

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE FINANCIAL QUARTER ENDED 28 FEBRUARY 2010  
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	28.02.2010 RM'000	28.02.2009 RM'000	28.02.2010 RM'000	28.02.2009 RM'000
Revenue	295,527	217,826	925,387	1,115,895
Cost of Sales	(259,644)	(193,926)	(814,875)	(1,022,199)
<b>Gross Profit</b>	35,883	23,900	110,512	93,696
Other income	118	119	1,041	731
Selling and distribution expenses	(14,261)	(16,008)	(39,089)	(47,839)
Administrative expenses	(10,338)	(9,496)	(32,023)	(31,884)
Other expenses	(48)	(554)	(1,136)	(4,796)
Finance cost	(1,238)	(1,973)	(3,889)	(6,803)
Share of results of associates	0	80	0	(815)
<b>Profit before taxation</b>	10,116	(3,932)	35,416	2,290
Taxation	(1,085)	1,352	(4,810)	(3,660)
<b>Profit for the period</b>	9,031	(2,580)	30,606	(1,370)
Attributable to:				
Equity holders of the parent	8,850	(2,623)	30,402	1,595
Minority interest	181	43	204	(2,965)
	9,031	(2,580)	30,606	(1,370)
Earnings per share (sen)				
- basic	4.74	(1.45)	16.36	0.90
- diluted	N/A	N/A	N/A	N/A

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

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 28 February 2010

	As at 28.02.2010 RM'000 (Unaudited)	As at 31.05.2009 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	52,958	60,211
Prepaid lease payments	23,457	18,490
Development expenditure	46	199
Goodwill arising on consolidation	93,199	93,160
Investments		
Unquoted company	3,580	3,580
Deferred tax assets	21,215	16,574
	<u>194,455</u>	<u>192,214</u>
<b>Current assets</b>		
Inventories	119,443	90,175
Trade debtors	182,240	156,324
Other debtors, deposits and prepayments	9,947	6,027
Marketable securities	1,113	790
Tax recoverable	1,881	5,372
Amount owing by related companies	12	54
Short-term deposits	24,551	33,774
Cash and bank balances	48,816	33,807
	<u>388,003</u>	<u>326,323</u>
<b>TOTAL ASSETS</b>	<b><u>582,458</u></b>	<b><u>518,537</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	194,338	194,338
Reserves	(6,804)	(4,577)
Retained profits	85,388	59,393
Less: Treasury shares, at cost	(8,444)	(12,851)
	<u>264,478</u>	<u>236,303</u>
<b>Minority interests</b>	4,221	4,383
<b>Total equity</b>	<u>268,699</u>	<u>240,686</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,839	1,888
Long term borrowings	20,826	32,777
Provision for retirement benefits	3,470	3,774
	<u>26,135</u>	<u>38,439</u>
<b>Current liabilities</b>		
Trade creditors	117,218	88,623
Other creditors and accrued expenses	39,525	36,239
Amount owing to related companies	7,035	7,560
Short-term borrowings	119,734	104,662
Provision for taxation	4,112	2,328
	<u>287,624</u>	<u>239,412</u>
<b>Total liabilities</b>	<u>313,759</u>	<u>277,851</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>582,458</u></b>	<b><u>518,537</u></b>
Net Assets per share attributable to equity holders of the parents (RM)	1.40	1.27

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

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the financial period ended 28 February 2010

	<----- Attributable to equity holders of the parent ----->							
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
<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
Currency translation differences representing net income/(expense) recognised directly in equity	-	-	(2,227)	-	-	(2,227)	26	(2,201)
Net profit for the period	-	-	-	30,402	-	30,402	204	30,606
Total recognised income and expense for the period	-	-	(2,227)	30,402	-	28,175	230	28,405
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)
	-	-	(2,227)	25,995	4,407	28,175	(162)	28,013
Balance as at 28 February 2010	194,338	805	(7,609)	85,388	(8,444)	264,478	4,221	268,699
<b>9 months quarter ended 28 February 2009</b>								
Balance as at 01 June 2008	194,338	805	(15,023)	63,096	(24,917)	218,299	8,510	226,809
Repurchase of shares	-	-	-	-	(464)	(464)	-	(464)
Additional interests in subsidiaries	-	-	-	-	-	-	52	52
	194,338	805	(15,023)	63,096	(25,381)	217,835	8,562	226,397
Currency translation differences representing net income/(expense) recognised directly in equity	-	-	12,302	-	-	12,302	(179)	12,123
Net profit/(loss) for the period	-	-	-	1,595	-	1,595	(2,965)	(1,370)
Total recognised income and expense for the period	-	-	12,302	1,595	-	13,897	(3,144)	10,753
Dividends								
- Final dividend paid for the financial year ended 31 May 2008 (4.5% less 26% Malaysian income tax)	-	-	-	(5,879)	-	(5,879)	-	(5,879)
- Final tax-exempt dividend for the financial year ended 31 May 2008 (distribution of 1 treasury share for every 20 ordinary shares held)	-	-	-	(12,530)	12,530	-	-	-
	-	-	12,302	(16,814)	12,530	8,018	(3,144)	4,874
Balance as at 28 February 2009	194,338	805	(2,721)	46,282	(12,851)	225,853	5,418	231,271

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

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the period ended 28 February 2010

	FY 2010 9 months ended 28.02.2010 RM'000 (Unaudited)	FY 2009 9 months ended 28.02.2009 RM'000 (Unaudited)
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	35,416	2,290
Adjustments for non-cash items	9,845	16,556
Operating profit before working capital changes	45,261	18,846
Changes in working capital	(34,002)	71,011
<b>Net Cash Generated From Operating Activities</b>	<b>11,259</b>	<b>89,857</b>
<b>Cash Flows From Investing Activities</b>		
Additional interests in subsidiaries	(1,733)	-
Other investments	(3,147)	(4,966)
<b>Net Cash Used In Investing Activities</b>	<b>(4,880)</b>	<b>(4,966)</b>
<b>Cash Flows From Financing Activities</b>		
Dividends paid to shareholders of the Company	-	(5,879)
Dividends paid to minority shareholders of subsidiary company	(392)	-
Term loans and advances	4,078	(78,296)
Purchase of Company's own shares	-	(464)
Interest paid	(3,888)	(6,803)
<b>Net Cash Used In Financing Activities</b>	<b>(202)</b>	<b>(91,442)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>6,177</b>	<b>(6,551)</b>
<b>Effects of Exchange Rate Changes</b>	<b>(806)</b>	<b>11,258</b>
<b>Cash and Cash Equivalents at beginning of year</b>	<b>67,251</b>	<b>68,378</b>
<b>Effects of Exchange Rate Changes</b>	<b>631</b>	<b>(3,658)</b>
	<b>67,882</b>	<b>64,720</b>
<b>Cash and Cash Equivalents at end of period</b>	<b>73,253</b>	<b>69,427</b>
<b>The Cash and Cash Equivalents comprise:</b>		
Cash and bank balances	48,816	33,734
Short-term deposits	24,551	36,535
Bank overdrafts	(114)	(842)
	<b>73,253</b>	<b>69,427</b>

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



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

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

**(For the Financial Quarter Ended 28 February 2010)**

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

This Interim Financial Report ("Report") is unaudited and has been prepared in compliance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities").

This Report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 May 2009.

These notes to the Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2009.

The significant accounting policies and methods of computation adopted by the Group in this Report are consistent with those adopted in the most recent Audited Financial Statements for the year ended 31 May 2009.

### **A2. Qualification of Auditors' Report of Preceding Financial Statements**

There was no audit qualification in the auditors' report of the Group's Audited Financial Statements for the financial year ended 31 May 2009.

### **A3. Seasonality or Cyclicity of Interim Operations**

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

### **A4. Items of Unusual Nature and Amount**

There were no items affecting the assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size or incidence.

### **A5. Changes in Estimates Reported in Prior Interim Periods**

There were no changes in estimated amounts reported in prior periods, which have a material effect on the current period.

### **A6. Debts and Equity Securities**

There were no issuance, cancellation, repurchases, resale and repayments of debts and equity securities for the current quarter and financial year-to-date, except for the following:

Treasury shares:

At the Company's 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 28 February 2010, a total of 5,905,861 treasury shares at a total cost of RM8.44 million were held by the Company pursuant to Section 67A (3A) (b) of the Companies Act, 1965.

**A7. Dividend Paid**

On 15 January 2010, the Company paid a final dividend in the form of distribution of one (1) treasury share for every sixty (60) existing ordinary shares of RM1.00 each held, of which fraction of a treasury share is to be disregarded, for the financial year ended 31 May 2009.

**A8. Segment Revenue and Results**

The segment revenue and segment results for business segments for the current financial year-to-date are as follows: -

<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)
Operating profit					39,305
Finance costs					(3,889)
Share of results of associates					-
Profit before taxation					35,416
Taxation					(4,810)
Profit after taxation					30,606
Minority interests					(204)
Net profit for the period					30,402

<b>9-Month period ended 28.02.2009</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	85,953	1,026,882	3,060	-	1,115,895
Inter-segment sales	5	285	-	(290)	-
<b>Total revenue</b>	<b>85,958</b>	<b>1,027,167</b>	<b>3,060</b>	<b>(290)</b>	<b>1,115,895</b>

<b>9-Month period ended 28.02.2009</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>Results</b>					
Segment result	789	20,829	(643)	-	20,975
Unallocated corporate expenses					(11,067)
Operating profit					9,908
Finance costs					(6,803)
Share of results of associates					(815)
Profit before taxation					2,290
Taxation					(3,660)
Profit after taxation					(1,370)
Minority interests					2,965
Net profit for the period					1,595

**A9. Valuation of Property, Plant and Equipment**

The valuations of land and buildings have been brought forward, without amendment from the Audited Financial Statements for the financial year ended 31 May 2009. The carrying values are based on valuations carried out in 1985 by independent qualified valuers less depreciation.

**A10. Material Events Subsequent to the End of the Current Period**

There were no material events subsequent to the end of the current period up to the date of this Report that have not been reflected in the financial statements for the current period.

**A11. Changes in Composition of the Group**

There were no material changes in the composition of the Group for the current quarter and financial year-to-date including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuing operations, except for the following:-

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

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

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

**A12. Contingent Liabilities**

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

**B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS**

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

For the nine months ended 28 February 2010, the Nylex Group achieved sales of RM925.4 million, a decline in sales of 17.1% from RM1,115.9 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 RM35.4 million, compared to RM2.3 million achieved in the corresponding period last year.

For the current quarter under review, the Nylex Group achieved sales of RM295.5 million, an increase of 35.7% from RM217.8 million recorded in the same period last year. Consequently, the Group recorded a PBT of RM10.1 million, compared to a loss before tax of RM3.9 million in the corresponding period last year. The increase in sales and earnings during the quarter was a result of the improved market conditions which allowed us to increase our selling prices and improve our margins when compared to the corresponding quarter of last financial 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 RM295.5 million and a PBT of RM10.1 million compared to sales of RM297.8 million and a PBT of RM10.3 million in the immediate preceding quarter. As such, the Group has maintained its performance for the past two quarters.

**B3. Current Year's Prospects**

Barring unforeseen circumstances, the Group's performance for the remaining quarter of financial year ending 31 May 2010 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 28.02.2010 RM'000	Preceding Year 28.02.2009 RM'000	Current Year 28.02.2010 RM'000	Preceding year 28.02.2009 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(23)	(2,645)	(5,579)	(9,896)
Foreign	(1,438)	277	(3,749)	684
- Deferred tax	392	3,720	4,521	5,552
	(1,069)	1,352	(4,807)	(3,660)
Under provision in prior years	(16)	-	(3)	-
	(1,085)	1,352	(4,810)	(3,660)

The effective tax rate of the Group is lower than the statutory tax rate due to the tax incentives of the Company and the concessionary tax rate in a subsidiary.

**B6. Profits/(losses) on Sale of Unquoted Investments/Properties**

There were no disposals of unquoted investments/properties for the current quarter and financial year-to-date, except for the following:

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

**B7. Marketable Securities**

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

Details of the Group's investment in marketable securities are as follows:

	<b>As at 28.02.2010 RM'000</b>	<b>As at 31.05.2009 RM'000</b>
(i) At cost	1,581	1,581
(ii) At book value	1,113	790
(iii) At market value	1,113	790

**B8. Status of Corporate Proposals**

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

**B9. Utilisation of Proceeds**

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

**B10. Group Borrowings**

	<b>As At 28.02.2010 (RM'000 equivalent)</b>	<b>As At 31.05.2009 (RM'000 equivalent)</b>
<b>Short-term borrowings</b>		
Secured		
- Ringgit Malaysia	15,800	14,400
- Singapore Dollar	2,218	0
- Vietnam Dong	9,994	3,869
- United States Dollar	7,997	0
	<u>36,009</u>	<u>18,269</u>
Unsecured		
- Ringgit Malaysia	83,706	86,045
- United States Dollar	0	330
- Indonesian Rupiah	19	18
	<u>83,725</u>	<u>86,393</u>
	<u>119,734</u>	<u>104,662</u>

	<b>As At 28.02.2010 (RM'000 equivalent)</b>	<b>As At 31.05.2009 (RM'000 equivalent)</b>
<b>Long-term borrowings</b>		
Secured		
- Ringgit Malaysia	17,646	29,847
- Vietnam Dong	3,159	2,884
	<u>20,805</u>	<u>32,731</u>
Unsecured		
- Indonesian Rupiah	21	46
	<u>20,826</u>	<u>32,777</u>
<b>Total Borrowings</b>	<u>140,560</u>	<u>137,439</u>

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

There were no financial instruments with off balance sheet risk at the date of this Report.

**B12. Material Litigation**

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

**B13. Dividends**

- (a) The Directors do not recommend the payment of any dividend for the current financial quarter (FY 2009: Nil);
- (b) There were no dividends declared for the current financial year-to-date (FY 2009: Nil).

**B14. Earnings per Share**

*Basic Earnings Per Share*

The calculation of basic earnings per share was based on the net profit attributable to ordinary equity holders of the parent for the current quarter of RM8,850,243 (29.02.2009: net loss of RM2,623,468) and net profit of RM30,402,250 (29.02.2009: net profit of RM1,594,568) for the financial year-to-date as reported in the condensed income statements of the Group, divided by the weighted average number of ordinary shares in issue during the current quarter of 186,890,701 (28.02.2009: 180,838,465) and for the financial year-to-date of 185,857,523 (28.02.2009: 177,997,382).

*Diluted Earnings Per Share*

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

**BY ORDER OF THE BOARD**

Choo Se Eng  
Stephen Geh Sim Whye  
*Company Secretaries*

Petaling Jaya  
27 April 2010