

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2011
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	31.08.2011 RM'000	31.08.2010 RM'000	31.08.2011 RM'000	31.08.2010 RM'000
Revenue	328,343	284,933	328,343	284,933
Cost of Sales	(295,903)	(264,824)	(295,903)	(264,824)
Gross Profit	32,440	20,109	32,440	20,109
Other income	166	1,100	166	1,100
Selling and distribution expenses	(13,179)	(13,284)	(13,179)	(13,284)
Administrative expenses	(9,287)	(8,660)	(9,287)	(8,660)
Other expenses	(464)	(9)	(464)	(9)
Finance cost	(1,858)	(1,694)	(1,858)	(1,694)
Profit/(loss) before taxation	7,818	(2,438)	7,818	(2,438)
Taxation	(2,308)	(16)	(2,308)	(16)
Profit/(loss) for the period	<u>5,510</u>	<u>(2,454)</u>	<u>5,510</u>	<u>(2,454)</u>
Profit attributable to:				
Owners of the parent	5,495	(2,520)	5,495	(2,520)
Non-controlling interests	<u>15</u>	<u>66</u>	<u>15</u>	<u>66</u>
	<u>5,510</u>	<u>(2,454)</u>	<u>5,510</u>	<u>(2,454)</u>
Earnings per share attributable to owners of the parent (sen)				
- basic	2.83	(1.34)	2.83	(1.34)
- 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 2011)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2011
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	31.08.2011 RM'000	31.08.2010 RM'000	31.08.2011 RM'000	31.08.2010 RM'000
Profit/(loss) for the period	<u>5,510</u>	<u>(2,454)</u>	<u>5,510</u>	<u>(2,454)</u>
Other comprehensive loss:				
Currency translation differences	<u>(888)</u>	<u>(3,753)</u>	<u>(888)</u>	<u>(3,753)</u>
Other comprehensive loss for the period	<u>(888)</u>	<u>(3,753)</u>	<u>(888)</u>	<u>(3,753)</u>
Total comprehensive income/(loss) for the period	<u>4,622</u>	<u>(6,207)</u>	<u>4,622</u>	<u>(6,207)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	4,623	(6,277)	4,623	(6,277)
Non-controlling interests	<u>(1)</u>	<u>70</u>	<u>(1)</u>	<u>70</u>
	<u>4,622</u>	<u>(6,207)</u>	<u>4,622</u>	<u>(6,207)</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 2011)

NYLEX (MALAYSIA) BERHAD

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2011

	As at	As at
	31.08.2011	31.05.2011
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	73,486	66,426
Development expenditure	9	13
Goodwill arising on consolidation	86,339	86,828
Investment securities	3,580	3,580
Deferred tax assets	30,192	29,830
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	193,606	186,677
	<hr/>	<hr/>
Current assets		
Inventories	149,570	140,741
Trade debtors	206,282	209,219
Other debtors, deposits and prepayments	11,468	14,124
Investment securities	397	458
Tax recoverable	4,360	4,521
Amount owing by related companies	4	27
Derivative assets	53	21
Short-term deposits	10,517	18,063
Cash and bank balances	38,362	43,049
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	421,013	430,223
	<hr/>	<hr/>
TOTAL ASSETS	614,619	616,900
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EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	194,338	194,338
Reserves	(19,126)	(18,254)
Retained profits	96,145	94,804
Less: Treasury shares, at cost	(33)	(33)
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	271,324	270,855
Non-controlling interests	6,017	6,018
	<hr/>	<hr/>
Total equity	277,341	276,873
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Non-current liabilities		
Deferred tax liabilities	1,479	1,489
Long term borrowings	997	1,465
Provision for retirement benefits	3,435	3,476
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	5,911	6,430
	<hr/>	<hr/>
Current liabilities		
Trade creditors	140,083	136,332
Other creditors and accrued expenses	34,024	30,818
Amount owing to related companies	7	2
Short-term borrowings	155,973	165,614
Provision for taxation	1,280	831
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	331,367	333,597
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Total liabilities	337,278	340,027
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TOTAL EQUITY AND LIABILITIES	614,619	616,900
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Net Assets per share attributable to owners of the parent (RM)	1.40	1.39

(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 2011)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 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			
<u>3 months quarter ended 31 August 2011</u>								
Balance as at 01 June 2011	194,338	805	(19,059)	94,804	(33)	270,855	6,018	276,873
Total comprehensive (loss)/income for the period	-	-	(872)	5,495	-	4,623	(1)	4,622
Transactions with owners								
Dividends								
- Interim dividend for the financial year ended 31 May 2011 (2.85 sen less 25% Malaysian income tax)	-	-	-	(4,154)	-	(4,154)	-	(4,154)
Total transactions with owners	-	-	-	(4,154)	-	(4,154)	-	(4,154)
Balance as at 31 August 2011	194,338	805	(19,931)	96,145	(33)	271,324	6,017	277,341
<u>3 months quarter ended 31 August 2010</u>								
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	194,338	805	(15,700)	87,438	(8,444)	258,437	4,116	262,553

(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 2011)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2011**

	FY 2012 3 months ended 31.08.2011 RM'000 (Unaudited)	FY 2011 3 months ended 31.08.2010 RM'000 (Unaudited)
Cash Flows From Operating Activities		
Profit/(loss) before taxation	7,818	(2,438)
Adjustments for non-cash items	3,858	2,613
Operating profit before working capital changes	11,676	175
Changes in working capital	981	26,508
Net Cash Generated From Operating Activities	12,657	26,683
Cash Flows From Investing Activities		
Other investments	(9,041)	(337)
Net Cash Used In Investing Activities	(9,041)	(337)
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	(4,154)	-
Term loans and advances	(9,303)	(20,017)
Interest paid	(1,858)	(1,694)
Net Cash Used In Financing Activities	(15,315)	(21,711)
Net (Decrease)/Increase in Cash and Cash Equivalents	(11,699)	4,635
Effects of Exchange Rate Changes	(335)	(2,603)
Cash and Cash Equivalents at beginning of year	60,762	64,043
Effects of Exchange Rate Changes	151	1,175
	60,913	65,218
Cash and Cash Equivalents at end of period	48,879	67,250
The Cash and Cash Equivalents comprise:		
Cash and bank balances	38,362	41,335
Short-term deposits	10,517	25,915
	48,879	67,250

(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 2011)



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

A. NOTES TO THE INTERIM FINANCIAL REPORT

(For the Financial Quarter Ended 31 August 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 2011.

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 2011.

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 2011 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 2011 and are relevant to its operations:

FRSs, Amendments to FRSs and IC Interpretation

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Share-based Payment: Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held For Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
Amendments to FRS 138	Intangible Assets
IC Interpretation 4	Determining Whether An Arrangement contains a Lease
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Improvements to FRSs (2010)	

The adoption of the above FRSs, amendments and interpretations did not have any significant impact on the interim financial information of the Group.

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 40th 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.

As at 31 August 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

On 26 July 2011, the Company paid an interim dividend of 2.85 sen per share less 25% income tax amounting to RM4,153,489 for the financial year ended 31 May 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: -

3-Month period ended 31.08.2011	Polymer RM'000	Industrial Chemical RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	35,590	292,753	-	-	328,343
Inter-segment sales	1	86	-	(87)	-
Total revenue	35,591	292,839	-	(87)	328,343
Results					
Segment result	3,407	7,688	(1,419)	-	9,676
Finance costs					(1,858)
Profit before taxation					7,818
Taxation					(2,308)
Net profit for the period					5,510
Non-controlling interests					(15)
Net profit after non-controlling interests					5,495

3-Month period ended 31.08.2010	Polymer RM'000	Industrial Chemical RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	32,242	252,691	-	-	284,933
Inter-segment sales	8	92	-	(100)	-
Total revenue	32,250	252,783	-	(100)	284,933
Results					
Segment result	3,637	(2,785)	(1,596)	-	(744)
Finance costs					(1,694)
Loss before taxation					(2,438)
Taxation					(16)
Net loss for the period					(2,454)
Non-controlling interests					(66)
Net loss after non-controlling interests					(2,520)

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 2011. 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 Statements of Financial Position as at 31 May 2011.

A12. Capital Commitment

The capital commitments as at 31 August 2011 are as follows:

	RM'000
Property, plant and equipment	
- Approved and contracted	632
- Approved but not contracted	444
	<u>1,076</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 three months ended 31 August 2011, the Nylex Group achieved higher sales of RM328.3 million, which represents an increase of 15.2% from RM284.9 million recorded in the same period last year. The increase in sales was mainly due to improve sales performance in both the Polymer Division and the Industrial Chemical Division. Consequently, the Group recorded a higher profit before tax ("PBT") of RM7.8 million, compared to losses suffered of RM2.4 million in the corresponding period last year.

Compared with the same period last year, the demand for our products was more robust and this allowed our margins to improve considerably. In addition, our regional subsidiary performed much better in this quarter when compared with the same quarter last year.

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 RM328.3 million and a PBT of RM7.8 million compared to sales of RM392.0 million and a PBT of RM8.0 million in the immediate preceding quarter.

The momentum from the last quarter continued into this quarter. Although we achieved slightly lower sales, we managed to maintain PBT close to that of the immediate preceding quarter.

B3. Current Year's Prospects

Barring unforeseen circumstances, the Group's performance for the remaining period of the financial year ending 31 May 2012 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 31.08.2011 RM'000	Preceding Year 31.08.2010 RM'000	Current Year 31.08.2011 RM'000	Preceding year 31.08.2010 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(2,099)	(1,499)	(2,099)	(1,499)
Foreign	(612)	(621)	(612)	(621)
- Deferred tax	400	2,022	400	2,022
	(2,311)	(98)	(2,311)	(98)
Over provision in prior years	3	82	3	82
	(2,308)	(16)	(2,308)	(16)

The effective tax rate of the Group is higher than the statutory tax rate mainly due to the non-deductibility of certain expenses for tax purposes.

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:

	As at 31.08.2011	As at 31.05.2011
	RM'000	RM'000
(i) At cost	334	334
(ii) At book value	397	458
(iii) At market value	397	458

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 31.08.2011 (RM'000 equivalent)	As At 31.05.2011 (RM'000 equivalent)
Short-term borrowings		
Secured		
- Ringgit Malaysia	4,217	10,216
- Indonesian Rupiah	5,952	0
- Vietnam Dong	2,384	1,938
- United States Dollar	<u>46,393</u>	<u>50,828</u>
	<u>58,946</u>	<u>62,982</u>
Unsecured		
- Ringgit Malaysia	96,041	102,581
- Indonesian Rupiah	46	51
- United States Dollar	<u>940</u>	<u>0</u>
	<u>97,027</u>	<u>102,632</u>
	<u>155,973</u>	<u>165,614</u>
Long-term borrowings		
Secured		
- Vietnam Dong	<u>958</u>	<u>966</u>
Unsecured		
- Ringgit Malaysia	0	453
- Indonesian Rupiah	<u>39</u>	<u>46</u>
	<u>39</u>	<u>499</u>
	<u>997</u>	<u>1,465</u>
Total Borrowings	<u>156,970</u>	<u>167,079</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 31 August 2011, are as follows:

Type of Derivatives	Currency	Contract/Notional Value RM'000	Fair Value RM'000
Forward foreign exchange contract - Less than 1 year	USD	4,623	4,569

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 31 August 2011, pursuant to the format prescribed by Bursa securities, is as follows:

	As At End of Current Quarter 31.08.2011 RM'000
Total retained profits of Nylex (Malaysia) Berhad and its subsidiaries:	
- Realised	123,773
- Unrealised	26,746
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	150,519
Less: Consolidation adjustments	(54,374)
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Total group retained profits as per consolidated accounts	96,145
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B13. Material Litigation

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

B14. Dividends

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

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 RM5,494,215 (31.08.2010: net loss of RM2,519,452) and net profit of RM5,494,215 (31.08.2010: net loss of RM2,519,452) 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 194,314,636 (31.08.2010: 188,431,999).

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 2011.

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries

Petaling Jaya
25 October 2011