

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2011  
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	28.02.2011 RM'000	28.02.2010 RM'000	28.02.2011 RM'000	28.02.2010 RM'000
Revenue	295,378	295,527	834,739	925,387
Cost of Sales	(264,986)	(259,644)	(754,276)	(814,875)
<b>Gross Profit</b>	30,392	35,883	80,463	110,512
Other income	287	118	1,491	1,041
Selling and distribution expenses	(12,351)	(14,261)	(35,758)	(39,089)
Administrative expenses	(11,277)	(10,338)	(30,530)	(32,023)
Other expenses	(912)	(48)	(2,461)	(1,136)
Finance cost	(1,788)	(1,238)	(5,138)	(3,889)
<b>Profit before taxation</b>	4,351	10,116	8,067	35,416
Taxation	(679)	(1,085)	(1,925)	(4,810)
<b>Profit for the period</b>	<u>3,672</u>	<u>9,031</u>	<u>6,142</u>	<u>30,606</u>
Profit attributable to:				
Owners of the parent	3,548	8,850	5,903	30,402
Non-controlling interests	124	181	239	204
	<u>3,672</u>	<u>9,031</u>	<u>6,142</u>	<u>30,606</u>
Earnings per share attributable to owners of the parent (sen)				
- basic	1.85	4.74	3.12	16.36
- 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 28 FEBRUARY 2011  
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	28.02.2011 RM'000	28.02.2010 RM'000	28.02.2011 RM'000	28.02.2010 RM'000
<b>Profit for the period</b>	3,672	9,031	6,142	30,606
Other comprehensive (loss)/income:				
Currency translation differences	(3,076)	581	(6,162)	(2,201)
<b>Other comprehensive income/(loss) for the period</b>	(3,076)	581	(6,162)	(2,201)
<b>Total comprehensive income/(loss) for the period</b>	<u>596</u>	<u>9,612</u>	<u>(20)</u>	<u>28,405</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	442	9,424	(258)	28,175
Non-controlling interests	154	188	238	230
	<u>596</u>	<u>9,612</u>	<u>(20)</u>	<u>28,405</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 28 FEBRUARY 2011**

	<b>As at 28.02.2011 RM'000 (Unaudited)</b>	<b>As at 31.05.2010 RM'000 (Restated)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	71,168	74,027
Development expenditure	16	25
Goodwill arising on consolidation	87,494	90,485
Available for sale investments	3,580	3,580
Deferred tax assets	29,850	24,430
	<u>192,108</u>	<u>192,547</u>
<b>Current assets</b>		
Inventories	121,665	114,266
Trade debtors	177,354	174,697
Other debtors, deposits and prepayments	10,423	9,515
Financial assets at fair value through profit or loss	398	1,158
Tax recoverable	4,073	1,636
Amount owing by related companies	69	61
Derivative assets	13	-
Short-term deposits	14,388	15,235
Cash and bank balances	40,321	48,954
	<u>368,704</u>	<u>365,522</u>
<b>TOTAL ASSETS</b>	<b><u>560,812</u></b>	<b><u>558,069</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	194,338	194,338
Reserves	(17,299)	(11,138)
Retained profits	87,450	90,100
Less: Treasury shares, at cost	(33)	(8,444)
	<u>264,456</u>	<u>264,856</u>
<b>Non-controlling interests</b>	<u>4,252</u>	<u>4,046</u>
<b>Total equity</b>	<u>268,708</u>	<u>268,902</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,616	1,663
Long term borrowings	1,726	14,094
Provision for retirement benefits	3,422	3,452
	<u>6,764</u>	<u>19,209</u>
<b>Current liabilities</b>		
Trade creditors	93,990	88,091
Other creditors and accrued expenses	24,664	32,322
Amount owing to related companies	701	2,224
Short-term borrowings	163,052	144,046
Provision for taxation	2,933	3,275
	<u>285,340</u>	<u>269,958</u>
<b>Total liabilities</b>	<u>292,104</u>	<u>289,167</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>560,812</u></b>	<b><u>558,069</u></b>
Net Assets per share attributable to owners of the parent (RM)	1.36	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 28 FEBRUARY 2011

	<----- Attributable to owners of the parent ----->					Total RM'000	Non- controlling 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>9 months quarter ended 28 February 2011</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	-	-	(6,161)	5,903	-	(258)	238	(20)
<b>Transactions with owners</b>								
Dividends								
- Final tax-exempt dividend for the financial year ended 31 May 2010 (distribution of 1 treasury share for every 32 ordinary shares held)	-	-	-	(8,411)	8,411	-	-	-
Dividends paid to minority shareholders of subsidiary	-	-	-	-	-	-	(32)	(32)
Total transactions with owners	-	-	-	(8,411)	8,411	-	(32)	(32)
Balance as at 28 February 2011	194,338	805	(18,104)	87,450	(33)	264,456	4,252	268,708
<b>9 months quarter ended 28 February 2010</b>								
Balance as at 01 June 2009	194,338	805	(5,382)	59,393	(12,851)	236,303	4,383	240,686
Total comprehensive (loss)/income for the period	-	-	(2,227)	30,402	-	28,175	230	28,405
<b>Transactions with owners</b>								
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)
Total transactions with owners	-	-	-	(4,407)	4,407	-	(392)	(392)
Balance as at 28 February 2010	194,338	805	(7,609)	85,388	(8,444)	264,478	4,221	268,699

**(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 28 FEBRUARY 2011

	FY 2011 9 months ended 28.02.2011 RM'000 (Unaudited)	FY 2010 9 months ended 28.02.2010 RM'000 (Unaudited)
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	8,067	35,416
Adjustments for non-cash items	11,830	9,845
Operating profit before working capital changes	19,897	45,261
Changes in working capital	(29,006)	(34,002)
<b>Net Cash (Used In)/Generated From Operating Activities</b>	<b>(9,109)</b>	<b>11,259</b>
<b>Cash Flows From Investing Activities</b>		
Additional interests in subsidiaries	-	(1,733)
Net cash flows on acquisition of subsidiary	(455)	-
Other investments	(1,411)	(3,147)
<b>Net Cash Used In Investing Activities</b>	<b>(1,866)</b>	<b>(4,880)</b>
<b>Cash Flows From Financing Activities</b>		
Dividends paid to minority shareholders of subsidiary	(32)	(392)
Term loans and advances	7,365	4,078
Interest paid	(5,138)	(3,888)
<b>Net Cash Generated From/(Used In) Financing Activities</b>	<b>2,195</b>	<b>(202)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(8,780)</b>	<b>6,177</b>
<b>Effects of Exchange Rate Changes</b>	<b>(2,405)</b>	<b>(806)</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>1,617</b>	<b>631</b>
	<b>65,660</b>	<b>67,882</b>
<b>Cash and Cash Equivalents at end of period</b>	<b>54,475</b>	<b>73,253</b>
<b>The Cash and Cash Equivalents comprise:</b>		
Cash and bank balances	40,321	48,816
Short-term deposits	14,388	24,551
Bank overdrafts	(234)	(114)
	<b>54,475</b>	<b>73,253</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)



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

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

**(For the Financial Quarter Ended 28 February 2011)**

**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 30 November 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 40<sup>th</sup> Annual General Meeting held on 24 November 2010, 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 17 January 2011, the Company distributed a total of 5,882,637 treasury shares, being payment of the final dividend for the financial year ended 31 May 2010.

As at 28 February 2011, a total of 23,224 treasury shares at a total cost of RM33,204 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.

On 28 September 2010, the Directors recommended the payment of 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, of which fraction of a treasury share is to be disregarded, for the financial year ended 31 May 2010.

The final dividend was approved by the shareholders on 24 November 2010 and was distributed on 17 January 2011.

**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>9-Month period ended 28.02.2011</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	99,071	735,668	-	-	834,739
Inter-segment sales	10	260	-	(270)	-
<b>Total revenue</b>	<b>99,081</b>	<b>735,928</b>	<b>-</b>	<b>(270)</b>	<b>834,739</b>
<b>Results</b>					
Segment result	10,951	11,380	10	-	22,341
Unallocated corporate expenses					(9,136)
Profit from operations					13,205
Finance costs					(5,138)
Profit before taxation					8,067
Taxation					(1,925)
Profit for the period					6,142
Non-controlling interests					(239)
Net profit for the period					5,903

<b>9-Month period ended 28.02.2010</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	92,010	833,377	-	-	925,387
Inter-segment sales	3	223	-	(226)	-
<b>Total revenue</b>	<b>92,013</b>	<b>833,600</b>	<b>-</b>	<b>(226)</b>	<b>925,387</b>
<b>Results</b>					
Segment result	10,919	37,296	(225)	-	47,990
Unallocated corporate expenses					(8,685)
Profit from operations					39,305
Finance costs					(3,889)
Profit before taxation					35,416
Taxation					(4,810)
Profit for the period					30,606
Non-controlling interests					(204)
Net profit for the period					30,402

**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 except for the following:

The Company's wholly-owned subsidiary, Perusahaan Kimia Gemilang Sdn Bhd ("PKG"), has purchased 550,000 shares in its associate, Ancom Kimia Sdn Bhd ("AKSB") on 22 February 2011. This acquisition has changed the effective shareholding of Nylex in AKSB from 30% to 55% and with effect from the same date, AKSB became a subsidiary of PKG and an indirect subsidiary of Nylex.

**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 28 February 2011 are as follows:

	<b>RM'000</b>
Property, plant and equipment	
- Approved and contracted	7,548
- Approved but not contracted	<u>367</u>
	<u><u>7,915</u></u>

**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 nine months ended 28 February 2011, the Nylex Group achieved sales of RM834.7 million, a decline in sales of 9.8% from RM925.4 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 RM8.1 million, compared to the RM35.4 million achieved in the corresponding period last year.

For the current quarter under review, the Nylex Group achieved sales of RM295.4 million, about the same as the RM295.5 million recorded in the same period last year. The Group recorded a PBT of RM4.4 million, compared to RM10.1 million achieved in the corresponding period last year. The lower earnings were due to an oversupply situation for some of our products and more intense competition in the regional markets.

**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 RM295.4 million and a PBT of RM4.4 million compared to sales of RM254.4 million and a PBT of RM6.2 million in the immediate preceding quarter. This is because demand was healthier in the current quarter as customers build up their stocks for the new year. In spite of this, margins were affected by the oversupply of products.

**B3. Current Year's Prospects**

Barring unforeseen circumstances, the Group's performance for the remaining period of financial year ending 31 May 2011 will continue to improve.

**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 28.02.2011 RM'000	Preceding Year 28.02.2010 RM'000	Current Year 28.02.2011 RM'000	Preceding year 28.02.2010 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(1,484)	(23)	(6,156)	(5,579)
Foreign	(466)	(1,438)	(1,461)	(3,749)
- Deferred tax	1,200	392	5,537	4,521
	(750)	(1,069)	(2,080)	(4,807)
Over/(Under) provision in prior years	71	(16)	155	(3)
	(679)	(1,085)	(1,925)	(4,810)

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, losses suffered in certain subsidiaries, 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, except for the following:

	<b>Current Quarter ended 28.02.2011</b>	<b>Cumulative Quarter ended 28.02.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase consideration	-	201
Sales proceeds	2,056	2,056
Gain on disposal	919	919

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 28.02.2011</b>	<b>As at 31.05.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) At cost	334	1,581
(ii) At book value	398	1,158
(iii) At market value	398	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 28.02.2011 (RM'000 equivalent)</b>	<b>As At 31.05.2010 (RM'000 equivalent)</b>
<b>Short-term borrowings</b>		
Secured		
- Ringgit Malaysia	15,916	17,900
- Singapore Dollar	0	146
- Vietnam Dong	2,648	1,458
- United States Dollar	<u>35,359</u>	<u>36,807</u>
	<u>53,923</u>	<u>56,311</u>
Unsecured		
- Ringgit Malaysia	93,404	76,292
- Indonesian Rupiah	13,233	11,443
- United States Dollar	<u>2,492</u>	<u>0</u>
	<u>109,129</u>	<u>87,735</u>
	<u>163,052</u>	<u>144,046</u>
<b>Long-term borrowings</b>		
Secured		
- Ringgit Malaysia	0	11,947
- Vietnam Dong	<u>1,171</u>	<u>2,094</u>
	<u>1,171</u>	<u>14,041</u>
Unsecured		
- Ringgit Malaysia	494	0
- Indonesian Rupiah	<u>61</u>	<u>53</u>
	<u>555</u>	<u>53</u>
	<u>1,726</u>	<u>14,094</u>
<b>Total Borrowings</b>	<u>164,778</u>	<u>158,140</u>

**B11. Derivatives Financial Instruments**

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 28 February 2011, are as follows:

<b>Type of Derivatives</b>	<b>Currency</b>	<b>Contract/Notional Value RM'000</b>	<b>Fair Value RM'000</b>
Forward foreign exchange contract - Less than 1 year	USD	3,568	3,556

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. Disclosure of Realised and Unrealised Profits/Losses**

Bursa Securities has, on 25 March 2010 and 20 December 2010, issued directives requiring all listed issuers to disclose the breakdown of unappropriated profits or accumulated losses as at the end of the reporting period, on a group basis, into realised and unrealised profits or losses, as the case may be, in the notes to its quarterly reports.

The breakdown of retained profits of the Group as at 28 February 2011, pursuant to the format prescribed by Bursa securities, is as follows:

	<b>As At End of Current Quarter 28.02.2011 RM'000</b>	<b>As At End of Preceding Quarter 30.11.2010 RM'000</b>
Total retained profits of Nylex (Malaysia) Berhad and its subsidiaries:		
- Realised	120,446	126,172
- Unrealised	24,130	26,022
	<hr/>	<hr/>
	144,576	152,194
Less: Consolidation adjustments	(57,126)	(59,881)
	<hr/>	<hr/>
Total group retained profits as per consolidated accounts	87,450	92,313
	<hr/>	<hr/>

**B13. Material Litigation**

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

**B14. Dividends**

- (a) The Directors do not recommend the payment of any dividend for the current financial quarter (FY 2010: Nil);
- (b) There were no dividends declared for the current financial year-to-date (FY 2010: Nil).

**B15. Earnings per Share**

*Basic Earnings Per Share*

The calculation of basic earnings per share was based on the net profit attributable to owners of the parent for the current quarter of RM3,547,279 (28.02.2010: RM8,850,243) and net profit of RM5,902,662 (28.02.2010: RM30,402,250) 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 191,242,592 (28.02.2010: 186,890,701) and the financial year-to-date of 189,358,568 (28.02.2010: 185,857,523)

*Diluted Earnings Per Share*

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

**B16. 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  
27 April 2011