

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2008
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	30.11.2008 RM'000	30.11.2007 RM'000	30.11.2008 RM'000	30.11.2007 RM'000
Revenue	337,758	476,473	898,069	910,153
Cost of Sales	(319,958)	(413,748)	(828,273)	(815,823)
Gross Profit	17,800	62,725	69,796	94,330
Other income	(1,146)	276	612	4,413
Selling and distribution expenses	(13,154)	(15,386)	(31,831)	(31,754)
Administrative expenses	(10,265)	(18,979)	(22,388)	(25,345)
Other expenses	(3,874)	(1,561)	(4,242)	(1,706)
Finance cost	(2,472)	(2,314)	(4,830)	(5,022)
Share of results of associates	(742)	473	(895)	373
(Loss)/Profit before taxation	(13,853)	25,234	6,222	35,289
Taxation	175	(6,766)	(5,012)	(8,526)
(Loss)/Profit for the period	(13,678)	18,468	1,210	26,763
Attributable to:				
Equity holders of the parent	(13,335)	18,338	4,218	26,630
Minority interest	(343)	130	(3,008)	133
	(13,678)	18,468	1,210	26,763
Earnings per share (sen)				
- basic	(7.55)	9.44	2.39	13.71
- 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 30 November 2008

	As at 30.11.2008 RM'000 (Unaudited)	As at 31.05.2008 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	59,708	62,064
Prepaid lease payments	18,648	18,806
Development expenditure	301	403
Goodwill arising on consolidation	95,462	88,464
Investments		
Quoted company	3,809	3,809
Unquoted associates	-	815
Unquoted company	3,580	3,580
Deferred tax assets	1,915	996
	<u>183,423</u>	<u>178,937</u>
Current assets		
Inventories	111,207	132,964
Trade debtors	195,307	273,891
Other debtors, deposits and prepayments	6,464	4,649
Marketable securities	741	1,137
Tax recoverable	8,526	8,694
Amount owing by related companies	204	180
Short-term deposits	17,971	24,998
Cash and bank balances	34,141	43,786
	<u>374,561</u>	<u>490,299</u>
TOTAL ASSETS	<u>557,984</u>	<u>669,236</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	194,338	194,338
Reserves	(4,012)	(14,218)
Retained profits	67,314	63,096
Less: Treasury shares, at cost	(25,381)	(24,917)
	<u>232,259</u>	<u>218,299</u>
Minority interests	<u>5,482</u>	<u>8,510</u>
Total equity	<u>237,741</u>	<u>226,809</u>
Non-current liabilities		
Deferred tax liabilities	2,107	2,836
Long term borrowings	39,565	44,311
Provision for retirement benefits	4,424	4,534
	<u>46,096</u>	<u>51,681</u>
Current liabilities		
Trade creditors	70,224	176,523
Other creditors and accrued expenses	43,256	18,227
Amount owing to related companies	14,953	11,065
Short-term borrowings	141,321	181,200
Provision for taxation	4,393	3,731
	<u>274,147</u>	<u>390,746</u>
Total liabilities	<u>320,243</u>	<u>442,427</u>
TOTAL EQUITY AND LIABILITIES	<u>557,984</u>	<u>669,236</u>
Net Assets per share attributable to equity holders of the parents (RM)	1.32	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 30 November 2008

	<----- Attributable to equity holders of the parent ----->							
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
<u>6 months quarter ended 30 November 2008</u>								
Balance as at 01 June 2008	194,338	805	(15,023)	63,096	(24,917)	218,299	8,510	226,809
Repurchase of shares	-	-	-	-	(464)	(464)	-	(464)
Additional interests in subsidiaries	-	-	-	-	-	-	52	52
	<u>194,338</u>	<u>805</u>	<u>(15,023)</u>	<u>63,096</u>	<u>(25,381)</u>	<u>217,835</u>	<u>8,562</u>	<u>226,397</u>
Currency translation differences representing net income/(expense) recognised directly in equity	-	-	10,206	-	-	10,206	(72)	10,134
Net profit/(loss) for the period	-	-	-	4,218	-	4,218	(3,008)	1,210
Total recognised income and expense for the period	<u>-</u>	<u>-</u>	<u>10,206</u>	<u>4,218</u>	<u>-</u>	<u>14,424</u>	<u>(3,080)</u>	<u>11,344</u>
Balance as at 30 November 2008	<u>194,338</u>	<u>805</u>	<u>(4,817)</u>	<u>67,314</u>	<u>(25,381)</u>	<u>232,259</u>	<u>5,482</u>	<u>237,741</u>
<u>6 months quarter ended 30 November 2007</u>								
Balance as at 01 June 2007	194,338	805	(10,418)	18,880	-	203,605	4,691	208,296
Repurchase of shares	-	-	-	-	(3,114)	(3,114)	-	(3,114)
Currency translation differences representing net expense recognised directly in equity	-	-	(933)	-	-	(933)	(66)	(999)
Net profit for the period	-	-	-	26,630	-	26,630	133	26,763
Total recognised income and expense for the period	<u>-</u>	<u>-</u>	<u>(933)</u>	<u>26,630</u>	<u>-</u>	<u>25,697</u>	<u>67</u>	<u>25,764</u>
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 30 November 2007	<u>194,338</u>	<u>805</u>	<u>(11,351)</u>	<u>41,963</u>	<u>(3,114)</u>	<u>222,641</u>	<u>4,758</u>	<u>227,399</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 30 November 2008

	FY 2009 6 months ended 30.11.2008 RM'000 (Unaudited)	FY 2008 6 months ended 30.11.2007 RM'000 (Unaudited)
Cash Flows From Operating Activities		
Profit before taxation	6,222	35,289
Adjustments for non-cash items	10,502	7,293
Operating profit before working capital changes	16,724	42,582
Changes in working capital	15,547	3,737
Net Cash Generated From Operating Activities	32,271	46,319
Cash Flows From Investing Activities		
Other investments	(1,788)	900
Net Cash (Used In)/Generated From Investing Activities	(1,788)	900
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	-	(3,547)
Term loans and advances	(51,164)	(15,824)
Purchase of Company's own shares	(464)	(3,114)
Interest paid	(4,830)	(5,022)
Net Cash Used In Financing Activities	(56,458)	(27,507)
Net (Decrease)/Increase in Cash and Cash Equivalents	(25,975)	19,712
Effects of Exchange Rate Changes	9,978	(1,468)
Cash and Cash Equivalents at beginning of year	68,378	55,514
Effects of Exchange Rate Changes	(1,131)	643
	67,247	56,157
Cash and Cash Equivalents at end of period	51,250	74,401
The Cash and Cash Equivalents comprise:		
Cash and bank balances	34,141	50,469
Short-term deposits	17,971	23,932
Bank overdrafts	(862)	-
	51,250	74,401

(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 30 November 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 ₂₀₀₄	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 64,500 and 375,100, respectively, 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
October 2008	40,500	1.0200	0.7900	0.8689	35,419
November 2008	24,000	0.8900	0.8050	0.8598	20,824
	375,100				464,279

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

As at 30 November 2008, a total of 17,814,300 treasury shares at a total cost of RM25.38 million were held by the Company pursuant to Section 67A (3A) (b) of the Companies Act, 1965.

A7. Dividend Paid

The Company has not paid any dividend subsequent to the last financial year ended 31 May 2008.

On 23 September 2008, the Directors declared a final dividend, for the financial year ended 31 May 2008, as follows:

- (i) cash dividend of 4.5 sen per share, less 26% income tax; and
- (ii) tax-exempt dividend in the form of distribution of one (1) treasury share for every twenty (20) existing ordinary shares of RM1.00 each held, fraction of a treasury share is to be disregarded.

The final dividend was approved by the shareholders on 20 November 2008 and paid/distributed on 16 January 2009.

A8. Segment Revenue and Results

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

6-Month period ended 30.11.2008	Polymer RM'000	Industrial Chemical RM'000	Building Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	63,703	831,728	2,638	-	898,069
Inter-segment sales	-	237	-	(237)	-
Total revenue	63,703	831,965	2,638	(237)	898,069

6-Month period ended 30.11.2008	Polymer RM'000	Industrial Chemical RM'000	Building Products RM'000	Eliminations RM'000	Consolidated RM'000
Results					
Segment result	1,506	21,102	(667)	-	21,941
Unallocated corporate expenses (Note A)					(9,994)
Operating profit					11,947
Finance costs					(4,830)
Share of results of associates					(895)
Profit before taxation					6,222
Taxation					(5,012)
Profit after taxation					1,210
Minority interests					3,008
Net profit for the period					4,218

6-Month period ended 30.11.2007	Polymer RM'000	Industrial Chemical RM'000	Building Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	66,579	839,507	4,067	-	910,153
Inter-segment sales	9	433	-	(442)	-
Total revenue	66,588	839,940	4,067	(442)	910,153
Results					
Segment result	2,644	40,396	258	-	43,298
Unallocated corporate income (Note A)					(3,360)
Operating profit					39,938
Finance costs					(5,022)
Share of results of associates					373
Profit before taxation					35,289
Taxation					(8,526)
Profit after taxation					26,763
Minority interests					(133)
Net profit for the period					26,630

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

For the six months ended 30 November 2008, the Nylex Group achieved sales of RM898.1 million, a slight decline in sales of 1.3% from RM910.2 million recorded in the same period last year. The decrease in sales was mainly due to lower sales contribution from the Polymer Division. The Group recorded a profit before tax ("PBT") of RM6.2 million, compared to the RM35.3 million achieved in the corresponding period last year.

For the current quarter under review, the Group achieved sales of RM337.8 million compared to RM476.5 million in the corresponding quarter of last financial year but reported a loss before tax ("LBT") of RM13.9 million against a profit before tax of RM25.2 million in Q2 FY 2008.

The Polymer Division achieved lower sales of RM27.6 million for the current financial quarter, which represents a decrease of 14.5% from RM32.3 million in the corresponding quarter in Q2 FY 2008. Consequently, the Division made a LBT of RM1.4 million as compared to the PBT of RM1.3 million achieved in the same period last year.

The Industrial Chemical Division also achieved lower sales of RM330.0 million for the quarter compared to RM453.5 million in Q2 of FY 2008. Accordingly, a LBT of RM6.0 million was recorded compared to PBT of RM30.1 million achieved in the same period last year.

The Building Products Division achieved slightly lower sales of RM1.1 million for the quarter compared to RM2.3 million in Q2 FY 2008. The Division recorded a LBT of RM0.8 million compared to PBT of about RM150,000 achieved in Q2 last year.

The effects of the global financial turmoil hit the Group very badly in the current quarter under review. The global financial turmoil caused a sudden and significant drop in the demand of our products. Consequently, the market prices of our products plunged drastically. These resulted in lower sales and losses for all our divisions.

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 RM337.8 million and a LBT of RM13.9 million, compared to sales of RM560.3 million and a PBT of RM20.1 million in the immediate preceding quarter. These were the result of the sudden and drastic drop in demand and market prices of our products of which were a consequence of the global financial turmoil.

B3. Current Year's Prospects

The overall difficult economic and trading environment is not expected to improve significantly in the short term and there is a possibility that it may deteriorate further. In light of the continued uncertainty in outlook, the Board is cautious about the Group's performance for the rest of the financial year.

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 30.11.2008 RM'000	Preceding Year 30.11.2007 RM'000	Current Year 30.11.2008 RM'000	Preceding year 30.11.2007 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(2,063)	(6,724)	(7,251)	(8,896)
Foreign	1,590	(443)	407	(676)
- Deferred tax	634	401	1,832	1,069
	161	(6,766)	(5,012)	(8,503)
Over/(Under) provision in prior years	14	-	-	(23)
	175	(6,766)	(5,012)	(8,526)

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:

	As at 30.11.2008 RM'000	As at 31.05.2008 RM'000
(i) At cost	1,581	1,549
(ii) At book value	741	1,137
(iii) At market value	741	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

	As At 30.11.2008 (RM'000 equivalent)	As At 31.05.2008 (RM'000 equivalent)
Short-term borrowings		
Secured		
- Ringgit Malaysia	14,400	14,400
- United States Dollar	22,745	51,727
- Singapore Dollar	330	0
- Vietnam Dong	4,274	0
	<u>41,749</u>	<u>66,127</u>
Unsecured		
- Ringgit Malaysia	99,040	115,073
- United States Dollar	416	0
- Indonesian Rupiah	116	0
	<u>99,572</u>	<u>115,073</u>
	<u>141,321</u>	<u>181,200</u>
Long-term borrowings		
Secured		
- Ringgit Malaysia	37,047	44,247
- Vietnam Dong	2,518	0
	<u>39,565</u>	<u>44,247</u>
Unsecured		
- Ringgit Malaysia	0	64
	<u>39,565</u>	<u>44,311</u>
Total Borrowings	<u>180,886</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

- (a) The Directors do not recommend the payment of any dividend for the current financial quarter (FY 2008: Nil);
- (b) There were no dividends declared for the current financial year-to-date (FY 2008: Nil).

B14. Earnings per Share

Basic Earnings Per Share

The calculation of basic earnings per share was based on the net loss attributable to ordinary equity holders of the parent for the current quarter of RM13,335,759 (30.11.2007: net profit of RM18,338,097) and net profit of RM4,218,037 (30.11.2007: net profit of RM26,630,303) 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 176,563,428 (30.11.2007: 194,205,714) and for the financial year-to-date of 176,600,128 (30.11.2007: 194,272,148).

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
22 January 2009