

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR FINANCIAL QUARTER ENDED 31 MAY 2023**

	Individual quarter ended		Year-to-date ended	
	31.05.2023	31.05.2022	31.05.2023	31.05.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>478,248</b>	565,448	<b>2,043,253</b>	2,013,103
Cost of sales	<b>(412,963)</b>	(490,377)	<b>(1,746,902)</b>	(1,722,590)
Gross profit	<b>65,285</b>	75,071	<b>296,351</b>	290,513
Other income	<b>12,659</b>	30,591	<b>18,998</b>	41,864
Distribution expenses	<b>(23,768)</b>	(30,542)	<b>(105,523)</b>	(116,802)
Administrative expenses	<b>(21,958)</b>	(35,996)	<b>(81,439)</b>	(98,797)
Other operating expenses	<b>(6,886)</b>	(20,554)	<b>(12,344)</b>	(25,596)
Finance costs	<b>(5,627)</b>	(3,705)	<b>(20,214)</b>	(13,664)
Share of results of associates	<b>(29)</b>	53	<b>(19)</b>	675
Profit before taxation	<b>19,676</b>	14,918	<b>95,810</b>	78,193
Tax expense	<b>(910)</b>	(20,760)	<b>(18,983)</b>	(49,108)
Net profit/(loss) for the financial period	<b>18,766</b>	(5,842)	<b>76,827</b>	29,085
<b>Net profit/(loss) attributable to</b>				
Owners of the parent	<b>18,180</b>	31,922	<b>75,127</b>	68,178
Non-controlling interests	<b>586</b>	(37,764)	<b>1,700</b>	(39,093)
	<b>18,766</b>	(5,842)	<b>76,827</b>	29,085
<b>Earnings per ordinary share attributable to equity holders of the Company</b>				
Basic earnings per share (sen)	<b>2.04</b>	4.20	<b>8.43</b>	8.98
Diluted earnings per share (sen)	<b>1.85</b>	3.54	<b>7.64</b>	7.56

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.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR FINANCIAL QUARTER ENDED 31 MAY 2023**

	Individual quarter ended		Year-to-date ended	
	31.05.2023	31.05.2022	31.05.2023	31.05.2022
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the financial period	<b>18,766</b>	(5,842)	<b>76,827</b>	29,085
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation	<b>7,539</b>	6,843	<b>8,208</b>	5,969
Re-measurement of defined benefit liability	<b>(67)</b>	(68)	<b>(67)</b>	8
Other comprehensive profit, net of tax	<b>7,472</b>	6,775	<b>8,141</b>	5,977
<b>Total comprehensive income</b>	<b>26,238</b>	933	<b>84,968</b>	35,062
Total comprehensive income/(loss) attributable to				
Owners of the parent	<b>25,652</b>	36,703	<b>83,268</b>	70,954
Non-controlling interests	<b>586</b>	(35,770)	<b>1,700</b>	(35,892)
	<b>26,238</b>	933	<b>84,968</b>	35,062

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.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2023**

	Unaudited 31.05.2023 RM'000	Audited 31.05.2022 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	224,318	216,656
Investment properties	1,629	303
Investment in associates	1,986	3,929
Investment in a joint venture	-	-
Other investments	3,165	415
Intangible assets	4,504	4,931
Goodwill on consolidation	86,010	72,158
Rights-of-use assets	96,056	103,864
Deferred tax assets	22,471	11,247
	<b>440,139</b>	<b>413,503</b>
<b>Current assets</b>		
Inventories	211,097	179,134
Receivables	370,319	393,288
Amounts owing by associates	5,080	4,984
Current tax assets	9,976	6,787
Other investments	1,101	2,905
Cash and cash equivalents	168,205	123,176
	<b>765,778</b>	<b>710,274</b>
<b>TOTAL ASSETS</b>	<b>1,205,917</b>	<b>1,123,777</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	397,624	377,892
Reserves	117,088	40,406
Less : Treasury Shares, at cost	(25,123)	(30,711)
	<b>489,589</b>	<b>387,587</b>
Non-controlling interests	34,011	40,674
<b>TOTAL EQUITY</b>	<b>523,600</b>	<b>428,261</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	73,964	78,904
Long term lease liabilities	6,559	17,348
Deferred tax liabilities	19,525	12,471
Provision for retirement benefits	5,588	5,131
	<b>105,636</b>	<b>113,854</b>
<b>Current liabilities</b>		
Payables	238,788	225,559
Amounts owing to associates	694	12
Borrowings	309,946	332,510
Short term lease liabilities	17,447	14,844
Contract liabilities	4,666	3,869
Current tax payables	5,140	4,868
	<b>576,681</b>	<b>581,662</b>
<b>Total Liabilities</b>	<b>682,317</b>	<b>695,516</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,205,917</b>	<b>1,123,777</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	<b>0.52</b>	<b>0.45</b>

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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2023**

	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 2021</b>	256,043	273	7,930	3,117	(6,248)	101,084	362,199	120,197	482,396
Total comprehensive income/(loss)	-	-	2,768	-	-	68,186	<b>70,954</b>	(35,892)	<b>35,062</b>
<b>Transactions with owners</b>									
Ordinary shares issued pursuant to:									
- ESOS	10,815	-	-	(3,209)	-	-	<b>7,606</b>	-	<b>7,606</b>
- Warrants B	5,816	-	-	-	-	-	<b>5,816</b>	-	<b>5,816</b>
Acquisition of subsidiaries	-	-	-	-	-	(24,481)	<b>(24,481)</b>	27,495	<b>3,014</b>
Acquisition of additional equity interest in subsidiaries	105,218	-	2,534	-	-	(127,251)	<b>(19,499)</b>	(71,768)	<b>(91,267)</b>
Accretion of equity interest of a subsidiary	-	-	-	-	-	240	<b>240</b>	(240)	-
Net repurchase of ordinary shares of the Company	-	-	-	-	(24,463)	8,565	<b>(15,898)</b>	-	<b>(15,898)</b>
Derecognition of a subsidiary	-	-	-	-	-	-	-	(186)	<b>(186)</b>
Repurchase of ordinary shares of a subsidiary from non-controlling interest	-	-	-	-	-	-	-	333	<b>333</b>
Share options granted under ESOS	-	-	-	2,601	-	-	<b>2,601</b>	(148)	<b>2,453</b>
Dividend-in-specie	-	-	-	-	-	(1,951)	<b>(1,951)</b>	1,863	<b>(88)</b>
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(980)	<b>(980)</b>
	<b>121,849</b>	-	<b>2,534</b>	<b>(608)</b>	<b>(24,463)</b>	<b>(144,878)</b>	<b>(45,566)</b>	<b>(43,631)</b>	<b>(89,197)</b>
<b>Balance as at 31 May 2022/1 June 2022</b>	<b>377,892</b>	<b>273</b>	<b>13,232</b>	<b>2,509</b>	<b>(30,711)</b>	<b>24,392</b>	<b>387,587</b>	<b>40,674</b>	<b>428,261</b>
Total comprehensive income	-	-	15,115	-	-	68,153	<b>83,268</b>	1,700	<b>84,968</b>
<b>Transactions with owners</b>									
Ordinary shares issued pursuant to:									
- ESOS	6,546	-	-	(1,900)	-	-	<b>4,646</b>	-	<b>4,646</b>
- Warrants B	13,186	-	-	-	-	-	<b>13,186</b>	-	<b>13,186</b>
Acquisition of subsidiaries	-	-	-	-	-	-	-	3,302	<b>3,302</b>
Acquisition of additional equity interest in subsidiaries	-	-	-	-	-	(7,241)	<b>(7,241)</b>	(9,732)	<b>(16,973)</b>
Net repurchase of ordinary shares of the Company	-	-	-	-	5,588	6,032	<b>11,620</b>	-	<b>11,620</b>
Disposal of a subsidiary	-	-	-	-	-	-	-	(725)	<b>(725)</b>
Disposal of equity interest of a subsidiary to non-controlling interest	-	-	-	-	-	148	<b>148</b>	(148)	-
Share options granted under ESOS	-	-	-	615	-	-	<b>615</b>	-	<b>615</b>
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	(4,240)	<b>(4,240)</b>	(1,060)	<b>(5,300)</b>
	<b>19,732</b>	-	-	<b>(1,285)</b>	<b>5,588</b>	<b>(5,301)</b>	<b>18,734</b>	<b>(8,363)</b>	<b>10,371</b>
<b>Balance as at 31 May 2023</b>	<b>397,624</b>	<b>273</b>	<b>28,347</b>	<b>1,224</b>	<b>(25,123)</b>	<b>87,244</b>	<b>489,589</b>	<b>34,011</b>	<b>523,600</b>

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2023**

	Year-to-date ended	
	31.05.2023	31.05.2022
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	95,810	78,193
Adjustments for non-cash items	58,869	45,146
Operating profit before working capital changes	<u>154,679</u>	<u>123,339</u>
Inventories	(27,957)	(6,458)
Receivables	(5,969)	(64,925)
Payables	6,823	4,393
Associates	(324)	2,042
Net cash generated from operations	<u>127,252</u>	<u>58,391</u>
Income tax paid	(27,425)	(34,518)
Retirement benefit paid	(228)	(160)
Net cash from operating activities	<u>99,599</u>	<u>23,713</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(19,476)	(30,998)
Interest received	1,096	975
Acquisition of associates	(850)	-
Advanced payment for acquisition of subsidiaries	-	(23,920)
Capital reduction of a subsidiary	-	(35,000)
Purchase of right-of-use assets	-	(4,202)
Purchase of intangible assets	(130)	(643)
Proceeds from disposal of property, plant and equipment	6,417	724
Proceeds from disposal of right-of-use assets	464	160
Proceeds from disposal of non-current assets held for sale	-	31,086
Acquisition of additional equity interest in subsidiaries	(8,992)	(7,538)
Winding up of an associate	3,289	-
Net cash inflows on acquisition of subsidiaries	4,143	651
Net cash outflow on disposal/derecognition of subsidiaries	1,465	(13)
Resold of treasury shares of a subsidiary	-	333
Sale of other investments	1,100	179
Withdrawal/(Placement) of short term deposits:		
- pledged with licensed banks	21	(469)
- with maturity period more than three months	(1,420)	274
Net cash used in investing activities	<u>(12,873)</u>	<u>(68,401)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interest of subsidiaries	(5,300)	(980)
Dividend paid	-	(88)
Interest paid	(17,869)	(12,325)
Repayment of lease liabilities	(20,569)	(18,091)
Net (repayment)/drawdown of borrowings	(32,143)	92,531
Proceed from issuance of share capital:		
- ESOS	4,646	7,606
- Warrants B	13,186	5,816
Net repurchased of treasury shares in open market	11,553	(15,898)
Net cash (used in)/from financing activities	<u>(46,496)</u>	<u>58,571</u>
<b>Net increase in cash and cash equivalents</b>	<u>40,230</u>	<u>13,883</u>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<u>106,820</u>	<u>92,908</u>
<b>Effect of exchange rate changes</b>	<u>3,420</u>	<u>29</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u>150,470</u>	<u>106,820</u>
Cash and cash equivalents include the following:		
	RM'000	RM'000
Cash and bank balances	105,685	85,591
Bank overdrafts	(12,751)	(12,771)
Short term deposits	62,520	37,585
	<u>155,454</u>	<u>110,405</u>
Less : Short term deposits pledged to banks	(600)	(621)
Short term deposits with maturity more than 3 months	(4,384)	(2,964)
	<u>150,470</u>	<u>106,820</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 2022 and the accompanying notes to this Interim Financial Report.



## **ANCOM NYLEX BERHAD**

(Registration No. 196901000122 (8440-M))

Incorporated in Malaysia

### **A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2023**

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

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

This Interim Financial Report of the Group should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 May 2022. These explanatory notes attached to the Interim Financial Report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2022.

For the financial periods up and including the financial year ended 31 May 2022, the Group prepared its financial report in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRSs"). The accounting policies and methods of computation adopted by the Group in this Interim Financial Report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 May 2022 except for the adoption of the following Amendments to MFRSs and IC Interpretation (collectively referred to as "pronouncements") which are applicable to the Group for the financial year beginning 1 June 2021:

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

Annual Improvements to MFRS standards 2018 - 2020

Amendments to MFRS 3 Reference to the Conceptual Framework

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

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

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

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

The audited financial statements of ANB and its subsidiaries for the financial year ended 31 May 2022 were not subject to any audit qualification.

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

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

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

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

**A5. Changes in estimates**

There were no material changes in estimates amounts reported that have a material effect on the financial quarter ended 31 May 2023.

**A6. Debt and equity securities**

There was no issuance, cancellation, repurchase, resale or repayment of debt securities and equity securities during the financial year ended 31 May 2023 except for the following:

## (a) Issued and paid up ordinary shares

During the financial period ended 31 May 2023, the issued and paid up ordinary shares of the Company was increased from 302,487,849 to 972,776,411 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) 18,218,890 new ordinary shares arising from the exercise of ESOS at exercise price of RM0.255 each for cash totalling of RM4,646,000; and
- (iii) 47,093,974 new ordinary shares arising from the exercise of Warrants B at RM0.28 each for cash totalling of RM13,186,000.

## (b) Treasury Shares

During the financial year ended 31 May 2023, the Company (resold)/repurchased its own shares as follows:

	Number of shares (resold)/resale	Highest RM	Price per share Lowest RM	Average RM	(Cost of disposal)/ Consideration paid RM
<b>Shares resold</b>					
August 2022	(1,600,000)	1.090	0.835	0.942	(1,043,709)
September 2022	(2,000,000)	1.040	0.900	0.963	(1,304,636)
November 2022	(1,500,000)	1.030	0.895	0.948	(978,476)
January 2023	(600,000)	1.220	1.030	1.152	(391,391)
February 2023	(6,897,500)	1.280	1.030	1.186	(4,499,363)
March 2023	(1,000,000)	1.200	1.060	1.133	(652,316)
<b>Shares repurchased</b>					
June 2022	1,606,600	1.130	0.865	0.964	1,610,204
July 2022	1,357,700	1.040	0.835	0.901	1,186,076
May 2023	500,000	1.140	0.965	1.042	485,751
Net shares resold for the financial period	<u>(10,133,200)</u>				<u>(5,587,860)</u>

As at 31 May 2023, the Company holds 38,268,677 Treasury Shares at a cost of RM25,123,000 pursuant to Section 127(4)(b) of the Companies Act 2016.

**A7. Segmental results**

Segmental information for the financial period ended 31 May 2023.

	<b>YTD - 31 May 2023</b>						
	<b>Investment holdings and others RM'000</b>	<b>Agricultural Chemicals RM'000</b>	<b>Industrial Chemicals RM'000</b>	<b>Logistics RM'000</b>	<b>Polymer RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>31 May 2023</b>							
<b>Revenue</b>							
External revenue	51,241	549,339	1,304,586	52,472	85,615	-	2,043,253
Inter-segment revenue	34,878	177,188	273	7,412	5	(219,756)	-
Total revenue	<u>86,119</u>	<u>726,527</u>	<u>1,304,859</u>	<u>59,884</u>	<u>85,620</u>		<u>2,043,253</u>
Segment results	(8,839)	84,988	22,468	12,239	7,301	(2,114)	116,043
Finance costs							(20,214)
Share of results of associates							(19)
Profit before taxation							95,810
Tax expense							(18,983)
<b>Net profit for the financial year</b>							<u>76,827</u>
<b>31 May 2022</b>							
<b>Revenue</b>							
External revenue	33,273	462,763	1,390,986	41,420	84,661	-	2,013,103
Inter-segment revenue	31,783	139,655	273	7,315	36	(179,062)	-
Total revenue	<u>65,056</u>	<u>602,418</u>	<u>1,391,259</u>	<u>48,735</u>	<u>84,697</u>		<u>2,013,103</u>
Segment results	(42,208)	70,718	62,547	1,851	2,790	(4,516)	91,182
Finance costs							(13,664)
Share of results of associates							675
Profit before taxation							78,193
Tax expense							(49,108)
<b>Net profit for the financial year</b>							<u>29,085</u>

**A8. Dividend paid**

There was no dividend payment during the financial quarter and the corresponding quarter in last year.

**A9. Valuation of property, plant and equipment**

The Group did not carry out any valuation on its property, plant and equipment during the financial quarter ended 31 May 2023.

**A10. Subsequent events**

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



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

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

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

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

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

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

**A12. Changes in contingent liabilities**

There were no material changes to the contingent liabilities disclosed since the last Audited financial statements for the financial year ended 31 May 2022.

**A13. Capital commitments**

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

	<b>RM'000</b>
Property, plant and equipment	
- Approved and contracted for	22,309
- Approved but not contracted for	34,951
	<u>57,260</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 31 May 2023**

For the financial year ended 31 May 2023, the Group recorded higher revenue of RM2.04 billion as compared with RM2.01 billion in last year. Consequently, the Group reported higher profit before taxation ("PBT") of RM95.8 million as compared with RM78.2 million in last year.

For the financial quarter ended 31 May 2023, the Group recorded lower revenue of RM478.2 million as compared with RM565.4 million in the corresponding quarter last year. Nevertheless, the PBT increased to RM19.7 million as compared with RM14.9 million in the corresponding quarter last year.

**Review of business segments for the financial quarter ended 31 May 2023**

Investment Holding and others

The result in this segment includes investment holding, information technology ("IT"), media and electrical businesses. For the current financial quarter, the division posted higher revenue of RM10.7 million compared with RM7.7 million in the corresponding quarter last year. The Division reported lower segmental loss of RM3.5 million for the current financial quarter compared with RM33.2 million in the corresponding quarter last year. The segmental loss in previous year included impairment of financial and non-financial assets as part of the Group's rationalisation exercise.

Agricultural Chemicals

The Agricultural Chemicals division reported lower revenue of RM109.3 million for the current financial quarter compared to RM115.4 million in the corresponding quarter last year mainly due to lower selling prices in tandem with lower prevailing prices of chemical intermediaries. Nevertheless, the segmental profit increased to RM20.7 million in the current financial quarter from RM19.0 million due to lower operating expenses.

Industrial Chemicals

The Industrial Chemicals Division posted lower revenue of RM322.4 million compared with RM405.7 million in the corresponding quarter last year due to lower average selling prices. The lower and volatility of crude oil prices and on-going geopolitical tensions have pushed down the chemicals prices due to weaken global demand. The division recorded lower segmental profit of RM7.5 million for the current quarter compared to RM36.0 million in the corresponding quarter mainly due to the one off gain from the disposal of terminal assets of RM24.2 million in last year.

Logistics

The Logistics Division recorded lower revenue of RM11.6 million for the current financial quarter as compared with RM12.1 million in the corresponding quarter last year. The lower revenue is attributed by lower chartered volume for our chemical vessel. Nevertheless, the Division reported higher segmental profit of RM5.1 million compared to RM1.5 million in the corresponding quarter last year mainly due to additional attribution of profits from One Chem Terminal Sdn. Bhd. ("OCT") after acquiring additional 11% equity interest on 31 May 2022 and made OCT a 51% subsidiary of the Group.

Polymer

The Polymer Division recorded a marginally lower revenue of RM24.2 million for the current financial quarter as compared with RM24.6 million in the corresponding quarter last year due to slightly lower contribution from the manufacturing plants in Indonesia. Nevertheless, the Division recorded segmental profit of RM1.9 million compared with segmental loss of RM0.8 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 31 May 2023, the Group posted lower revenue of RM478.2 million compared with RM483.9 million in the immediate preceding quarter. Consequently, the Group reported lower PBT of RM19.7 million in the current financial quarter compared to PBT of RM22.3 million in the immediate preceding quarter.

**B3. Prospects for the next financial year**

The El Niño weather phenomenon, which brings prolonged hot and dry weather, is expected to continue into 2024. Furthermore, global economic growth is slowing down as high interest rates are causing financial strain in the economy. This challenging economic outlook is expected to affect both our agricultural and industrial chemical business in the short term.

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 next financial year.

**B4. Forecast profit, profit guarantee and internal targets**

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

**B5. Profit before taxation**

	<b>Individual quarter ended 31.05.2023 RM'000</b>	<b>Year-to-date ended 31.05.2023 RM'000</b>
The profit before taxation is stated after charging/(crediting):		
Bad debts written off	805	805
Depreciation and amortisation	7,751	38,980
Fair value loss on investment	39	205
Finance costs	5,627	20,214
Interest income	(500)	(1,096)
Loss on winding up an associate	(3,098)	(2,069)
Net Gain on disposal of property, plant and equipment	(476)	(1,006)
Net Gain on foreign exchange	(5,380)	(2,642)
Net Reversal of impairment loss on receivables	(8)	(734)
Property, plant and equipment written off	95	260
Provision for inventories written down	397	397
Provision for inventories written off	87	107
Reversal of impairment loss on investment in an associate	2,326	257

**B6. Tax expense**

	Individual quarter ended		Year-to-date ended	
	31.05.2023	31.05.2022	31.05.2023	31.05.2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial period:				
Malaysian income tax	<b>3,295</b>	6,642	<b>21,085</b>	25,942
Foreign income tax	<b>68</b>	8,607	<b>1,513</b>	9,645
	<b>3,363</b>	15,249	<b>22,598</b>	35,587
Over provision in prior years	<b>2,494</b>	123	<b>1,977</b>	(707)
	<b>5,857</b>	15,372	<b>24,575</b>	34,880
Deferred taxation:				
Relating to origination and reversal of temporary differences	<b>(8,487)</b>	6,234	<b>(9,132)</b>	15,074
Over provision in prior years	<b>3,540</b>	(846)	<b>3,540</b>	(846)
	<b>910</b>	20,760	<b>18,983</b>	49,108

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

**B7. Status of corporate proposals**

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

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

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

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

**B8. Utilisation of proceeds**

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

**B9. Borrowings**

	<b>31.05.2023</b>	31.05.2022
	<b>RM'000</b>	RM'000
<b>SHORT TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>68,635</b>	94,739
United States Dollar	<b>6,035</b>	5,972
Vietnamese Dong	<b>13,885</b>	10,842
	<b>88,555</b>	111,553
Unsecured:		
Ringgit Malaysia	<b>172,637</b>	153,637
United States Dollar	<b>48,754</b>	67,320
	<b>221,391</b>	220,957
<b>Total short term borrowings</b>	<b>309,946</b>	332,510
<b>LONG TERM BORROWINGS</b>		
Secured:		
Ringgit Malaysia	<b>55,009</b>	55,689
United States Dollar	<b>18,955</b>	23,215
<b>Total long term borrowings</b>	<b>73,964</b>	78,904
<b>TOTAL BORROWINGS</b>	<b>383,910</b>	411,414

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

**B10. Material litigation**

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

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

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

On 21 May 2019, the plaintiffs filed the Substantive Application for Contempt against the directors of Logix World (M) Sdn. Bhd. The court had on 13 July 2020 found the directors of Logix World (M) Sdn. Bhd. guilty of contempt and that the plaintiffs have proven their case against the aforesaid directors for interference with the administration of justice beyond reasonable doubt. The court has on 15 October 2021, sentenced the directors and awarded costs of RM15,000 and imposed a fine of RM10,000 per person.

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 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.

The hearing for the judicial review application was completed on 22 June 2023. The High Court's decision is expected to be delivered by the court via email on 14 August 2023.

**B11. Dividend**

The Board of Directors has proposed a first interim dividend of 1.0 sen (2022: nil) per ordinary share in respect of the financial year ended 31 May 2023 which will be paid at a date to be announced in due course.

**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	
	31.05.2023	31.05.2022	31.05.2023	31.05.2022
Net profit attributable to owners of the parent	<b>18,180</b>	31,922	<b>75,127</b>	68,178
Weighted average number of ordinary shares in issue ('000)	<b>891,036</b>	759,591	<b>891,036</b>	759,591
<b>Basic earnings per share (sen)</b>	<b>2.04</b>	4.20	<b>8.43</b>	8.98

Diluted earnings per share

	Individual quarter ended		Year-to-date ended	
	31.05.2023	31.05.2022	31.05.2023	31.05.2022
Net profit attributable to owners of the parent	<b>18,180</b>	31,922	<b>75,127</b>	68,178
Weighted average number of ordinary shares in issue ('000)	<b>891,036</b>	759,591	<b>891,036</b>	759,591
Dilutive potential ordinary shares				
- ESOS	<b>11,913</b>	25,908	<b>11,913</b>	25,908
- Warrants	<b>80,845</b>	115,968	<b>80,845</b>	115,968
Adjusted weighted average number of ordinary shares in issues ('000)	<b>983,794</b>	901,467	<b>983,794</b>	901,467
<b>Diluted earnings per share (sen)</b>	<b>1.85</b>	3.54	<b>7.64</b>	7.56

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.