

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2012  
THE FIGURES HAVE NOT BEEN AUDITED**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.08.2012</b>	<b>31.08.2011</b>	<b>31.08.2012</b>	<b>31.08.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	441,700	328,343	441,700	328,343
Cost of Sales	<u>(414,382)</u>	<u>(295,903)</u>	<u>(414,382)</u>	<u>(295,903)</u>
<b>Gross Profit</b>	27,318	32,440	27,318	32,440
Other income	934	166	934	166
Selling and distribution expenses	(12,963)	(13,179)	(12,963)	(13,179)
Administrative expenses	(8,934)	(9,287)	(8,934)	(9,287)
Other expenses	(967)	(464)	(967)	(464)
Finance cost	<u>(2,037)</u>	<u>(1,858)</u>	<u>(2,037)</u>	<u>(1,858)</u>
<b>Profit before taxation</b>	3,351	7,818	3,351	7,818
Taxation	<u>(1,081)</u>	<u>(2,308)</u>	<u>(1,081)</u>	<u>(2,308)</u>
<b>Profit for the period</b>	<u>2,270</u>	<u>5,510</u>	<u>2,270</u>	<u>5,510</u>
Profit attributable to:				
Owners of the parent	2,189	5,495	2,189	5,495
Non-controlling interests	<u>81</u>	<u>15</u>	<u>81</u>	<u>15</u>
	<u>2,270</u>	<u>5,510</u>	<u>2,270</u>	<u>5,510</u>
Earnings per share attributable to owners of the parent (sen)				
- basic	1.13	2.83	1.13	2.83
- 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 2012)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2012  
THE FIGURES HAVE NOT BEEN AUDITED**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.08.2012</b>	<b>31.08.2011</b>	<b>31.08.2012</b>	<b>31.08.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period</b>	<u>2,270</u>	<u>5,510</u>	<u>2,270</u>	<u>5,510</u>
Other comprehensive loss:				
Currency translation differences	<u>(2,000)</u>	<u>(888)</u>	<u>(2,000)</u>	<u>(888)</u>
<b>Other comprehensive loss for the period</b>	<u>(2,000)</u>	<u>(888)</u>	<u>(2,000)</u>	<u>(888)</u>
<b>Total comprehensive income for the period</b>	<u>270</u>	<u>4,622</u>	<u>270</u>	<u>4,622</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	230	4,623	230	4,623
Non-controlling interests	<u>40</u>	<u>(1)</u>	<u>40</u>	<u>(1)</u>
	<u>270</u>	<u>4,622</u>	<u>270</u>	<u>4,622</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 2012)

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 AUGUST 2012**

	As at 31.08.2012 RM'000 (Unaudited)	As at 31.05.2012 RM'000 (Restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	67,887	69,363
Development expenditure	-	-
Goodwill arising on consolidation	87,547	88,439
Investment securities	-	-
Deferred tax assets	32,445	32,120
	<u>187,879</u>	<u>189,922</u>
<b>Current assets</b>		
Inventories	152,555	175,498
Trade debtors	259,991	247,618
Other debtors, deposits and prepayments	25,287	14,897
Investment securities	411	423
Tax recoverable	3,717	4,115
Amount owing by related companies	10,234	10,080
Derivative assets	-	-
Short-term deposits	10,181	9,897
Cash and bank balances	34,495	51,589
	<u>496,871</u>	<u>514,117</u>
<b>TOTAL ASSETS</b>	<b><u>684,750</u></b>	<b><u>704,039</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	194,338	194,338
Reserves	2,502	4,461
Retained profits	87,653	85,464
Less: Treasury shares, at cost	(547)	(338)
	<u>283,946</u>	<u>283,925</u>
<b>Non-controlling interests</b>	<u>3,936</u>	<u>3,896</u>
<b>Total equity</b>	<u>287,882</u>	<u>287,821</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,081	1,467
Long term borrowings	1,863	2,425
Provision for retirement benefits	2,884	2,846
	<u>5,828</u>	<u>6,738</u>
<b>Current liabilities</b>		
Trade creditors	166,854	209,588
Other creditors and accrued expenses	44,582	34,145
Amount owing to related companies	-	1
Short-term borrowings	178,119	164,197
Provision for taxation	1,454	1,080
Derivative liabilities	31	469
	<u>391,040</u>	<u>409,480</u>
<b>Total liabilities</b>	<u>396,868</u>	<u>416,218</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>684,750</u></b>	<b><u>704,039</u></b>
Net Assets per share attributable to owners of the parent (RM)	1.47	1.47

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Consolidated Financial Statements for the year ended 31 May 2012)

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2012**

	<----- Attributable to owners of the parent ----->						Non-	Total
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000	controlling interests RM'000	equity RM'000
<b>3 months quarter ended 31 August 2012</b>								
Balance as at 01 June 2012	194,338	805	(15,403)	104,523	(338)	283,925	3,896	287,821
Effects of adopting MFRS 1	-	-	19,059	(19,059)	-	-	-	-
Restated balance	194,338	805	3,656	85,464	(338)	283,925	3,896	287,821
Total comprehensive (loss)/income for the year	-	-	(1,959)	2,189	-	230	40	270
<b>Transactions with owners</b>								
Repurchase of shares	-	-	-	-	(209)	(209)	-	(209)
Total transactions with owners	-	-	-	-	(209)	(209)	-	(209)
Balance as at 31 August 2012	194,338	805	1,697	87,653	(547)	283,946	3,936	287,882
<b>3 months quarter ended 31 August 2011</b>								
Balance as at 01 June 2011	194,338	805	(19,059)	94,804	(33)	270,855	6,018	276,873
Effects of adopting MFRS 1	-	-	19,059	(19,059)	-	-	-	-
Restated balance	194,338	805	-	75,745	(33)	270,855	6,018	276,873
Total comprehensive (loss)/income for the year	-	-	(872)	5,495	-	4,623	(1)	4,622
<b>Transactions with owners</b>								
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	(872)	77,086	(33)	271,324	6,017	277,341

**(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 2012)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
FOR THE PERIOD ENDED 31 AUGUST 2012

	FY 2013 3 months ended 31.08.2012 RM'000 (Unaudited)	FY 2012 3 months ended 31.08.2011 RM'000 (Unaudited)
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	3,351	7,818
Adjustments for non-cash items	4,633	3,858
Operating profit before working capital changes	7,984	11,676
<b>Working Capital Changes</b>		
Receivables	(26,413)	5,217
Inventories	19,849	(9,891)
Payables	(29,728)	7,399
Group companies	1,317	494
Cash generated from operations	(26,991)	14,895
Income tax paid	(1,101)	(2,095)
Retirement benefits paid	(36)	(143)
<b>Net Cash (Used In)/Generated From Operating Activities</b>	<b>(28,128)</b>	<b>12,657</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	15	541
Purchase of property, plant and equipment	(629)	(9,695)
Interest received	312	101
Dividend received	5	12
<b>Net Cash Used In Investing Activities</b>	<b>(297)</b>	<b>(9,041)</b>
<b>Cash Flows From Financing Activities</b>		
Dividends paid to shareholders of the Company	-	(4,154)
Repayment of hire-purchase creditors	(8)	(538)
Drawdown of term loans and advances	72,819	61,795
Repayment of term loans and advances	(58,320)	(70,560)
Purchase of Company's own shares	(203)	-
Interest paid	(2,037)	(1,858)
<b>Net Cash Generated From/(Used In) Financing Activities</b>	<b>12,251</b>	<b>(15,315)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(16,174)</b>	<b>(11,699)</b>
<b>Effects of Exchange Rate Changes</b>	<b>(1,398)</b>	<b>(335)</b>
<b>Cash and Cash Equivalents at beginning of year</b>	<b>61,486</b>	<b>60,762</b>
<b>Effects of Exchange Rate Changes</b>	<b>762</b>	<b>151</b>
	<b>62,248</b>	<b>60,913</b>
<b>Cash and Cash Equivalents at end of period</b>	<b>44,676</b>	<b>48,879</b>
<b>The Cash and Cash Equivalents comprise:</b>		
Cash and bank balances	34,495	38,362
Short-term deposits	10,181	10,517
	<b>44,676</b>	<b>48,879</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 2012)



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

## **Notes to the Interim Financial Report – For the 1<sup>st</sup> Financial Quarter Ended 31 August 2012**

<b>A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING AND BURSA SECURITIES LISTING REQUIREMENTS</b>
--

### **A1. Basis of Preparation**

This Interim Financial Report (“Report”) is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”). This Report complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 May 2012, the Group prepared its financial statements in compliance with the Financial Reporting Standards (“FRS”).

This Report is the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 May 2013. MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards has been applied.

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 2012.

In preparing its opening MFRS Statement of Financial Position as at 1 June 2011, which is also the date of transition, the Group has adjusted the amounts previously reported in financial statements prepared in accordance with the FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial position, financial performance and cash flows is set out in Note A2 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

### **A2. Significant accounting policies and application of MFRS 1**

The annual audited financial statements of the Group for the financial year ended 31 May 2012 were prepared in accordance with the FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 May 2012 except as discussed below:

#### **(a) Business combination**

MFRS 1 provides the option to apply MFRS 3: Business Combinations prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from the full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

**(b) Foreign currency translation reserve**

Under the FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM19,059,000 were adjusted to retained earnings.

The reconciliations of equity for comparative periods and of equity at the date of transition reported under the FRS to those reported for those periods and at the date of transition under MFRS are provided below:

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
<b>At 1 June 2011</b>			
Translation reserve	(19,059)	19,059	0
Retained earnings	94,804	(19,059)	75,745
<b>At 31 August 2011</b>			
Translation reserve	(19,931)	19,059	(872)
Retained earnings	96,145	(19,059)	77,086
<b>At 31 May 2012</b>			
Translation reserve	(15,403)	19,059	3,656
Retained earnings	104,523	(19,059)	85,464

**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 41<sup>st</sup> Annual General Meeting held on 23 November 2011, 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 purchased 372,800 of ordinary shares of RM1.00 each in the Company pursuant to Section 67A of the Companies Act, 1965, details of which are as follows:

Date	No. of Shares	Highest Price (RM)	Lowest Price (RM)	Average Price (RM)	Total Consideration (RM)
June 2012	48,800	0.5450	0.5350	0.5384	26,553
July 2012	112,300	0.5900	0.5350	0.5738	64,874
August 2012	211,700	0.5700	0.5350	0.5502	117,075
	372,800				208,502

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

As at 31 August 2012, a total of 926,324 treasury shares at a total cost of RM546,492 were held by the Company pursuant to Section 67A (3A) (b) of the Companies Act, 1965.

**A7. Dividend Paid**

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

**A8. 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 31.08.2012</b>	<b>Polymer RM'000</b>	<b>Industrial Chemical RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External sales	27,724	413,976	-	-	441,700
Inter-segment sales	-	45	-	(45)	-
<b>Total revenue</b>	<b>27,724</b>	<b>414,021</b>	<b>-</b>	<b>(45)</b>	<b>441,700</b>
<b>Results</b>					
Segment result	2,537	6,471	(3,620)	-	5,388
Finance costs					(2,037)
Profit before taxation					3,351
Taxation					(1,081)
Net profit for the period					2,270
Non-controlling interests					(81)
Net profit after non-controlling interests					2,189



<b>3-Month period ended 31.08.2011</b>	<b>Polymer RM'000</b>	<b>Industrial Chemical RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External sales	35,590	292,753	-	-	328,343
Inter-segment sales	1	86	-	(87)	-
<b>Total revenue</b>	<b>35,591</b>	<b>292,839</b>	<b>-</b>	<b>(87)</b>	<b>328,343</b>

<b>3-Month period ended 31.08.2011</b>	<b>Polymer RM'000</b>	<b>Industrial Chemical RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Results</b>					
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

**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 2012. 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 other than the following:

Malaysian Roofing Industries Sdn Bhd ("MRISB"), a 70% owned subsidiary of the Company, held an extraordinary general meeting on 29 February 2012 at which it was resolved that MRISB be wound-up voluntarily. MRISB ceased operations on 16 March 2005 and is currently dormant.

The liquidation of MRISB is not expected to have any material effect on the earnings and net assets of the Nylex Group for the financial year ending 31 May 2013.

**A12. Contingent Liabilities**

There were no contingent liabilities since the last annual Statements of Financial Position as at 31 May 2012.

**A13. Capital Commitment**

The capital commitments as at 31 August 2012 are as follows:

	<b>RM'000</b>
Property, plant and equipment	
- Approved and contracted	2,068
- Approved but not contracted	608
	<hr/>
	2,676
	<hr/>

<b>B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS</b>
--

**B1. Detailed Analysis of the Performance of All Operating Segments of the Group for the Current Quarter and Financial Year-To-Date**

For the three months ended 31 August 2012, the Nylex Group achieved higher sales of RM441.7 million, which represents an increase of 34.5% from RM328.3 million recorded in the same period last year. The increase in sales was due to improved sales performance in the Industrial Chemical Division. However, the Group recorded a lower profit before tax ("PBT") of RM3.4 million, compared to RM7.8 million recorded in the corresponding period last year.

The Polymer Division achieved sales of RM27.7 million for the current financial quarter, which represents a decline of 22.0% from RM35.6 million in the corresponding quarter in Q1 FY 2012. The decrease in sales is mainly due to intense competition from cheap imports as well as the shorter business days resulting from maintenance works done on the machineries of the Shah Alam plant. Consequently, the Division recorded a lower PBT of RM2.3 million compared with RM3.2 million achieved in the same period last year.

The Industrial Chemical Division achieved higher sales of RM414.0 million for the quarter, an increase of 41.4% compared with RM292.8 million recorded same period last year. The increase is due to stronger sales of our products in the Singapore and Indonesia markets. Despite the higher sales, margins for these markets were eroded due to higher product supply costs and more aggressive competition from local suppliers. Profit from sales of phosphoric acid also declined sharply due to poor demand from the local palm oil refineries. As a result of these factors, the Division contributed a lower PBT of RM5.0 million to the Group for Q1 FY 2013 compared with RM6.3 million achieved in Q1 FY 2012.

**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 recorded higher sales of RM441.7 million and a PBT of RM3.4 million compared to sales of RM434.7 million and a PBT of RM4.6 million in the immediate preceding quarter. Sales for the current quarter were marginally better but margins were adversely affected due to continued volatility in the prices of our products.

**B3. Current Year's Prospects**

Due to the uncertainty in the global economic situation, the Board is of the view that the trading condition for the remaining period of the financial year ending 31 May 2013 will continue to be difficult.

The Polymer Division's performance is expected to be satisfactory although we expect the domestic FCF market to continue to remain weak.

Likewise, we expect the Industrial Chemical Division to perform satisfactorily but margins will be affected due to stiffer competition in our markets.

Going forward, the Board is looking at ways to streamline and consolidate the Group's business structure so as to improve its profitability.

**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 31.08.2012 RM'000	Preceding Year 31.08.2011 RM'000	Current Year 31.08.2012 RM'000	Preceding year 31.08.2011 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(1,293)	(2,099)	(1,293)	(2,099)
Foreign	(609)	(612)	(609)	(612)
- Deferred tax	821	400	821	400
	(1,081)	(2,311)	(1,081)	(2,311)
Over provision in prior years	0	3	0	3
	(1,081)	(2,308)	(1,081)	(2,308)

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. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of this report.

**B7. Utilisation of Proceeds**

Not applicable as the Company has not raised any proceeds from any of its corporate exercise.

**B8. Group Borrowings**

	As At 31.08.2012 (RM'000 equivalent)	As At 31.05.2012 (RM'000 equivalent)
<b>Short-term borrowings</b>		
Secured		
- Indonesian Rupiah	1,965	2,027
- Vietnam Dong	3,348	2,554
- United States Dollar	66,916	52,864
	72,229	57,445
Unsecured		
- Ringgit Malaysia	105,867	106,720
- Indonesian Rupiah	23	32
	105,890	106,752
	178,119	164,197

	<b>As At 31.08.2012 (RM'000 equivalent)</b>	<b>As At 31.05.2012 (RM'000 equivalent)</b>
<b>Long-term borrowings</b>		
Secured		
- Vietnam Dong	199	202
- Indonesian Rupiah	<u>1,638</u>	<u>2,196</u>
	<u>1,837</u>	<u>2,398</u>
Unsecured		
- Indonesian Rupiah	<u>26</u>	<u>27</u>
	<u>1,863</u>	<u>2,425</u>
<b>Total Borrowings</b>	<u>179,982</u>	<u>166,622</u>

**B9. Derivatives Financial Instruments**

The Group has entered into foreign exchange derivatives 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.

The Foreign exchange derivatives are recognised on the contract dates and are measured at fair value with changes in fair value recognised in profit or loss.

The outstanding foreign exchange derivatives as at 31 August 2012 are as follows:

<b>Type of Derivatives</b>	<b>Currency</b>	<b>Contract/Notional Value RM'000</b>	<b>Fair Value RM'000</b>
Foreign exchange			
- Less than 1 year	USD	3,264	3,295
	SGD	929	929

The above derivatives were entered into as hedges for sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to the Group's foreign currencies denominated financial assets and liabilities.

There is minimal credit risk as the derivatives were entered into with reputable banks.

**B10. 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 2012, pursuant to the format prescribed by Bursa Securities, is as follows:

	<b>As At End of Current Quarter 31.08.2012 RM'000</b>	<b>As At End of Last Financial Year 31.05.2012 RM'000 (Restated)</b>
Total retained profits of Nylex (Malaysia) Berhad and its subsidiaries:		
- Realised	131,716	127,920
- Unrealised	30,496	31,997
	<hr/>	<hr/>
	162,212	159,917
Less: Consolidation adjustments	(74,559)	(74,453)
	<hr/>	<hr/>
Total Group retained profits as per consolidated accounts	87,653	85,464
	<hr/> <hr/>	<hr/> <hr/>

**B11. Notes to the Statement of Comprehensive Income for the Current Quarter and Financial Year-To-Date**

The Profit Before Taxation was arrived at after charging/(crediting) the following:

	<b>Current Quarter 31.08.2012 RM'000</b>	<b>Financial Year-To-Date 31.08.2012 RM'000</b>
Interest income	(312)	(312)
Dividend income	(5)	(5)
Interest expense	2,037	2,037
Depreciation and amortisation	1,635	1,635
Write back of provision for receivables	(251)	(251)
Provision for and write off of inventories	384	384
Loss on disposal of unquoted investments	0	0
Loss on foreign exchange	900	900
Impairment of goodwill	0	0
Fair value loss on investments	12	12
Fair value loss on derivatives	31	31

**B12. Material Litigation**

There was no material litigation since the date of the last annual Statement of Financial Position as at 31 May 2012.

**B13. Dividends**

The Directors do not recommend the payment of any dividend for the current financial quarter (FY 2012: Nil).

**B14. 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 and financial year-to-date of RM2,189,300 (31.08.2011: RM5,494,215) 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 and financial year-to-date of 193,639,868 (31.08.2011: 194,314,636).

*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 2012.

**BY ORDER OF THE BOARD**

Choo Se Eng  
Stephen Geh Sim Whye  
*Company Secretaries*

Petaling Jaya  
29 October 2012