

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 MAY 2010
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	31.05.2010 RM'000	31.05.2009 RM'000	31.05.2010 RM'000	31.05.2009 RM'000
Revenue	296,699	250,135	1,222,086	1,366,030
Cost of Sales	(265,916)	(212,274)	(1,080,791)	(1,234,473)
Gross Profit	30,783	37,861	141,295	131,557
Other income	389	719	1,430	1,450
Selling and distribution expenses	(10,342)	(16,372)	(49,431)	(64,211)
Administrative expenses	(12,701)	(11,709)	(44,724)	(43,593)
Other expenses	(1,962)	(1,115)	(3,098)	(5,911)
Finance cost	(1,570)	(1,298)	(5,459)	(8,101)
Share of results of associates	0	0	0	(815)
Profit before taxation	4,597	8,086	40,013	10,376
Taxation	(45)	3,902	(4,855)	242
Profit for the year	<u>4,552</u>	<u>11,988</u>	<u>35,158</u>	<u>10,618</u>
Attributable to:				
Equity holders of the parent	4,712	13,111	35,114	14,706
Minority interest	(160)	(1,123)	44	(4,088)
	<u>4,552</u>	<u>11,988</u>	<u>35,158</u>	<u>10,618</u>
Earnings per share (sen)				
- basic	2.50	7.07	18.83	8.18
- 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 2009)

NYLEX (MALAYSIA) BERHAD(Incorporated in Malaysia)
(Company No : 9378-T)**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 31 May 2010

	As at 31.05.2010 RM'000 (Unaudited)	As at 31.05.2009 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	50,652	60,211
Prepaid lease payments	23,375	18,490
Development expenditure	25	199
Goodwill arising on consolidation	90,485	93,160
Investments		
Unquoted company	3,580	3,580
Deferred tax assets	24,430	16,574
	<u>192,547</u>	<u>192,214</u>
Current assets		
Inventories	114,266	90,175
Trade debtors	174,697	156,324
Other debtors, deposits and prepayments	9,515	6,027
Marketable securities	1,158	790
Tax recoverable	1,636	5,372
Amount owing by related companies	61	54
Short-term deposits	15,235	33,774
Cash and bank balances	48,954	33,807
	<u>365,522</u>	<u>326,323</u>
TOTAL ASSETS	<u>558,069</u>	<u>518,537</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	194,338	194,338
Reserves	(11,138)	(4,577)
Retained profits	90,100	59,393
Less: Treasury shares, at cost	(8,444)	(12,851)
	<u>264,856</u>	<u>236,303</u>
Minority interests	4,046	4,383
Total equity	<u>268,902</u>	<u>240,686</u>
Non-current liabilities		
Deferred tax liabilities	1,663	1,888
Long term borrowings	14,094	32,777
Provision for retirement benefits	3,452	3,774
	<u>19,209</u>	<u>38,439</u>
Current liabilities		
Trade creditors	88,091	88,623
Other creditors and accrued expenses	32,322	36,239
Amount owing to related companies	2,224	7,560
Short-term borrowings	144,046	104,662
Provision for taxation	3,275	2,328
	<u>269,958</u>	<u>239,412</u>
Total liabilities	<u>289,167</u>	<u>277,851</u>
TOTAL EQUITY AND LIABILITIES	<u>558,069</u>	<u>518,537</u>
Net Assets per share attributable to equity holders of the parents (RM)	1.41	1.27

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2009)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2010

	<----- 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			
<u>12 months quarter ended 31 May 2010</u>								
Balance as at 01 June 2009	194,338	805	(5,382)	59,393	(12,851)	236,303	4,383	240,686
Currency translation differences representing net income/(expense) recognised directly in equity	-	-	(6,561)	-	-	(6,561)	11	(6,550)
Net profit for the year	-	-	-	35,114	-	35,114	44	35,158
Total recognised income and expense for the year	-	-	(6,561)	35,114	-	28,553	55	28,608
Dividends								
- Final tax-exempt dividend for the financial year ended 31 May 2009 (distribution of 1 treasury share for every 60 ordinary shares held)	-	-	-	(4,407)	4,407	-	-	-
Dividends paid to minority shareholders of subsidiary	-	-	-	-	-	-	(392)	(392)
	-	-	(6,561)	30,707	4,407	28,553	(337)	28,216
Balance as at 31 May 2010	194,338	805	(11,943)	90,100	(8,444)	264,856	4,046	268,902
<u>12 months quarter ended 31 May 2009</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
	194,338	805	(15,023)	63,096	(25,381)	217,835	8,562	226,397
Currency translation differences representing net income/(expense) recognised directly in equity	-	-	9,641	-	-	9,641	(91)	9,550
Net profit/(loss) for the year	-	-	-	14,706	-	14,706	(4,088)	10,618
Total recognised income and expense for the year	-	-	9,641	14,706	-	24,347	(4,179)	20,168
Dividends								
- Final dividend paid for the financial year ended 31 May 2008 (4.5% less 26% Malaysian income tax)	-	-	-	(5,879)	-	(5,879)	-	(5,879)
- Final tax-exempt dividend for the financial year ended 31 May 2008 (distribution of 1 treasury share for every 20 ordinary shares held)	-	-	-	(12,530)	12,530	-	-	-
	-	-	9,641	(3,703)	12,530	18,468	(4,179)	14,289
Balance as at 31 May 2009	194,338	805	(5,382)	59,393	(12,851)	236,303	4,383	240,686

(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 2009)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2010

	FY 2010 12 months ended 31.05.2010 RM'000 (Unaudited)	FY 2009 12 months ended 31.05.2009 RM'000 (Audited)
Cash Flows From Operating Activities		
Profit before taxation	40,013	10,376
Adjustments for non-cash items	19,486	18,823
Operating profit before working capital changes	59,499	29,199
Changes in working capital	(74,068)	74,356
Net Cash (Used In)/Generated From Operating Activities	(14,569)	103,555
Cash Flows From Investing Activities		
Additional interests in subsidiaries	(1,733)	-
Other investments	(3,046)	(790)
Net Cash Used In Investing Activities	(4,779)	(790)
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	-	(5,879)
Dividends paid to minority shareholders of subsidiary	(392)	-
Term loans and advances	21,882	(92,149)
Purchase of Company's own shares	-	(464)
Interest paid	(5,459)	(8,101)
Net Cash Generated From/(Used In) Financing Activities	16,031	(106,593)
Net Decrease in Cash and Cash Equivalents	(3,317)	(3,828)
Effects of Exchange Rate Changes	(1,612)	5,254
Cash and Cash Equivalents at beginning of year	67,251	68,379
Effects of Exchange Rate Changes	1,721	(2,554)
	68,972	65,825
Cash and Cash Equivalents at end of year	64,043	67,251
The Cash and Cash Equivalents comprise:		
Cash and bank balances	48,954	33,807
Short-term deposits	15,235	33,774
Bank overdrafts	(146)	(330)
	64,043	67,251

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 May 2009)



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

A. NOTES TO THE INTERIM FINANCIAL REPORT

(For the Financial Quarter Ended 31 May 2010)

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 paragraph 9.22 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 2009.

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 2009.

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 2009.

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 2009.

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 39th Annual General Meeting held on 26 November 2009, 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. For the current quarter and the financial year-to-date, the Company did not purchase any ordinary shares in the Company pursuant to Section 67A of the Companies Act, 1965.

On 15 January 2010, the Company distributed a total of 3,082,596 treasury shares, being payment of the final dividend for the financial year ended 31 May 2009.

As at 31 May 2010, a total of 5,905,861 treasury shares at a total cost of RM8.44 million were held by the Company pursuant to Section 67A (3A) (b) of the Companies Act, 1965.

A7. Dividend Paid

On 15 January 2010, the Company paid a final dividend in the form of distribution of one (1) treasury share for every sixty (60) existing ordinary shares of RM1.00 each held, of which fraction of a treasury share is to be disregarded, for the financial year ended 31 May 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: -

12-Month period ended 31.05.2010	Polymer RM'000	Industrial Chemical RM'000	Building Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	122,544	1,099,542	-	-	1,222,086
Inter-segment sales	5	378	-	(383)	-
Total revenue	122,549	1,099,920	-	(383)	1,222,086
Results					
Segment result	16,648	40,379	(286)	-	56,741
Unallocated corporate expenses					(11,269)
Profit from operations					45,472
Finance costs					(5,459)
Share of results of associates					-
Profit before taxation					40,013
Taxation					(4,855)
Profit after taxation					35,158
Minority interests					(44)
Net profit for the year					35,114

12-Month period ended 31.05.2009	Polymer RM'000	Industrial Chemical RM'000	Building Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	111,532	1,250,306	4,192	-	1,366,030
Inter-segment sales	6	350	-	(356)	-
Total revenue	111,538	1,250,656	4,192	(356)	1,366,030

12-Month period ended 31.05.2009	Polymer RM'000	Industrial Chemical RM'000	Building Products RM'000	Eliminations RM'000	Consolidated RM'000
Results					
Segment result	4,376	30,146	(1,309)	-	33,213
Unallocated corporate expenses					(13,921)
Profit from operations					19,292
Finance costs					(8,101)
Share of results of associates					(815)
Profit before taxation					10,376
Taxation					242
Profit after taxation					10,618
Minority interests					4,088
Net profit for the year					14,706

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 2009. 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, except for the following:-

1. Perusahaan Kimia Gemilang (Vietnam) Company Ltd. ("PKG Vietnam")

The Company's wholly-owned subsidiary, Perusahaan Kimia Gemilang Sdn Bhd ("PKG") currently owns 51% interest in PKG Vietnam. On 6 July 2009, PKG entered into a conditional capital transfer agreement with Long Thanh Chemicals Company Ltd ("LTCC") for the acquisition of the remaining 49% interest in PKG Vietnam from LTCC for US\$500,000.

The above transaction was completed on 30 November 2009 and with effect from the same date, PKG Vietnam became a wholly-owned subsidiary of PKG.

A12. Contingent Liabilities

There were no contingent liabilities since the last annual balance sheet as at 31 May 2009.

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Group's Performance for the Current Quarter and Financial Year-To-Date

For the twelve months ended 31 May 2010, the Nylex Group achieved sales of RM1,222.1 million, a decline in sales of 10.5% from RM1,366.0 million recorded in the same period last year. The decrease in sales was mainly due to lower sales contribution from the Industrial Chemical Division. The Group recorded a profit before tax ("PBT") of RM40.0 million, compared to RM10.4 million achieved in the corresponding period last year.

For the current quarter under review, the Nylex Group achieved sales of RM296.7 million, an increase of 18.6% from RM250.1 million recorded in the same period last year. However, the Group recorded a lower PBT of RM4.6 million compared to PBT of RM8.1 million achieved in the corresponding quarter last year. The decrease in earnings was a result of the unfavourable market conditions which squeezed the margins of our industrial chemical products during 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 RM296.7 million and a PBT of RM4.6 million compared to sales of RM295.5 million and a PBT of RM10.1 million in the immediate preceding quarter. Due to over-supply of certain industrial chemical products in the market, some of our products' prices drop significantly and thus affected our margins.

B3. Future Prospects

Barring unforeseen circumstances, the Group's performance for the next financial year ending 31 May 2011 is expected to be satisfactory.

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 31.05.2010 RM'000	Preceding Year 31.05.2009 RM'000	Current Year 31.05.2010 RM'000	Preceding year 31.05.2009 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(3,166)	(3,487)	(8,745)	(13,383)
Foreign	(476)	(431)	(4,225)	253
- Deferred tax	1,596	5,586	6,117	11,138
	(2,046)	1,668	(6,853)	(1,992)
Over/(Under) provision in prior years	2,001	2,234	1,998	2,234
	(45)	3,902	(4,855)	242

The effective tax rate of the Group is lower than the statutory tax rate due to the 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, except for the following:

The Company's wholly-owned subsidiary, Perusahaan Kimia Gemilang Sdn Bhd ("PKG") has disposed of two (2) units of 1 ½ storey semi-detached factories situated at Lot 1506, 1507, 1533 and 1534, Mukim 12, Seberang Perai Selatan, Pulau Pinang to Ranzo Technology Sdn. Bhd. for a total cash consideration of the aggregate sum of RM488,000.00. The sale was completed in January 2010. The sale has resulted in a loss on disposal of RM70,833 to the Group.

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 31.05.2010 RM'000	As at 31.05.2009 RM'000
(i) At cost	1,581	1,581
(ii) At book value	1,158	790
(iii) At market value	1,158	790

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 31.05.2010 (RM'000 equivalent)	As At 31.05.2009 (RM'000 equivalent)
Short-term borrowings		
Secured		
- Ringgit Malaysia	17,900	14,400
- Singapore Dollar	146	0
- Vietnam Dong	1,458	3,869
- United States Dollar	36,807	0
	<u>56,311</u>	<u>18,269</u>
Unsecured		
- Ringgit Malaysia	76,292	86,045
- United States Dollar	0	330
- Indonesian Rupiah	11,443	18
	<u>87,735</u>	<u>86,393</u>
	<u>144,046</u>	<u>104,662</u>

	As At 31.05.2010 (RM'000 equivalent)	As At 31.05.2009 (RM'000 equivalent)
Long-term borrowings		
Secured		
- Ringgit Malaysia	11,947	29,847
- Vietnam Dong	2,094	2,884
	<u>14,041</u>	<u>32,731</u>
Unsecured		
- Indonesian Rupiah	53	46
	<u>14,094</u>	<u>32,777</u>
Total Borrowings	<u>158,140</u>	<u>137,439</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

Subject to the approval by the Company's shareholders at the forthcoming annual general meeting, the Directors are recommending a final dividend in the form of distribution of one (1) treasury share for every thirty-two (32) existing ordinary shares of RM1.00 each held, fraction of a treasury share is to be disregarded.

The Company will announce the book closure date and the date of distribution of the treasury shares in due course.

Other than the above recommended dividend, there is no other dividend declared by the Company for the current financial year.

In the last financial year, the Company declared a final dividend in the form of distribution of one (1) treasury share for every sixty (60) existing ordinary shares of RM1.00 each held, of which fraction of a treasury share is to be disregarded.

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 RM4,711,913 (31.05.2009: net profit of RM13,111,207) and net profit of RM35,114,163 (31.05.2009: net profit of RM14,705,775) 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 188,431,999 (31.05.2009: 185,349,473) and for the financial year-to-date of 186,506,432 (31.05.2009: 179,850,688).

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
30 July 2010