

NYLEX (MALAYSIA) BERHAD
CONSOLIDATED BALANCE SHEET

	As at 30/09/00 RM'000	As at 31/12/99 RM'000
Assets Employed		
Fixed assets	156,502	231,657
Investments	6,650	4,755
Intangible assets	7,024	9,047
Future income tax benefits	10,048	7,742
Goodwill arising on consolidation	48,676	127,422
Current assets		
Stocks	98,377	118,843
Trade debtors	156,899	172,612
Other debtors, deposits and prepayments	24,660	22,666
Amount owing by related companies	19	-
Short-term deposits	538	1,977
Cash and bank balances	<u>15,632</u>	<u>26,906</u>
	<u>296,125</u>	<u>343,004</u>
Current liabilities		
Short-term borrowings	121,641	118,511
Trade creditors	80,312	93,978
Other creditors and accrued expenses	38,742	42,269
Provision for taxation	2,013	204
Proposed dividend	5,819	11,314
Amount owing to related companies	<u>136</u>	<u>121</u>
	<u>248,663</u>	<u>266,397</u>
Net current assets	<u>47,462</u>	<u>76,607</u>
	<u>276,362</u>	<u>457,230</u>
Financed By		
Share capital	224,488	224,488
Share premium	6,173	6,173
Translation adjustment account	1,983	7,782
Retained profits	<u>29,899</u>	<u>198,619</u>
Shareholders' funds	262,543	437,062
Minority interests	3,398	5,319
Deferred taxation	7,100	8,653
Provision for retirement benefits	<u>3,321</u>	<u>6,196</u>
	<u>276,362</u>	<u>457,230</u>
Net tangible assets per share (sen)	<u>92.1</u>	<u>133.9</u>

NYLEX (MALAYSIA) BERHAD
NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2000

1. Accounting Policies

The quarterly financial statements have been prepared based on accounting policies and methods of computation which are consistent with those adopted in the preparation of the Group's Annual Report for the financial year ended 31 December 1999.

2. Exceptional Item

A provision for diminution in the carrying value of certain subsidiary companies amounting to RM96.1 million was made in the accounts of the first financial quarter ended 31 March 2000, based on Directors' valuation.

3. Extraordinary Items

There were no extraordinary items for the current financial year-to-date.

4. Taxation

	Individual Quarter		Cumulative Quarter	
	30/09/00 RM'000	30/09/99 RM'000	30/09/00 RM'000	30/09/99 RM'000
Current taxation				
Malaysian	(1,365)	-	(5,709)	(1,055)
Foreign	(467)	109	(1,010)	(800)
Prior years	-	711	(15)	299
Deferred taxation				
Current year	(46)	(267)	(137)	2,589
Prior years	30	-	112	(344)
Future income tax benefits				
Current year	1,098	1,373	3,411	4,343
Prior years	-	-	27	-
	(750)	1,926	(3,321)	5,032

5. Pre-Acquisition Profits

There were no pre-acquisition profits in the current financial quarter.

6. Profits on Sale of Investments/Properties

There were no disposals of investments/properties for the current financial year-to-date.

7. Quoted Investments

(a) There were no purchases or sales of quoted securities for the current financial year- to-date.

(b) There were no investments in quoted shares as at the end of the reporting period.

8. Corporate Development

On 27 December 1999, the Company entered into a conditional sale and purchase agreement for the disposal of a wholly-owned subsidiary company, Kuala Lumpur Glass Manufacturers Company Sdn Bhd ("KL Glass") for a proposed cash consideration of RM60.0 million which was subject to adjustment upon conclusion of a completion audit. The disposal was completed, in accordance with the sale and purchase agreement dated 27 December 1999, on 19 May 2000.

9. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

10. Seasonal and Cyclical

The Group's operations are not materially affected by seasonal or cyclical factors.

11. There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to-date.

12. Group Borrowings

	As At 30/09/00 (RM'000 equivalent)	As At 31/12/99 (RM'000 equivalent)
Short-term borrowings		
- Unsecured		
Ringgit Malaysia	73,473	60,608
US Dollar	17,976	25,160
Australian Dollar	14,534	13,765
Philippines Peso	6,151	11,207
Singapore Dollars	1,379	-
Chinese Renminbi	-	3,179
- Secured		
Philippines Peso	8,128	4,592
	<hr/>	<hr/>
	121,641	118,511
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13. Contingent Liabilities

There were no material contingent liabilities at the date of this report.

14. Financial Instruments with Off Balance Sheet Risk

There were no financial instruments with off balance sheet risk at the date of this report.

15. Material litigations

There were no material litigations pending at the date of this report.

16. Segment Information

Financial Information by industry and geographical segments are as follows :

Cumulative Quarter		
Sales	Profit/(Loss) Before Interest, Taxation and Exceptional Item	Total Assets
30/09/00 RM'000	30/09/00 RM'000	30/09/00 RM'000

(a) Industry segment

Polymer	86,463	10,460	147,883
Engineering	173,502	11,684	302,758
Building products	35,208	(1,252)	74,384
Packaging	29,482	780	-
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	324,655	21,672	525,025
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(b) Geographical segment

Malaysia	228,671	28,713	318,551
Singapore	20,268	267	20,305
Philippines	23,630	(2,105)	56,363
China (including Hong Kong)	39,318	(2,465)	84,668
Other countries	12,768	(2,738)	45,138
	<u>324,655</u>	<u>21,672</u>	<u>525,025</u>

17. Material Change in Results for the Current Financial Quarter

For the current financial quarter, the Group registered sales totalling RM92.8 million, a decrease of RM31.0 million compared to the previous financial quarter. This was due to a slowdown in the general market demand experienced by the Group in the current quarter, coupled with the disposal of its Packaging Division completed in the previous quarter which had accounted for RM12.7 million in sales for that quarter. Consequently, Operating Profit before Interest, Taxation and Exceptional Items saw a corresponding decrease from RM11.5 million in the previous quarter to RM6.3 million in the current quarter.

18. Review of Group's Performance

For the period under review, the Group's Operating Profit before Interest, Taxation and Exceptional Item improved by 55.9%, to RM21.7 million (1999 : RM13.9 million) on the back of Sales totalling RM324.7 million (1999 : RM373.1 million).

The Polymer Division continues to lead the market in the domestic PVC film and coated fabric sector. The strengthening of demand in the domestic sector together with increased deliveries to the export market enabled Sales and Operating Profit to improve by 10.9% and 5.6% respectively, over the same period last year. Year-to-date sales amounted to RM86.5 million (1999 : RM78.0 million) with an Operating Profit of RM10.5 million (1999 : RM9.9 million) achieved by the Division.

At the Engineering Division, the first nine months of the year saw the industry experiencing a slowdown in deliveries, a good portion of which will now only be effected in year 2001. The Division registered a year-to-date sales totalling RM173.5 million, a reduction of RM39.9 million compared to the corresponding period in 1999. The situation, however, is expected to improve in the last quarter of the year, particularly for its overseas units in Melbourne and Jakarta, where substantial work is being completed in respect of various large orders received earlier in the year.

The Building Products Division, with its units operating in Philippines and Indonesia confronted with chronic political and economic uncertainties, did not see any significant improvement in its sales performance. Demand for its products from the building and construction industry in the region remained relatively weak. However, continual cost control and productivity improvement measures undertaken throughout 1999 and the current period have resulted in losses being pared down to RM1.3 million compared to a loss of RM5.2 million incurred for the same period in 1999.

As mentioned in Note 8 above, the disposal of KL Glass was completed on 19 May 2000. The sales and operating profit before interest and taxation of KL Glass for the period 1 January 2000 to the date of disposal, amounting to RM29.5 million and RM0.8 million, respectively, are included in the results of the Group.

Included in the cumulative results for the current financial quarter, was an exceptional loss of RM96.1 million, which had previously been reported in the Quarterly Report for the first financial quarter ended 31 March 2000. The exceptional loss represents a provision for diminution in the carrying cost of certain subsidiary companies, as mentioned in Note 2 above.

19. Current Year Prospects

The regional economic situation has remained patchy, both geographically and by industry segment, for the Nylex Malaysia Group. In spite of this, the Directors are confident that the Group will be in a position to continue leveraging off the leading market position of its 2 core businesses, namely, the Polymer and Engineering Divisions, and barring unforeseen circumstances, the Group should continue to show improvement in its operating profit performance for the current financial year, compared to 1999.

The Directors are not aware of any factors that are likely to influence the Company's prospects.

20. Variance of Actual Profit from Forecast Profit/Profit Guarantee

This is not applicable as no forecast profit or profit guarantee was made or issued during the year.

21. Dividend

The Directors do not recommend the payment of any dividend for the current financial quarter.