

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2008  
THE FIGURES HAVE NOT BEEN AUDITED**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.08.2008</b>	<b>31.08.2007</b>	<b>31.08.2008</b>	<b>31.08.2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	560,311	433,680	560,311	433,680
Cost of Sales	(508,315)	(402,075)	(508,315)	(402,075)
Gross Profit	51,996	31,605	51,996	31,605
Other income	1,758	4,137	1,758	4,137
Selling and distribution expenses	(18,677)	(16,368)	(18,677)	(16,368)
Administrative expenses	(12,123)	(6,366)	(12,123)	(6,366)
Other expenses	(368)	(145)	(368)	(145)
Finance cost	(2,358)	(2,708)	(2,358)	(2,708)
Share of results of associates	(153)	(100)	(153)	(100)
Profit before taxation	20,075	10,055	20,075	10,055
Taxation	(5,187)	(1,760)	(5,187)	(1,760)
Profit after taxation	14,888	8,295	14,888	8,295
Attributable to:				
Equity holders of the parent	17,553	8,292	17,553	8,292
Minority interest	(2,665)	3	(2,665)	3
	14,888	8,295	14,888	8,295
Earnings per share (sen)				
- basic	9.94	4.27	9.94	4.27
- diluted	N/A	N/A	N/A	N/A

**(The Condensed Consolidated Income Statements should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2008)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 31 August 2008

	<b>As at 31.08.2008 RM'000 (Unaudited)</b>	<b>As at 31.05.2008 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	61,912	62,064
Prepaid lease payments	18,727	18,806
Development expenditure	352	403
Goodwill arising on consolidation	91,305	88,464
Investments		
Quoted company	3,809	3,809
Unquoted associates	663	815
Unquoted company	3,580	3,580
Deferred tax assets	1,070	996
	<hr/>	<hr/>
	181,418	178,937
	<hr/>	<hr/>
<b>Current assets</b>		
Inventories	131,829	132,964
Trade debtors	272,446	273,891
Other debtors, deposits and prepayments	13,946	4,649
Marketable securities	910	1,137
Tax recoverable	8,375	8,694
Amount owing by related companies	243	180
Short-term deposits	39,902	24,998
Cash and bank balances	45,061	43,786
	<hr/>	<hr/>
	512,712	490,299
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>694,130</b>	<b>669,236</b>
	<hr/>	<hr/>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	194,338	194,338
Reserves	(9,263)	(14,218)
Retained profits	80,649	63,096
Less: Treasury shares, at cost	(25,325)	(24,917)
	<hr/>	<hr/>
	240,399	218,299
<b>Minority interests</b>	6,321	8,510
	<hr/>	<hr/>
<b>Total equity</b>	<b>246,720</b>	<b>226,809</b>
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,660	2,836
Long term borrowings	40,672	44,311
Provision for retirement benefits	4,523	4,534
	<hr/>	<hr/>
	46,855	51,681
	<hr/>	<hr/>
<b>Current liabilities</b>		
Trade creditors	163,064	176,523
Other creditors and accrued expenses	37,716	18,227
Amount owing to related companies	19,668	11,065
Short-term borrowings	174,398	181,200
Provision for taxation	5,709	3,731
	<hr/>	<hr/>
	400,555	390,746
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>447,410</b>	<b>442,427</b>
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<b>TOTAL EQUITY AND LIABILITIES</b>	<b>694,130</b>	<b>669,236</b>
	<hr/>	<hr/>
Net Assets per share attributable to equity holders of the parents (RM)	1.36	1.23

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2008)

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the financial period ended 31 August 2008

	<----- Attributable to equity holders of the parent ----->					Total RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000			
<b><u>3 months quarter ended 31 August 2008</u></b>								
Balance as at 01 June 2008	194,338	805	(15,023)	63,096	(24,917)	218,299	8,510	226,809
Repurchase of shares	-	-	-	-	(408)	(408)	-	(408)
	<u>194,338</u>	<u>805</u>	<u>(15,023)</u>	<u>63,096</u>	<u>(25,325)</u>	<u>217,891</u>	<u>8,510</u>	<u>226,401</u>
Currency translation differences representing net income recognised directly in equity	-	-	4,955	-	-	4,955	476	5,431
Net profit for the period	-	-	-	17,553	-	17,553	(2,665)	14,888
Total recognised income and expense for the period	-	-	4,955	17,553	-	22,508	(2,189)	20,319
Balance as at 31 August 2008	<u>194,338</u>	<u>805</u>	<u>(10,068)</u>	<u>80,649</u>	<u>(25,325)</u>	<u>240,399</u>	<u>6,321</u>	<u>246,720</u>
<b><u>3 months quarter ended 31 August 2007</u></b>								
Balance as at 01 June 2007	194,338	805	(10,418)	18,880	-	203,605	4,691	208,296
Currency translation differences representing net income/(expense) recognised directly in equity	-	-	2,923	-	-	2,923	(23)	2,900
Net profit for the period	-	-	-	8,292	-	8,292	3	8,295
Total recognised income and expense for the period	-	-	2,923	8,292	-	11,215	(20)	11,195
Dividends - Second interim dividend declared for the financial year ended 31 May 2007 (2.5% less 27% Malaysian income tax)	-	-	-	(3,547)	-	(3,547)	-	(3,547)
Balance as at 31 August 2007	<u>194,338</u>	<u>805</u>	<u>(7,495)</u>	<u>23,625</u>	<u>-</u>	<u>211,273</u>	<u>4,671</u>	<u>215,944</u>

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2008)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the period ended 31 August 2008

	<b>FY 2009</b>	<b>FY 2008</b>
	<b>3 months ended 31.08.2008 RM'000 (Unaudited)</b>	<b>3 months ended 31.08.2007 RM'000 (Unaudited)</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	20,075	10,055
Adjustments for non-cash items	8,303	1,499
Operating profit before working capital changes	28,378	11,554
Changes in working capital	1,415	181
<b>Net Cash Generated From Operating Activities</b>	<b>29,793</b>	<b>11,735</b>
<b>Cash Flows From Investing Activities</b>		
Other investments	(874)	1,954
<b>Net Cash (Used In)/Generated From Investing Activities</b>	<b>(874)</b>	<b>1,954</b>
<b>Cash Flows From Financing Activities</b>		
Term loans and advances	(13,194)	(4,482)
Purchase of Company's own shares	(408)	-
Interest paid	(2,358)	(2,708)
<b>Net Cash Used In Financing Activities</b>	<b>(15,960)</b>	<b>(7,190)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>12,959</b>	<b>6,499</b>
<b>Effects of Exchange Rate Changes</b>	<b>5,505</b>	<b>1,609</b>
<b>Cash and Cash Equivalents at beginning of year</b>	<b>68,378</b>	<b>55,514</b>
<b>Effects of Exchange Rate Changes</b>	<b>(2,580)</b>	<b>(842)</b>
	<b>65,798</b>	<b>54,672</b>
<b>Cash and Cash Equivalents at end of period</b>	<b>84,262</b>	<b>62,780</b>
<b>The Cash and Cash Equivalents comprise:</b>		
Cash and bank balances	45,061	39,387
Short-term deposits	39,902	23,393
Bank overdrafts	(701)	-
	<b>84,262</b>	<b>62,780</b>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2008)



## **NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)  
(Company No.: 9378-T)

### **A. NOTES TO THE INTERIM FINANCIAL REPORT**

**(For the Financial Quarter Ended 31 August 2008)**

#### **A1. Basis of Preparation**

This Interim Financial Report ("Report") is unaudited and has been prepared in compliance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities").

This Report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 May 2008.

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 2008 except for the adoption of the following new/revised FRSs effective for financial year beginning 1 June 2008:-

#### FRSs

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 119 <sub>2004</sub>	Employee Benefits

#### Amendments to

FRS 121	The Effect of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
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The adoption of the above FRSs does not have significant financial impact on the Group.

#### **A2. 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 2008.

#### **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:

On 31 October 2007, the shareholders of the Company approved the proposal for the Company to repurchase its own ordinary shares. During the current quarter and financial year-to-date, the Company purchased 310,600, of ordinary shares RM1.00 each in the Company pursuant to Section 67A of the Companies Act, 1965, details of which are as follows:

Date	No. of Shares	Highest Price (RM)	Lowest Price (RM)	Average Price (RM)	Total Consideration (RM)
June 2008	269,600	1.3800	1.2700	1.3307	360,406
July 2008	41,000	1.1700	1.1300	1.1513	47,630
	310,600				408,036

*Notes: The consideration is inclusive of brokerage, contract stamp and clearing fees.*

As at 31 August 2008, a total of 17,749,800 treasury shares at a total cost of RM25.33 million were held by the Company pursuant to Section 67A (3A) (b) of the Companies Act, 1965.

**A7. Dividend Paid**

The Company has not declared/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>3-Month period ended 31.08.2008</b>	<b>Polymer RM'000</b>	<b>Industrial Chemical RM'000</b>	<b>Building Products RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External sales	36,073	522,736	1,502	-	560,311
Inter-segment sales	-	159	-	(159)	-
<b>Total revenue</b>	<b>36,073</b>	<b>522,895</b>	<b>1,502</b>	<b>(159)</b>	<b>560,311</b>
<b>Results</b>					
Segment result	2,871	25,346	157	-	28,374
Unallocated corporate expenses (Note A)					(5,788)
Operating profit					22,586
Finance costs					(2,358)
Share of results of associates					(153)
Profit before taxation					20,075
Taxation					(5,187)
Profit after taxation					14,888
Minority interests					2,665
Net profit for the period					17,553

<b>3-Month period ended 31.08.2007</b>	<b>Polymer RM'000</b>	<b>Industrial Chemical RM'000</b>	<b>Building Products RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External sales	34,254	397,684	1,742	-	433,680
Inter-segment sales	3	138	-	(141)	-
<b>Total revenue</b>	<b>34,257</b>	<b>397,822</b>	<b>1,742</b>	<b>(141)</b>	<b>433,680</b>
<b>Results</b>					
Segment result	1,280	9,700	133	-	11,113
Unallocated corporate income (Note A)					1,750
Operating profit					12,863
Finance costs					(2,708)
Share of results of associates					(100)
Profit before taxation					10,055
Taxation					(1,760)
Profit after taxation					8,295
Minority interests					(3)
Net profit for the period					8,292

Note A: This includes dividend income received from investment in an unquoted company (FY2009: Nil; FY2008: RM3,287,671) net of expenses.

#### **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 2008. The carrying values are based on valuations carried out in 1985 by independent qualified valuers less depreciation.

#### **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**

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.

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

There were no contingent liabilities since the last annual balance sheet as at 31 May 2008.

<b>B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS</b>
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**B1. Review of Group's Performance for the Current Quarter and Financial Year-To-Date**

For the first quarter ended 31 August 2008, the consolidated revenue of the Nylex Group was RM560.3 million, an increase of 29.2% from RM433.7 million recorded in the same period last year. The increase in sales was mainly due to higher sales contribution from the Industrial Chemical Division. The Group recorded a profit before tax ("PBT") of RM20.1 million, compared to the RM10.1 million achieved in the corresponding period last year. Included in the previous quarter's PBT of RM10.1 million was an amount of RM3.29 million being dividend income from the Group's investment in an unquoted company.

The Polymer Division achieved higher sales of RM36.1 million for the current financial quarter, which represents an increase of 5.3% from RM34.3 million in the corresponding quarter in Q1 FY 2008. Consequently, the Division made a higher PBT of RM2.7 million as compared to the RM1.3 million achieved in the same period last year.

The Industrial Chemical Division also achieved higher sales of RM522.9 million for the quarter compared to RM397.8 million in Q1 of FY 2008. Accordingly, a higher PBT of RM24.4 million was recorded compared to RM8.2 million achieved in the same period last year.

The Building Products Division achieved slightly lower sales of RM1.5 million for the quarter compared to RM1.7 million in Q1 FY 2008. The Division managed to maintain same level of PBT of RM0.2 million for the quarter.

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

For the current quarter under review, the Group achieved sales of RM560.3 million and a PBT of RM20.1 million, compared to sales of RM456.7 million and a PBT of RM16.9 million in the immediate preceding quarter. The higher sales and profits recorded for the current quarter is due mainly to higher contributions from the Industrial Chemical Division.

**B3. Current Year's Prospects**

Although the group's earnings have improved in the current quarter, the board is cautious about the performance for the rest of the financial year ending May 31, 2009, given the current global financial turmoil and the challenging economic and trading conditions regionally. The board will continue to monitor the group's operations closely.

**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**

	Individual Quarter		Cumulative Quarter	
	Current Year <u>31.08.2008</u> RM'000	Preceding Year <u>31.08.2007</u> RM'000	Current Year <u>31.08.2008</u> RM'000	Preceding year <u>31.08.2007</u> RM'000
Taxation based on results for the period				
- Current				
Malaysian	(5,188)	(2,172)	(5,188)	(2,172)
Foreign	(1,183)	(233)	(1,183)	(233)
- Deferred tax	1,198	668	1,198	668
	<u>(5,173)</u>	<u>(1,737)</u>	<u>(5,173)</u>	<u>(1,737)</u>
Over/(Under) provision in prior years	(14)	(23)	(14)	(23)
	<u>(5,187)</u>	<u>(1,760)</u>	<u>(5,187)</u>	<u>(1,760)</u>

The effective tax rate of the Group is disproportionate to the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes, tax incentives of the Company and the concessionary tax rate in a subsidiary.

**B6. Profits/(losses) on Sale of Unquoted Investments/Properties**

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

**B7. Marketable Securities**

There were no purchases and disposals of marketable securities during the current quarter and financial year-to-date.

Details of the Group's investment in marketable securities are as follows:

	<u>As at 31.08.2008</u> RM'000	<u>As at 31.05.2008</u> RM'000
(i) At cost	1,549	1,549
(ii) At book value	910	1,137
(iii) At market value	910	1,137

**B8. Status of Corporate Proposals**

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

**B9. Utilisation of Proceeds**

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

**B10. Group Borrowings**

	<b>As At 31.08.2008 (RM'000 equivalent)</b>	<b>As At 31.05.2008 (RM'000 equivalent)</b>
<b>Short-term borrowings</b>		
Secured		
- Ringgit Malaysia	14,400	14,400
- United States Dollar	45,676	51,727
- Singapore Dollar	539	0
- Vietnam Dong	770	0
	<u>61,385</u>	<u>66,127</u>
Unsecured		
- Ringgit Malaysia	112,851	115,073
- United States Dollar	162	0
	<u>113,013</u>	<u>115,073</u>
	<u>174,398</u>	<u>181,200</u>
<b>Long-term borrowings</b>		
Secured		
- Ringgit Malaysia	<u>40,647</u>	<u>44,247</u>
Unsecured		
- Ringgit Malaysia	<u>25</u>	<u>64</u>
	<u>40,672</u>	<u>44,311</u>
<b>Total Borrowings</b>	<u>215,070</u>	<u>225,511</u>

**B11. Financial Instruments with Off Balance Sheet Risk**

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

**B12. Material Litigation**

There was no material litigation at the date of this Report.

**B13. Dividends**

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

**B14. Earnings per Share**

*Basic Earnings Per Share*

The calculation of basic earnings per share was based on the net profit attributable to ordinary equity holders of the parent for the current quarter of RM17,553,796 (31.08.2007: net profit of RM8,292,206) and net profit of RM17,553,796 (31.08.2007: net profit of RM8,292,206) for the financial year-to-date as reported in the condensed income statements of the Group, divided by the weighted average number of ordinary shares in issue during the current quarter of 176,636,428 (31.08.2007: 194,337,860).

*Diluted Earnings Per Share*

Not applicable as the Company does not have dilutive potential ordinary shares in issue as at the balance sheet date.

**BY ORDER OF THE BOARD**

Choo Se Eng  
Stephen Geh Sim Whye  
*Company Secretaries*

Petaling Jaya  
29 October 2008