaysia	7,976	-
	<b>7,976</b>	<b>-</b>
<b>Total long term borrowings</b>	<b>62,926</b>	<b>50,704</b>
<b>TOTAL BORROWINGS</b>	<b>382,439</b>	<b>300,796</b>

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

**B10. Material litigation**

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

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

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

On 21 May 2019, the plaintiffs filed the Substantive Application for Contempt against the directors of Logix World (M) Sdn. Bhd. The court had on 13 July 2020 found the directors of Logix World (M) Sdn. Bhd. guilty of contempt and that the plaintiffs have proven their case against the aforesaid directors for interference with the administration of justice beyond reasonable doubt. The court has on 15 October 2021, sentenced the directors and awarded costs of RM15,000 and

imposed a fine of RM10,000 per person to be paid within 1 month by 14 November 2021, failing which the defaulting party will be imprisoned for 2 weeks.

Full trials for the matter are fixed on 20-24 June 2022 and a case management date is fixed on 31 May 2022 for parties to file any necessary witness statement before the said case management. The solicitors for the plaintiffs are of the opinion that they can only evaluate the likelihood of the outcome of the case and the approximate amount which may be granted by the court after the evidence has been presented in the court later. The matter is not expected to have a material impact on the earnings, NA and gearing of our Group as the principal sum of RM2,702,500 has been fully provided and accounted for in prior years.

**(ii) High Court of Malaya at Kuala Lumpur Suit No. WA-25-341-10/2021**

On 14 October 2021, Fermpro Sdn Bhd ("Fermpro"), a wholly-owned subsidiary of Nylex Holdings Sdn Bhd, submitted an application for Judicial Review to High Court of Malaya at Kuala Lumpur as Applicant against Royal Malaysian Customs Department ("Customs") as Respondent, in regard to Customs decision dated 3 August 2021 that affirmed Customs earlier decisions dated 15 June 2020 to issue four Bills of Demand ("BODs") for indirect taxes totalling RM7.8 million, comprising import duty, excise duty, Goods and Services Tax ("GST") and sales tax (collectively referred to as "the indirect taxes").

The BODs were issued by Customs due to the alleged liability of Fermpro for the indirect taxes in the removal of goods from Westport Free Commercial Zone ("FCZ") to Licensed Manufacturing Warehouse ("LMW") for the period January 2017 to August 2019.

Upon consulting its tax consultants, the Company is of the view that the BODs are without any technical basis and there are reasonably strong grounds for Fermpro to challenge the validity of the said BODs raised by the Customs, amongst others, the removal of goods from FCZ to LMW should not be liable to import duty, excise duty and sales tax under established general principles in indirect tax law and practice. The GST demanded by Customs is effectively levied on the import duty and excise duty elements and hence, should not be applicable as well, since import duty and excise duty should not be applicable in the removal of goods from FCZ to LMW.

As at the date of this report, the Judicial Review application is in process.

**B11. Dividend**

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

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

There was no dividend declared and/or paid during the financial quarter ended 28 February 2022 other than as disclosed above.

**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	
	28.02.2022	28.02.2021	28.02.2022	28.02.2021
Net profit attributable to owners of the parent	15,138	7,084	36,256	16,334
Weighted average number of ordinary shares in issue ('000)	247,488	238,085	247,488	238,085
<b>Basic earnings per share (sen)</b>	<b>6.12</b>	<b>2.98</b>	<b>14.65</b>	<b>6.86</b>

Diluted earnings per share

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

	Individual quarter ended		Year-to-date ended	
	28.02.2022	28.02.2021	28.02.2022	28.02.2021
Net profit attributable to owners of the parent	15,138	7,084	36,256	16,334
Weighted average number of ordinary shares in issue ('000)	247,488	238,085	247,488	238,085
Dilutive potential ordinary shares				
- ESOS	11,310	7,083	11,310	7,083
- Warrants	45,469	17,108	45,469	17,108
Adjusted weighted average number of ordinary shares in issues ('000)	304,267	262,276	304,267	262,276
<b>Diluted earnings per share (sen)</b>	<b>4.98</b>	<b>2.70</b>	<b>11.92</b>	<b>6.23</b>