

**NYLEX (MALAYSIA) BERHAD**  
(Incorporated in Malaysia)  
[Registration No.: 197001000148 (9378-T)]

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**  
**FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2022**  
**THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	28.02.2022 RM'000	28.02.2021 RM'000	28.02.2022 RM'000	28.02.2021 RM'000
Revenue	273,773	289,056	934,143	798,365
Cost of sales	(252,927)	(255,664)	(853,214)	(713,950)
<b>Gross profit</b>	20,846	33,392	80,929	84,415
Other income	552	601	2,948	1,777
Selling and distribution expenses	(9,234)	(13,961)	(37,604)	(40,713)
Administrative expenses	(7,552)	(9,480)	(26,391)	(23,686)
Other expenses	(46,880)	(1,121)	(46,970)	(2,339)
Finance costs	(1,435)	(1,962)	(5,727)	(6,121)
Share of results of associates, net of tax	158	111	592	317
<b>(Loss)/Profit before tax</b>	(43,545)	7,580	(32,223)	13,650
Taxation	(13,834)	(2,491)	(16,897)	(5,944)
<b>Net (loss)/profit for the period</b>	(57,379)	5,089	(49,120)	7,706
Net (loss)/profit attributable to:				
Owners of the parent	(57,668)	4,941	(49,608)	7,909
Non-controlling interests	289	148	488	(203)
	(57,379)	5,089	(49,120)	7,706
(Loss)/Earnings per share attributable to owners of the parent (sen)				
- basic	(32.16)	2.76	(27.67)	4.49
- diluted	N/A	N/A	N/A	N/A

**(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2021)**

**NYLEX (MALAYSIA) BERHAD**  
(Incorporated in Malaysia)  
[Registration No.: 197001000148 (9378-T)]

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2022**  
**THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	28.02.2022	28.02.2021	28.02.2022	28.02.2021
	RM'000	RM'000	RM'000	RM'000
<b>Net (loss)/profit for the period</b>	(57,379)	5,089	(49,120)	7,706
Other comprehensive (loss)/income:				
Currency translation differences	(889)	(853)	1,241	(5,460)
Re-measurement of defined benefit liability	74	(1,042)	74	(1,042)
<b>Other comprehensive (loss)/income for the period</b>	(815)	(1,895)	1,315	(6,502)
<b>Total comprehensive (loss)/income for the period</b>	(58,194)	3,194	(47,805)	1,204
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(58,483)	3,590	(48,419)	2,396
Non-controlling interests	289	(396)	614	(1,192)
	(58,194)	3,194	(47,805)	1,204

**(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2021)**

**NYLEX (MALAYSIA) BERHAD**  
(Incorporated in Malaysia)  
[Registration No.: 197001000148 (9378-T)]

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 28 FEBRUARY 2022**

	As at 28.02.2022 RM'000 (Unaudited)	As at 31.05.2021 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	-	115,357
Right-of-use assets	-	59,053
Investment in associates	-	2,991
Goodwill arising on consolidation	-	82,820
Deferred tax assets	7,785	24,255
	<u>7,785</u>	<u>284,476</u>
<b>Current assets</b>		
Inventories	-	122,148
Trade and other receivables	187,811	224,265
Investment securities	-	840
Income tax recoverable	1,164	4,124
Short-term deposits with licensed banks	-	14,719
Cash and bank balances	50,002	79,532
	<u>238,977</u>	<u>445,628</u>
<b>TOTAL ASSETS</b>	<b><u>246,762</u></b>	<b><u>730,104</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	195,143	195,143
Reserves	-	17,322
Retained profits	61,199	110,769
Less: Treasury shares, at cost	(10,011)	(10,011)
	<u>246,331</u>	<u>313,223</u>
<b>Non-controlling interests</b>	-	9,563
<b>Total equity</b>	<u>246,331</u>	<u>322,786</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	-	2,602
Long term borrowings	-	26,837
Provision for retirement benefits	-	4,679
Long term lease liabilities	-	21,145
	<u>-</u>	<u>55,263</u>
<b>Current liabilities</b>		
Trade and other payables	431	150,551
Short-term borrowings	-	186,717
Income tax payable	-	1,464
Short-term lease liabilities	-	13,323
	<u>431</u>	<u>352,055</u>
<b>Total liabilities</b>	<u>431</u>	<u>407,318</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>246,762</u></b>	<b><u>730,104</u></b>
Net assets per share attributable to owners of the parent (RM)	1.37	1.75

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2021)

**NYLEX (MALAYSIA) BERHAD**  
(Incorporated in Malaysia)  
[Registration No.: 197001000148 (9378-T)]

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022**

	<----- Attributable to owners of the parent ----->					Non- controlling interests	Total equity
	Share capital RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000		
<b><u>9 month period ended 28 February 2022</u></b>							
Balance as at 01 June 2021	195,143	17,322	110,769	(10,011)	313,223	9,563	322,786
Net loss/(income) for the period	-	-	(49,608)	-	(49,608)	488	(49,120)
Other comprehensive income	-	1,151	38	-	1,189	126	1,315
Total comprehensive income/(loss) for the period	-	1,151	(49,570)	-	(48,419)	614	(47,805)
<b>Transactions with owners</b>							
Derecognition of investment in subsidiaries	-	(18,473)	-	-	(18,473)	(10,177)	(28,650)
Total transactions with owners	-	(18,473)	-	-	(18,473)	(10,177)	(28,650)
Balance as at 28 February 2022	195,143	-	61,199	(10,011)	246,331	-	246,331
<b><u>9 month period ended 28 February 2021</u></b>							
Balance as at 01 June 2020	195,143	20,810	94,767	(12,916)	297,804	10,101	307,905
Net profit/(loss) for the period	-	-	7,909	-	7,909	(203)	7,706
Other comprehensive loss	-	(4,982)	(531)	-	(5,513)	(989)	(6,502)
Total comprehensive (loss)/income for the period	-	(4,982)	7,378	-	2,396	(1,192)	1,204
<b>Transactions with owners</b>							
Dividends							
- Final single-tier dividend for the financial year ended 31 May 2020 (distribution of 1 treasury share for every 40 ordinary shares held)	-	-	(2,905)	2,905	-	-	-
Total transactions with owners	-	-	(2,905)	2,905	-	-	-
Balance as at 28 February 2021	195,143	15,828	99,240	(10,011)	300,200	8,909	309,109

**(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2021)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

[Registration No.: 197001000148 (9378-T)]

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
FOR THE PERIOD ENDED 28 FEBRUARY 2022

	FY 2022 9 months ended 28.02.2022 RM'000 (Unaudited)	FY 2021 9 months ended 28.02.2021 RM'000 (Unaudited)
<b>Cash Flows From Operating Activities</b>		
(Loss)/Profit before tax	(32,223)	13,650
Adjustments for non-cash items	66,566	29,032
Operating cash flows before working capital changes	34,343	42,682
<b>Working Capital Changes</b>		
Receivables	(227,389)	(52,640)
Inventories	(7,409)	(7,681)
Payables	2,030	56,155
Related companies	25,607	(2,175)
Associates	66	(111)
Cash flows (used in)/generated from operations	(172,752)	36,230
Tax paid	(7,166)	(3,409)
Retirement benefits paid	(92)	(166)
<b>Net Cash Flows (Used In)/From Operating Activities</b>	<b>(180,010)</b>	<b>32,655</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	456	255
Purchase of property, plant and equipment	(2,026)	(2,174)
Proceeds from disposal of unquoted/quoted investment	177	-
Acquisition of interest in an associate	-	(240)
Net cash flows on disposal of assets and liabilities of the Company and derecognition of subsidiaries	149,880	-
Interest received	1,795	1,633
Dividend received	41	10
Withdrawal/(Placement) of short-term deposits - with maturity of more than three (3) months	-	(57)
<b>Net Cash Flows From/(Used In) Investing Activities</b>	<b>150,323</b>	<b>(573)</b>
<b>Cash Flows From Financing Activities</b>		
Drawdown of borrowings	127,459	115,490
Repayment of borrowings	(106,574)	(120,277)
Repayment of lease liabilities	(10,203)	(10,923)
Interest paid	(5,727)	(6,121)
<b>Net Cash Flows From/(Used In) Financing Activities</b>	<b>4,955</b>	<b>(21,831)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(24,732)</b>	<b>10,251</b>
<b>Effects of Exchange Rate Changes</b>	<b>1,727</b>	<b>(7,026)</b>
<b>Cash and Cash Equivalents at beginning of year</b>	<b>91,013</b>	<b>80,269</b>
<b>Effects of Exchange Rate Changes</b>	<b>(18,006)</b>	<b>847</b>
	<b>73,007</b>	<b>81,116</b>
<b>Cash and Cash Equivalents at end of period</b>	<b>50,002</b>	<b>84,341</b>
<b>The Cash and Cash Equivalents comprise:</b>		
Cash and bank balances	50,002	73,114
Short-term deposits	-	14,943
	<b>50,002</b>	<b>88,057</b>
Less: Short-term deposits with maturity of more than three (3) months	-	(3,716)
	<b>50,002</b>	<b>84,341</b>

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2021)



**Notes to the Interim Financial Report**  
**– For the 3<sup>rd</sup> Financial Quarter Ended 28 February 2022**

<b>A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING AND BURSA SECURITIES LISTING REQUIREMENTS</b>
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**A1. Basis of Preparation**

This Interim Financial Report (“Report”) is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”). This Report complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

This Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2021.

These notes to the Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2021.

**A2. Significant accounting policies**

The significant accounting policies and methods of computation adopted by the Group in this Report are consistent with those adopted in the most recent audited financial statements for the year ended 31 May 2021 except for the adoption of the following MFRSs/Amendments/Annual Improvements to MFRSs (collectively referred to as “pronouncements”) to be applied for the financial period beginning on or after 1 January 2021:

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

The adoption of the above pronouncements will have no material impact on the financial statements of the Group.

**A3. Seasonality or Cyclicity of Interim Operations**

The operations of the Group were not significantly affected by seasonality and cyclicity factors.

**A4. Items of Unusual Nature and Amount**

There were no items affecting the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size or incidence.

**A5. Changes in Estimates Reported in Prior Interim Periods**

There were no changes in estimated amounts reported in prior periods, which have a material effect on the current period.

**A6. Debts and Equity Securities**

There were no issuance, cancellation, repurchases, resale and repayments of debts and equity securities for the current quarter and financial year-to-date, except for the following:

Treasury shares:

At the Company's 51<sup>st</sup> Annual General Meeting held on 26 October 2021, the shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase up to 10% of its own ordinary shares. The Company did not purchase any shares for the current quarter and financial year-to-date.

As at 28 February 2022, a total of 15,050,648 treasury shares at a total cost of RM10,010,685.15 were held by the Company pursuant to Section 127(4)(b) of the Companies Act 2016.

**A7. Dividends Paid**

The Company has not paid any dividend for the current financial year-to-date.

**A8. Segment Revenue and Results**

The segment revenue and segment results for business segments for the current financial year-to-date are as follows:

<b>9-Month period ended 28.02.2022</b>	<b>Polymer RM'000</b>	<b>Industrial Chemical RM'000</b>	<b>Logistics RM'000</b>	<b>Investment Holding RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External sales	53,760	870,162	10,221	-	-	934,143
Inter-segment sales	-	172	-	-	(172)	-
<b>Total revenue</b>	<b>53,760</b>	<b>870,334</b>	<b>10,221</b>	<b>-</b>	<b>(172)</b>	<b>934,143</b>
<b>Results</b>						
Segment result	3,377	22,975	(2,902)	(49,946)	-	(26,496)
Finance costs						(5,727)
Loss before tax						(32,223)
Taxation						(16,897)
Net loss for the period						(49,120)
Non-controlling interests						(488)
Net loss after non-controlling interests						(49,608)

<b>9-Month period ended 28.02.2021</b>	<b>Polymer RM'000</b>	<b>Industrial Chemical RM'000</b>	<b>Logistics RM'000</b>	<b>Investment Holding RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External sales	69,476	717,237	11,652	-	-	798,365
Inter-segment sales	-	377	698	-	(1,075)	-
<b>Total revenue</b>	<b>69,476</b>	<b>717,614</b>	<b>12,350</b>	<b>-</b>	<b>(1,075)</b>	<b>798,365</b>
<b>Results</b>						
Segment result	4,504	17,463	624	(2,820)	-	19,771
Finance costs						(6,121)
Profit before tax						13,650
Taxation						(5,944)
Net profit for the period						7,706
Non-controlling interests						203
Net profit after non-controlling interests						7,909

#### **A9. Valuation of Property, Plant and Equipment**

The valuations of land and buildings have been brought forward, without amendment from the Audited Financial Statements for the financial year ended 31 May 2021. The carrying values are based on valuations carried out in 1985 by independent qualified valuers less accumulated depreciation. Upon transition to MFRS 1 on 1 June 2011, the Group elected to use the previously revalued leasehold land and buildings carrying amounts as deemed cost.

#### **A10. Material Events Subsequent to the End of the Current Period**

There were no material events subsequent to the end of the current period up to the date of this Report that have not been reflected in the financial statements for the current period.

#### **A11. Changes in Composition of the Group**

Save as disclose below, 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.

On 26 January 2022, the Company has completed the Proposed Disposal as disclosed in Note B6(2). Consequently, all the investments in subsidiaries and associates have been derecognised from the Group.

#### **A12. Contingent Liabilities**

There were no material contingent liabilities since the last annual Statements of Financial Position as at 31 May 2021.

#### **A13. Capital Commitment**

There were no capital commitment as at 28 February 2022.



**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS**

**B1. Detailed Analysis of the Performance of All Operating Segments of the Group for the Current Quarter and Financial Year-To-Date**

	Individual Quarter			Cumulative Quarter		
	Current Year	Preceding Year	Changes	Current Year	Preceding Year	Changes
	28.02.2022	28.02.2021		28.02.2022	28.02.2021	
	RM'million	RM'million	%	RM'million	RM'million	%
Revenue	273.8	289.1	(5.3)	934.1	798.4	17.0
(Loss)/Profit before interest and tax	(42.1)	9.5	(541.3)	(26.5)	19.8	(234.0)
(Loss)/Profit before tax	(43.5)	7.6	(674.5)	(32.2)	13.7	(336.1)
(Loss)/Profit after tax	(57.4)	5.1	(1,227.5)	(49.1)	7.7	(737.4)
(Loss)/Profit attributable to owners of the parent	(57.7)	4.9	(1,267.1)	(49.6)	7.9	(727.2)

Following the completion of the Proposed Disposal as disclosed in Note B6(2), the consolidation of the group financial results was made up to 31 January 2022, a 2-month financial results for current quarter under review compared with 3-month results for the 3<sup>rd</sup> quarter ended 28 February 2021 last year.

For the nine months ended 28 February 2022, the Nylex Group achieved higher revenue of RM934.1 million, which represents an increase of 17.0% from RM798.4 million recorded in the same period last financial year. The higher revenue was mainly due to improved sales performance by its Industrial Chemical Division. Before taking into account the loss on Proposed Disposal of RM46.9 million, with the improved revenue, the Group recorded improved earnings with higher profit before tax ("PBT") of RM14.7 million, compared to RM13.7 million recorded in the corresponding period last year, mainly contributed by the Industrial Chemical Division. With the recognition of loss on Proposed Disposal, the Group recorded a loss before tax ("LBT") of RM32.2 million for the period ended 28 February 2022.

For the current quarter under review, the Nylex Group posted lower revenue of RM273.8 million, which represents a decrease of 5.3% from RM289.1 million recorded in 3<sup>rd</sup> quarter last financial year. The decline in revenue was mainly due to lower contribution across all its divisions. After taking into account the loss on Proposed Disposal, share of results of associates and some corporate expenses, the Group posted a LBT of RM43.5 million, compared to RM7.6 million recorded in the corresponding period last year.

The Polymer Division posted lower revenue of RM14.7 million for the current financial quarter, which represents a decrease of 32.9% from RM21.9 million in the corresponding quarter in Q3 FY 2021. This was attributed to lower contribution by both of its manufacturing plant in Shah Alam and Surabaya, Indonesia. The Division recorded higher PBT of RM1.0 million compared with PBT of RM0.6 million achieved in the same period last financial year, due to better overhead recovery in Shah Alam plant.

The Industrial Chemical Division has also recorded lower revenue of RM256.6 million for the quarter, a decrease of 2.3% compared with RM262.6 million recorded in the same period last year. Consequently, the Division recorded lower PBT of RM4.7 million for Q3 FY 2022 as compared with RM8.5 million recorded in the same period last year.

During the quarter, the Logistics Division also recorded lower revenue of RM2.5 million compared with RM4.6 million recorded in the same period last year. With the lower revenue, the Division suffered higher LBT of RM0.9 million compared to LBT of RM0.6 million registered in the corresponding quarter in Q3 FY 2021.

**B2. Material Change in the Profit Before Tax for the Current Quarter as compared with Immediate Preceding Quarter**

	<b>Current Quarter 28.02.2022 RM'million</b>	<b>Immediate Preceding Quarter 30.11.2021 RM'million</b>	<b>Changes %</b>
Revenue	273.8	385.4	(29.0)
(Loss)/Profit before interest and tax	(42.1)	13.4	(413.6)
(Loss)/Profit before tax	(43.5)	11.3	(486.5)
(Loss)/Profit after tax	(57.4)	7.6	(853.9)
(Loss)/Profit attributable to owners of the parent	(57.7)	7.7	(846.2)

With the results consolidation of 2-month for current quarter under review, compared with 3-month results for immediate preceding quarter, the Group recorded lower revenue of RM273.8 million compared with RM385.4 million achieved in the immediate preceding quarter, a decline of 29.0%. After taking into account the loss on Proposed Disposal, the Group posted a LBT of RM43.5 million, compared with PBT of RM11.3 million recorded in the immediate preceding quarter.

**B3. Current Year's Prospects**

Geopolitical instability has heightened uncertainty and concern about its impact on the economy, globally and regionally. Energy prices and inflation are cited as threat to the economy outlook as well.

As stated in Note B6(2) and B6(3) below, the Company is now classified as an affected listed issuer and it has on 21 March 2022 entered into a HOA with various parties, for the LRT Project. The LRT Project is subject to the feasibility study 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.

The Proposal will form part of the regularisation plan to be undertaken by Nylex to regularise its affected listed issuer status.

The Company will make the necessary monthly announcements to update the status of the regularisation plan.

**B4. Variance of Actual Profit from Forecast Profit/Profit Guarantee**

This is not applicable as there was no forecast profit or profit guarantee issued in respect of the current financial year.

**B5. Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year 28.02.2022 RM'000</b>	<b>Preceding Year 28.02.2021 RM'000</b>	<b>Current Year 28.02.2022 RM'000</b>	<b>Preceding year 28.02.2021 RM'000</b>
Taxation based on results for the period				
- Current				
Malaysian	(1,019)	(1,018)	(4,589)	(3,879)
Foreign	(194)	(1,437)	(910)	(2,472)
- Deferred tax	(12,626)	(35)	(12,228)	419
	(13,839)	(2,490)	(17,727)	(5,932)
Over/(Under) provision in prior years	5	(1)	830	(12)
	<u>(13,834)</u>	<u>(2,491)</u>	<u>(16,897)</u>	<u>(5,944)</u>

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate mainly due to the reversal of deferred tax assets of the Company following the completion of the Proposed Disposal as disclosed in Note B6(2), losses recorded in certain subsidiaries in the current financial period were not allowed for any tax benefit in the Group and also certain expenses which are not deductible for tax purposes.

## **B6. Status of Corporate Proposals**

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

### **1. Proposed Acquisition of Synergy Trans-Link Sdn Bhd and its subsidiaries**

Nylex had on 16 July 2020 announced that Nylex's holding company, Ancom Berhad ("Ancom") and Ancom Logistic Berhad ("ALB") (a subsidiary of Ancom), had on the same date entered into a Heads of Agreement ("HOA") with S7 Holdings Sdn Bhd, Merrington Assets Limited, MY E.G. Capital Sdn Bhd and Avocat Sdn Bhd regarding corporate exercises involving ALB. In the said HOA, ALB proposed to dispose of the entire equity interest in its wholly-owned subsidiary, Synergy Trans-Link Sdn Bhd and its subsidiaries to Nylex at a valuation to be agreed by Nylex and ALB ("Proposed Acquisition"). The Board of Directors of Nylex had on 15 July 2020 approved in principle the Proposed Acquisition subject to the terms and conditions to be determined by Nylex and ALB at later date.

Subsequently on 15 April 2022, Ancom announced that the HOA (as supplemented by the Supplemental HOA) has expired and lapsed on 15 April 2022. Upon expiry and lapse of the HOA (as supplemented by the Supplemental HOA), the Parties shall have no claims against each other under the HOA and Supplemental HOA.

- 2. (i) Proposed disposal of all the assets and liabilities of Nylex to Ancom Berhad ("Ancom") ("Proposed Disposal"); and  
(ii) Proposed distribution of the proceeds from the Proposed Disposal amounting to RM164.3 million to all the entitled shareholders of Nylex by way of a capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("Proposed Distribution")  
(Collectively to be referred to as "Proposals")**

On 28 April 2021, Nylex had received a letter dated 28 April 2021 from Ancom ("Proposal Letter") offering to acquire all the assets and liabilities of Nylex, upon the terms and conditions as set out in the Proposal Letter and subject to the execution of a sale of business agreement to effect the Proposed Disposal ("Offer").

On 28 June 2021, Nylex Board (save for Dato' Siew Ka Wei, being an interested director) has decided to accept the Offer, subject to, among others, the approvals of the non-interested shareholders of Nylex and the relevant regulatory authorities, where required.

On 29 July 2021, Nylex entered into the Sale of Business Agreement with Ancom and its wholly owned subsidiary, Nylex Holdings Sdn Bhd in respect of the Proposed Disposal.

On 26 October 2021, the Proposals were approved by the shareholders of the Company at the Extraordinary General Meeting.

On 29 November 2021, the High Court of Malaya has fixed 12 January 2022 as the hearing date of the Company's petition dated 17 November 2021 to obtain the order of the High Court of Malaya confirming the special resolution passed by the shareholders of the Company on 26 October 2021 approving the Proposed Distribution ("Special Resolution") ("Court Order").

On 12 January 2022, Court Order on the Special Resolution has been obtained. Following the receipt of the Court Order, the Sale of Business Agreement for the Proposed Disposal has become unconditional.

On 26 January 2022, the Proposed Disposal has been completed in accordance with the Sale of Business Agreement. Following the completion of the Proposed Disposal, the Company has

triggered Paragraph 8.03A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad whereby the Company has an insignificant business or operations and accordingly, the Company is now classified as an affected listed issuer.

On 23 March 2022, the Proposed Distribution has been completed following the cash distribution and distribution of Ancom shares to minority shareholders.

Accordingly, the Company has completed the Proposals. The Board wishes to thank all our customers, suppliers, bankers, the relevant regulatory authorities, management and employees of the Company for the successful completion of the Proposals.

**3. Heads Of Agreement entered into between Nylex, Sinar Bina Infra Sdn Bhd, LBS Bina Group Berhad, BTS Group Holdings Public Company Limited And Ancom Berhad**

The Company had on 21 March 2022 entered into a Heads of Agreement (“HOA”) with Sinar Bina Infra Sdn Bhd, LBS Bina Group Berhad, BTS Group Holdings Public Company Limited and Ancom Berhad 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.

**B7. Utilisation of Proceeds**

Not applicable as the Company has not raised any proceeds from any of its corporate exercise.

**B8. Group Borrowings**

	<b>As At 28.02.2022 (RM'000 equivalent)</b>	<b>As At 31.05.2021 (RM'000 equivalent)</b>
<b>Short-term borrowings</b>		
Secured		
- United States Dollar	-	13,037
- Vietnamese Dong	-	11,225
	<u>-</u>	<u>24,262</u>
Unsecured		
- Ringgit Malaysia	-	132,050
- United States Dollar	-	30,405
	<u>-</u>	<u>162,455</u>
	<u>-</u>	<u>186,717</u>
<b>Long-term borrowings</b>		
Secured		
- United States Dollar	-	26,837
	<u>-</u>	<u>26,837</u>
<b>Total Borrowings</b>	<u>-</u>	<u>213,554</u>

**B9. Derivatives Financial Instruments**

The Group enters into foreign exchange derivatives to manage the exposure to foreign exchange risk when the Company and its subsidiaries enter into transactions that are not denominated in their functional currencies.

The foreign exchange derivatives are recognised on the contract dates and are measured at fair value with changes in fair value recognised in profit or loss.

There were no outstanding foreign exchange derivatives as at 28 February 2022.

**B10. Notes to the Consolidated Statements of Profit or Loss for the Current Quarter and Financial Year-To-Date**

The Profit Before Tax was arrived at after charging/(crediting) the following:

	<b>Current Quarter 28.02.2022 RM'000</b>	<b>Financial Year-To-Date 28.02.2022 RM'000</b>
Interest income	(677)	(1,795)
Dividend income	(6)	(41)
Interest expense	1,435	5,727
Depreciation	3,810	17,361
Provision for and write off/(Write-back) of receivables	51	(1,134)
Provision for and write off/(Write-back) of inventories	165	(835)
Loss on disposal of quoted shares	2	2
Loss/(Gain) on foreign exchange	215	(327)
Fair value (gain)/loss on investments	(8)	69
Loss on disposal of assets and liabilities of the Company	46,882	46,882

**B11. Material Litigation**

Save as disclosed below, our Group is not engaged in any material litigation since the date of the last annual Statements of Financial Position as at 31 May 2021:

**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 the Company, 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 totaling 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.

Subsequent to the completion of the Proposed Disposal as disclosed in Note B6(2), Fermpro has ceased to be a subsidiary of the Company.

**B12. Dividends**

The Directors do not recommend the payment of any dividend for the current financial quarter (FY 2021: Nil).

**B13. Earnings per Share**

*Basic Earnings Per Share*

The calculation of basic earnings per share was based on the net loss attributable to owners of the parent for the current quarter of RM57,667,470 (28.02.2021: net profit of RM4,942,044) and net loss of RM49,607,353 (28.02.2021: net profit of RM7,909,583) for the financial year-to-date as reported in the condensed consolidated statements of profit or loss of the Group, divided by the weighted average number of ordinary shares in issue during the current quarter and financial year-to-date of 179,287,212 (28.02.2021: 176,310,956).

*Diluted Earnings Per Share*

The Group has no potential ordinary shares in issue as at reporting date. Therefore, Diluted Earnings Per Share equals to Basic Earnings Per Share.

**B14. Qualification of Auditors' Report of Preceding Financial Statements**

There was no audit qualification in the auditors' report of the Group's Audited Financial Statements for the financial year ended 31 May 2021.

**BY ORDER OF THE BOARD**

Choo Se Eng  
Stephen Geh Sim Whye  
*Company Secretaries*

Petaling Jaya  
20 April 2022