

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

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

	Individual Quarter		Cumulative Quarter	
	31.08.2010 RM'000	31.08.2009 RM'000	31.08.2010 RM'000	31.08.2009 RM'000
Revenue	284,933	332,027	284,933	332,027
Cost of Sales	(264,824)	(292,613)	(264,824)	(292,613)
<b>Gross Profit</b>	20,109	39,414	20,109	39,414
Other income	1,100	815	1,100	815
Selling and distribution expenses	(13,284)	(13,692)	(13,284)	(13,692)
Administrative expenses	(8,660)	(9,976)	(8,660)	(9,976)
Other expenses	(9)	(73)	(9)	(73)
Finance cost	(1,694)	(1,445)	(1,694)	(1,445)
<b>(Loss)/Profit before taxation</b>	(2,438)	15,043	(2,438)	15,043
Taxation	(16)	(2,647)	(16)	(2,647)
<b>(Loss)/Profit for the period</b>	<u>(2,454)</u>	<u>12,396</u>	<u>(2,454)</u>	<u>12,396</u>
(Loss)/Profit attributable to:				
Owners of the parent	(2,520)	12,349	(2,520)	12,349
Non-controlling interests	66	47	66	47
	<u>(2,454)</u>	<u>12,396</u>	<u>(2,454)</u>	<u>12,396</u>
Earnings per share attributable to owners of the parent				
- basic	(1.34)	6.66	(1.34)	6.66
- 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 2010)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

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

	Individual Quarter		Cumulative Quarter	
	31.08.2010 RM'000	31.08.2009 RM'000	31.08.2010 RM'000	31.08.2009 RM'000
<b>(Loss)/Profit for the period</b>	<u>(2,454)</u>	<u>12,396</u>	<u>(2,454)</u>	<u>12,396</u>
Other comprehensive (loss)/income:				
Currency translation differences	<u>(3,753)</u>	<u>827</u>	<u>(3,753)</u>	<u>827</u>
<b>Other comprehensive (loss)/income for the period</b>	<u>(3,753)</u>	<u>827</u>	<u>(3,753)</u>	<u>827</u>
<b>Total comprehensive (loss)/income for the period</b>	<u><u>(6,207)</u></u>	<u><u>13,223</u></u>	<u><u>(6,207)</u></u>	<u><u>13,223</u></u>
Total comprehensive (loss)/income attributable to:				
Owners of the parent	<u>(6,277)</u>	<u>13,173</u>	<u>(6,277)</u>	<u>13,173</u>
Non-controlling interests	<u>70</u>	<u>50</u>	<u>70</u>	<u>50</u>
	<u><u>(6,207)</u></u>	<u><u>13,223</u></u>	<u><u>(6,207)</u></u>	<u><u>13,223</u></u>

(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 2010)

**NYLEX (MALAYSIA) BERHAD**

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2010**

	<b>As at</b>	<b>As at</b>
	<b>31.08.2010</b>	<b>31.05.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(Unaudited)</b>	<b>(Restated)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	72,007	74,027
Development expenditure	22	25
Goodwill arising on consolidation	88,127	90,485
Available for sale investments	3,580	3,580
Deferred tax assets	26,367	24,430
	<hr/>	<hr/>
	190,103	192,547
	<hr/>	<hr/>
<b>Current assets</b>		
Inventories	116,250	114,266
Trade debtors	149,772	174,697
Other debtors, deposits and prepayments	11,080	9,515
Investment held for trading	1,989	1,158
Tax recoverable	3,185	1,636
Amount owing by related companies	13	61
Derivative assets	105	-
Short-term deposits	25,915	15,235
Cash and bank balances	41,335	48,954
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	349,644	365,522
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>539,747</b>	<b>558,069</b>
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<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	194,338	194,338
Reserves	(14,895)	(11,138)
Retained profits	87,438	90,100
Less: Treasury shares, at cost	(8,444)	(8,444)
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	258,437	264,856
<b>Non-controlling interests</b>	4,116	4,046
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<b>Total equity</b>	<b>262,553</b>	<b>268,902</b>
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<b>Non-current liabilities</b>		
Deferred tax liabilities	1,649	1,663
Long term borrowings	8,047	14,094
Provision for retirement benefits	3,565	3,452
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	13,261	19,209
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<b>Current liabilities</b>		
Trade creditors	95,765	88,091
Other creditors and accrued expenses	34,187	32,322
Amount owing to related companies	2,461	2,224
Short-term borrowings	127,899	144,046
Provision for taxation	3,621	3,275
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	263,933	269,958
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>277,194</b>	<b>289,167</b>
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<b>TOTAL EQUITY AND LIABILITIES</b>	<b>539,747</b>	<b>558,069</b>
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Net Assets per share attributable to owners of the parent (RM)	1.37	1.41

**(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 2010)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2010**

	<----- Attributable to owners of the parent ----->						Non- controlling interests	Total equity
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000	RM'000	RM'000
<b><u>3 months quarter ended 31 August 2010</u></b>								
Balance as at 01 June 2010	194,338	805	(11,943)	90,100	(8,444)	264,856	4,046	268,902
Effects of adopting FRS 139	-	-	-	(142)		(142)	-	(142)
Restated balance	194,338	805	(11,943)	89,958	(8,444)	264,714	4,046	268,760
Total comprehensive (loss)/income for the period	-	-	(3,757)	(2,520)	-	(6,277)	70	(6,207)
Balance as at 31 August 2010	<u>194,338</u>	<u>805</u>	<u>(15,700)</u>	<u>87,438</u>	<u>(8,444)</u>	<u>258,437</u>	<u>4,116</u>	<u>262,553</u>
<b><u>3 months quarter ended 31 August 2009</u></b>								
Balance as at 01 June 2009	194,338	805	(5,382)	59,393	(12,851)	236,303	4,383	240,686
Total comprehensive income for the period	-	-	824	12,349	-	13,173	50	13,223
Balance as at 31 August 2009	<u>194,338</u>	<u>805</u>	<u>(4,558)</u>	<u>71,742</u>	<u>(12,851)</u>	<u>249,476</u>	<u>4,433</u>	<u>253,909</u>

**(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 2010)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED 31 AUGUST 2010**

	FY 2011 3 months ended 31.08.2010 RM'000 (Unaudited)	FY 2010 3 months ended 31.08.2009 RM'000 (Unaudited)
<b>Cash Flows From Operating Activities</b>		
(Loss)/Profit before taxation	(2,438)	15,043
Adjustments for non-cash items	2,613	2,157
Operating profit before working capital changes	175	17,200
Changes in working capital	26,508	12,117
<b>Net Cash Generated From Operating Activities</b>	<b>26,683</b>	<b>29,317</b>
<b>Cash Flows From Investing Activities</b>		
Other investments	(337)	78
<b>Net Cash (Used In)/Generated From Investing Activities</b>	<b>(337)</b>	<b>78</b>
<b>Cash Flows From Financing Activities</b>		
Term loans and advances	(20,017)	(7,235)
Interest paid	(1,694)	(1,445)
<b>Net Cash Used In Financing Activities</b>	<b>(21,711)</b>	<b>(8,680)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>4,635</b>	<b>20,715</b>
<b>Effects of Exchange Rate Changes</b>	<b>(2,603)</b>	<b>786</b>
<b>Cash and Cash Equivalents at beginning of year</b>	<b>64,043</b>	<b>67,251</b>
<b>Effects of Exchange Rate Changes</b>	<b>1,175</b>	<b>(403)</b>
	<b>65,218</b>	<b>66,848</b>
<b>Cash and Cash Equivalents at end of the period</b>	<b>67,250</b>	<b>88,349</b>
<b>The Cash and Cash Equivalents comprise:</b>		
Cash and bank balances	41,335	41,139
Short-term deposits	25,915	47,605
Bank overdrafts	-	(395)
	<b>67,250</b>	<b>88,349</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 2010)



**NYLEX (MALAYSIA) BERHAD**

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

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

**(For the Financial Quarter Ended 31 August 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 2010.

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 2010.

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 2010 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to the Group for the financial year beginning 1 June 2010 and are relevant to its operations:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 132	Financial Instruments: Presentation
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events After the Balance Sheet Date
Amendments to FRS 116	Property, Plant and Equipments
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 120	Accounting for Government Grants
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 128	Investments in Associates
Amendments to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS 131	Interest in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions

The adoption of the above FRSs, amendments and interpretations do not have any significant impact on the interim financial information of the Group except for the adoption of the following FRSs as set out below:

*FRS 8 – Operating Segments*

The Group determined that the operating segments were the same as the business segments previously identified under FRS 114 Segment Reporting. The adoption of this Standard does not have any effect on the financial position or results of the Group.

*FRS 101 - Presentation of Financial Statements (Revised)*

The revised FRS 101 introduces changes in the presentation and disclosures of financial statement. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' is required to be shown in a statement of comprehensive income which can be presented as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in two statements. As a result, the Group has presented all owner changes in equity in the consolidated statement of changes in equity whilst all non-owner changes in equity have been presented in the consolidated statement of comprehensive income. Certain comparative figures have been reclassified to conform to the current period's presentation. This revised FRS does not have any impact on the financial position and results of the Group since these changes affect only the presentation of items of income and expenses.

*Amendment to FRS 117 - Leases*

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payment on the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. Accordingly, the Group has changed the classification of certain leasehold lands from operating leases to finance leases in the current quarter. This change in classification has no effect to the profit or loss of the current period ended 31 August 2010 or the comparative prior period. The effect of the reclassification to the comparative of the prior year's statement of financial position is as follows:

31 May 2010	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Property, plant and equipment	50,652	23,375	74,027
Prepaid lease payment	23,375	(23,375)	-

*Amendments to FRS 139 Financial Instruments: Recognition and Measurement*

Prior to the adoption of FRS 139, financial derivatives are recognised on their settlement dates. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

With the adoption of FRS 139, financial assets and financial liabilities recognised and unrecognised in the prior financial year are classified into the following categories:

	Pre-FRS 139	Post-FRS 139
1	Long-term equity investments	Available for sale investments
2	Current investments	Financial assets at fair value through profit or loss
3	Unrecognised derivative assets	Financial assets at fair value through profit or loss
4	Long-term borrowings	Financial liabilities at amortised cost
5	Unrecognised derivative liabilities	Financial liabilities at fair value through profit or loss

The measurement bases applied to the financial assets and financial liabilities in the prior financial year were changed to conform to the measurement standards of FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value. However,

the financial instrument not at fair value through profit or loss should be measured at their fair value plus transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

	Category	Measurement basis
1	Financial instruments at fair value through profit or loss	At fair value through profit or loss
2	Loans and receivables	At amortised cost effective interest method
3	Available for sale investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost.
4	Loans and other financial liabilities	At amortised cost effective interest method

All financial assets other than those classified as at fair value through profit or loss are subject to impairment test of FRS 139.

In accordance with FRS 139, the recognition, derecognition and measurement requirements are applied prospectively from 1 June 2010 by the Group. The effects of the remeasurement on 1 June 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening retained profits and other opening reserves as disclosed in the statement of changes in equity:

	<b>As at 01.06.2010 RM'000</b>
Retained profits	90,100
Effects of adopting FRS 139	
- Impairment of trade receivables, net of tax	(142)
Restated balance	<u>89,958</u>

**A2. Seasonality or Cyclicity of Interim Operations**

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

**A3. 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.

**A4. 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.

**A5. 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 39<sup>th</sup> 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 August 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.

**A6. Dividend Paid**

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

**A7. 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 31.08.2010</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	32,242	252,691	-	-	284,933
Inter-segment sales	8	92	-	(100)	-
<b>Total revenue</b>	<b>32,250</b>	<b>252,783</b>	<b>-</b>	<b>(100)</b>	<b>284,933</b>

<b>Results</b>					
Segment result	3,637	(2,785)	27	-	879
Unallocated corporate expenses					(1,623)
Loss from operations					(744)
Finance costs					(1,694)
Loss before taxation					(2,438)
Taxation					(16)
Loss for the period					(2,454)
Non-controlling interests					(66)
Net loss for the period					(2,520)

<b>3-Month period ended 31.08.2009</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	31,957	300,070	-	-	332,027
Inter-segment sales	2	98	-	(100)	-
<b>Total revenue</b>	<b>31,959</b>	<b>300,168</b>	<b>-</b>	<b>(100)</b>	<b>332,027</b>

<b>Results</b>					
Segment result	3,633	17,561	(32)	-	21,162
Unallocated corporate expenses					(4,674)
Profit from operations					16,488
Finance costs					(1,445)
Profit before taxation					15,043
Taxation					(2,647)
Profit for the period					12,396
Non-controlling interests					(47)
Net profit for the period					12,349

**A8. 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 2010. The carrying values are based on valuations carried out in 1985 by independent qualified valuers less depreciation.

**A9. 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.

**A10. 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.

**A11. Contingent Liabilities**

There were no contingent liabilities since the last annual balance sheet as at 31 May 2010.

**A12. Capital Commitment**

The capital commitments as at 31 August 2010 are as follows:

	<b>RM'000</b>
Property, plant and equipment	
- Approved and contracted	148
- Approved but not contracted	704
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	852
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**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 three months ended 31 August 2010, the Nylex Group achieved sales of RM284.9 million, a decline in sales of 14.2% from RM332.0 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 loss before tax ("LBT") of RM2.4 million, compared to a profit before tax ("PBT") of RM15.0 million achieved in the corresponding period last year. When compared with the same period last year, the losses suffered during the current quarter were the result of weaker prices and poorer demand for our products as it appears that the economic recovery is losing some momentum.

**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 RM284.9 million and a LBT of RM2.4 million compared to sales of RM296.7 million and a PBT of RM4.6 million in the immediate preceding quarter. Fears that the economic recovery may not be sustainable have adversely affected our customers' demand for our products. Consequently, compared to the immediate preceding quarter, our sales have reduced and our margins squeezed.

**B3. Current Year's Prospects**

Given the challenging economic and trading conditions regionally, the Board is cautiously optimistic about the Group's performance for the rest of the financial year ending May 31, 2011. Whilst the business has been resilient, 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 31.08.2010 RM'000	Preceding Year 31.08.2009 RM'000	Current Year 31.08.2010 RM'000	Preceding year 31.08.2009 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(1,499)	(2,916)	(1,499)	(2,916)
Foreign	(621)	(1,263)	(621)	(1,263)
- Deferred tax	2,022	1,533	2,022	1,533
	(98)	(2,646)	(98)	(2,646)
Over/(Under) provision in prior years	82	(1)	82	(1)
	(16)	(2,647)	(16)	(2,647)

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 and/or /Properties**

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

**B7. Quoted Securities**

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

Details of the Group's investment in quoted securities which are classified into "Investment held for trading" under the "financial assets at fair value through profit or loss" category are as follows:

	<b>As at 31.08.2010 RM'000</b>	<b>As at 31.05.2010 RM'000</b>
(i) At cost	1,581	1,581
(ii) At book value	1,989	1,158
(iii) At market value	1,989	1,158

**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 31.08.2010 (RM'000 equivalent)</b>	<b>As At 31.05.2010 (RM'000 equivalent)</b>
<b>Short-term borrowings</b>		
Secured		
- Ringgit Malaysia	20,000	17,900
- Singapore Dollar	0	146
- Vietnam Dong	1,446	1,458
- United States Dollar	23,686	36,807
	<u>45,132</u>	<u>56,311</u>
Unsecured		
- Ringgit Malaysia	71,229	76,292
- Indonesian Rupiah	11,538	11,443
	<u>82,767</u>	<u>87,735</u>
	<u>127,899</u>	<u>144,046</u>

	<b>As At 31.08.2010 (RM'000 equivalent)</b>	<b>As At 31.05.2010 (RM'000 equivalent)</b>
<b>Long-term borrowings</b>		
Secured		
- Ringgit Malaysia	6,247	11,947
- Vietnam Dong	1,754	2,094
	<u>8,001</u>	<u>14,041</u>
Unsecured		
- Indonesian Rupiah	46	53
	<u>8,047</u>	<u>14,094</u>
<b>Total Borrowings</b>	<u>135,946</u>	<u>158,140</u>

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

The Group has entered into forward foreign exchange contracts 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.

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

The outstanding forward foreign exchange contracts as at 20 October 2010, being the latest practicable date prior to the issue of this report, are as follows:

<b>Type of Derivatives</b>	<b>Currency</b>	<b>Maturity less than 1 year RM'000</b>	<b>Notional Value RM'000</b>
Forward foreign exchange contract			
- Sales contracts	USD	4,737	4,737

There have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives and policies since the previous financial year end.

**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 (FY 2010: Nil).

**B14. 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 RM2,519,452 (31.08.2009: net profit of RM12,348,483) and net loss

of RM2,519,452 (31.08.2009: net profit of RM12,348,483) for the financial year-to-date as reported in the condensed consolidated income statements of the Group, divided by the weighted average number of ordinary shares in issue during the current quarter of 188,431,999 (31.08.2009: 185,349,473).

*Diluted Earnings Per Share*

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

**B15. 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 2010.

**BY ORDER OF THE BOARD**

Choo Se Eng  
Stephen Geh Sim Whye  
*Company Secretaries*

Petaling Jaya  
26 October 2010