

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2011
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	30.11.2011 RM'000	30.11.2010 RM'000	30.11.2011 RM'000	30.11.2010 RM'000
Revenue	380,668	254,428	709,011	539,361
Cost of Sales	<u>(347,748)</u>	<u>(224,466)</u>	<u>(643,651)</u>	<u>(489,290)</u>
Gross Profit	32,920	29,962	65,360	50,071
Other income	41	104	207	1,204
Selling and distribution expenses	(15,008)	(10,123)	(28,187)	(23,407)
Administrative expenses	(10,209)	(10,593)	(19,496)	(19,253)
Other expenses	(126)	(1,540)	(590)	(1,549)
Finance cost	<u>(1,873)</u>	<u>(1,656)</u>	<u>(3,731)</u>	<u>(3,350)</u>
Profit before taxation	5,745	6,154	13,563	3,716
Taxation	<u>(1,604)</u>	<u>(1,230)</u>	<u>(3,912)</u>	<u>(1,246)</u>
Profit for the period	<u>4,141</u>	<u>4,924</u>	<u>9,651</u>	<u>2,470</u>
Profit attributable to:				
Owners of the parent	3,964	4,875	9,459	2,355
Non-controlling interests	<u>177</u>	<u>49</u>	<u>192</u>	<u>115</u>
	<u>4,141</u>	<u>4,924</u>	<u>9,651</u>	<u>2,470</u>
Earnings per share attributable to owners of the parent (sen)				
- basic	2.04	2.59	4.87	1.25
- 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 30 NOVEMBER 2011
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	30.11.2011 RM'000	30.11.2010 RM'000	30.11.2011 RM'000	30.11.2010 RM'000
Profit for the period	<u>4,141</u>	<u>4,924</u>	<u>9,651</u>	<u>2,470</u>
Other comprehensive income/(loss):				
Currency translation differences	<u>5,400</u>	<u>667</u>	<u>4,512</u>	<u>(3,086)</u>
Other comprehensive income/(loss) for the period	<u>5,400</u>	<u>667</u>	<u>4,512</u>	<u>(3,086)</u>
Total comprehensive income/(loss) for the period	<u>9,541</u>	<u>5,591</u>	<u>14,163</u>	<u>(616)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	<u>9,346</u>	<u>5,577</u>	<u>13,969</u>	<u>(700)</u>
Non-controlling interests	<u>195</u>	<u>14</u>	<u>194</u>	<u>84</u>
	<u>9,541</u>	<u>5,591</u>	<u>14,163</u>	<u>(616)</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 30 NOVEMBER 2011**

	As at 30.11.2011 RM'000 (Unaudited)	As at 31.05.2011 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	72,098	66,426
Development expenditure	6	13
Goodwill arising on consolidation	89,918	86,828
Investment securities	3,580	3,580
Deferred tax assets	31,279	29,830
	<u>196,881</u>	<u>186,677</u>
Current assets		
Inventories	123,997	140,741
Trade debtors	227,044	209,219
Other debtors, deposits and prepayments	12,623	14,124
Investment securities	379	458
Tax recoverable	4,725	4,521
Amount owing by related companies	4	27
Derivative assets	-	21
Short-term deposits	13,280	18,063
Cash and bank balances	35,462	43,049
	<u>417,514</u>	<u>430,223</u>
TOTAL ASSETS	<u>614,395</u>	<u>616,900</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	194,338	194,338
Reserves	(13,744)	(18,254)
Retained profits	100,109	94,804
Less: Treasury shares, at cost	(83)	(33)
	<u>280,620</u>	<u>270,855</u>
Non-controlling interests	6,212	6,018
Total equity	<u>286,832</u>	<u>276,873</u>
Non-current liabilities		
Deferred tax liabilities	1,461	1,489
Long term borrowings	4,359	1,465
Provision for retirement benefits	3,388	3,476
	<u>9,208</u>	<u>6,430</u>
Current liabilities		
Trade creditors	118,558	136,332
Other creditors and accrued expenses	41,588	30,818
Amount owing to related companies	7	2
Short-term borrowings	156,370	165,614
Provision for taxation	1,669	831
Derivative liabilities	163	-
	<u>318,355</u>	<u>333,597</u>
Total liabilities	<u>327,563</u>	<u>340,027</u>
TOTAL EQUITY AND LIABILITIES	<u>614,395</u>	<u>616,900</u>
Net Assets per share attributable to owners of the parent (RM)	1.44	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 30 NOVEMBER 2011**

	<----- Attributable to owners of the parent ----->						Non-	
	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	Total equity RM'000
<u>6 months quarter ended 30 November 2011</u>								
Balance as at 01 June 2011	194,338	805	(19,059)	94,804	(33)	270,855	6,018	276,873
Total comprehensive income for the period	-	-	4,510	9,459	-	13,969	194	14,163
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)
Repurchase of shares	-	-	-	-	(50)	(50)	-	(50)
Total transactions with owners	-	-	-	(4,154)	(50)	(4,204)	-	(4,204)
Balance as at 30 November 2011	194,338	805	(14,549)	100,109	(83)	280,620	6,212	286,832
<u>6 months quarter ended 30 November 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	-	-	(3,055)	2,355	-	(700)	84	(616)
Balance as at 30 November 2010	194,338	805	(14,998)	92,313	(8,444)	264,014	4,130	268,144

(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 30 NOVEMBER 2011**

	FY 2012 6 months ended 30.11.2011 RM'000 (Unaudited)	FY 2011 6 months ended 30.11.2010 RM'000 (Unaudited)
Cash Flows From Operating Activities		
Profit before taxation	13,563	3,716
Adjustments for non-cash items	7,311	7,264
Operating profit before working capital changes	20,874	10,980
Changes in working capital	(8,707)	15,440
Net Cash Generated From Operating Activities	12,167	26,420
Cash Flows From Investing Activities		
Other investments	(9,342)	(710)
Net Cash Used In Investing Activities	(9,342)	(710)
Cash Flows From Financing Activities		
Dividends paid to shareholders of the Company	(4,154)	(32)
Term loans and advances	(8,157)	(17,415)
Purchase of Company's own shares	(50)	-
Interest paid	(3,731)	(3,350)
Net Cash Used In Financing Activities	(16,092)	(20,797)
Net (Decrease)/Increase in Cash and Cash Equivalents	(13,267)	4,913
Effects of Exchange Rate Changes	2,045	(1,889)
Cash and Cash Equivalents at beginning of year	60,762	64,043
Effects of Exchange Rate Changes	(798)	938
	59,964	64,981
Cash and Cash Equivalents at end of period	48,742	68,005
The Cash and Cash Equivalents comprise:		
Cash and bank balances	35,462	56,121
Short-term deposits	13,280	11,884
	48,742	68,005

(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)



NYLEX (MALAYSIA) BERHAD

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

A. NOTES TO THE INTERIM FINANCIAL REPORT

(For the Financial Quarter Ended 30 November 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 41st 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 88,200, 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)
October 2011	42,800	0.5800	0.5000	0.5473	23,655
November 2011	45,400	0.5950	0.5550	0.5744	26,353
	88,200				50,008

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

As at 30 November 2011, a total of 111,424 treasury shares at a total cost of RM83,212 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: -

6-Month period ended 30.11.2011	Polymer RM'000	Industrial Chemical RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	71,701	637,310	-	-	709,011
Inter-segment sales	1	95	-	(96)	-
Total revenue	71,702	637,405	-	(96)	709,011
Results					
Segment result	7,877	15,086	(5,669)	-	17,294
Finance costs					(3,731)
Profit before taxation					13,563
Taxation					(3,912)
Net profit for the period					9,651
Non-controlling interests					(192)
Net profit after non-controlling interests					9,459

6-Month period ended 30.11.2010	Polymer RM'000	Industrial Chemical RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	65,894	473,467	-	-	539,361
Inter-segment sales	10	178	-	(188)	-
Total revenue	65,904	473,645	-	(188)	539,361
Results					
Segment result	7,504	3,327	(3,765)	-	7,066
Finance costs					(3,350)
Profit before taxation					3,716
Taxation					(1,246)
Net profit for the period					2,470
Non-controlling interests					(115)
Net profit after non-controlling interests					2,355

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 30 November 2011 are as follows:

	RM'000
Property, plant and equipment	
- Approved and contracted	2,022
- Approved but not contracted	394
	<u>2,416</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 six months ended 30 November 2011, the Nylex Group achieved higher sales of RM709.0 million, which represents an increase of 31.5% from RM539.4 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 RM13.6 million, compared to RM3.7 million recorded in the corresponding period last year.

For the current quarter under review, the Nylex Group achieved sales of RM380.7 million, an increase of 49.6% from RM254.4 million recorded in the same period last year. The increase in sales was mainly due to higher sales contribution from the Industrial Chemical Division and the Polymer Division. However, intense competition from cheap imports has eroded our margins and as a result the Group recorded a lower PBT of RM5.7 million, compared to RM6.2 million achieved in the corresponding period 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 RM380.7 million and a PBT of RM5.7 million compared to sales of RM328.3 million and a PBT of RM7.8 million in the immediate preceding quarter.

The demand for our products remains healthy for the quarter. Even so, with the uncertain economic outlook, our customers have pressed us for price reductions and coupled with the influx of cheap imports from neighbouring countries, our profitability has been adversely affected.

B3. Current Year's Prospects

The Group continues to perform better than the previous year despite the prevailing difficult conditions.

The Board is of the view that the trading condition will continue to be difficult in light of the uncertainty in the global market.

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 30.11.2011 RM'000	Preceding Year 30.11.2010 RM'000	Current Year 30.11.2011 RM'000	Preceding year 30.11.2010 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(2,087)	(3,173)	(4,186)	(4,672)
Foreign	(633)	(374)	(1,245)	(995)
- Deferred tax	1,116	2,315	1,516	4,337
	(1,604)	(1,232)	(3,915)	(1,330)
Over provision in prior years	-	2	3	84
	(1,604)	(1,230)	(3,912)	(1,246)

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 30.11.2011	As at 31.05.2011
	RM'000	RM'000
(i) At cost	334	334
(ii) At book value	379	458
(iii) At market value	379	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 30.11.2011 (RM'000 equivalent)	As At 31.05.2011 (RM'000 equivalent)
Short-term borrowings		
Secured		
- Ringgit Malaysia	0	10,216
- Indonesian Rupiah	2,094	0
- Vietnam Dong	1,425	1,938
- United States Dollar	41,733	50,828
	<u>45,252</u>	<u>62,982</u>
Unsecured		
- Ringgit Malaysia	107,377	102,581
- Indonesian Rupiah	41	51
- United States Dollar	3,700	0
	<u>111,118</u>	<u>102,632</u>
	<u>156,370</u>	<u>165,614</u>
Long-term borrowings		
Secured		
- Vietnam Dong	1,011	966
- Indonesian Rupiah	3,316	0
	<u>4,327</u>	<u>966</u>
Unsecured		
- Ringgit Malaysia	0	453
- Indonesian Rupiah	32	46
	<u>32</u>	<u>499</u>
	<u>4,359</u>	<u>1,465</u>
Total Borrowings	<u>160,729</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 30 November 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	3,435	3,598

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 30 November 2011, pursuant to the format prescribed by Bursa securities, is as follows:

	As At End of Current Quarter 30.11.2011 RM'000	As At End of Last Financial Year 31.05.2011 RM'000
Total retained profits of Nylex (Malaysia) Berhad and its subsidiaries:		
- Realised	125,263	130,049
- Unrealised	29,421	23,586
	<hr/>	<hr/>
Less: Consolidation adjustments	154,684 (54,575)	153,635 (58,831)
	<hr/>	<hr/>
Total group retained profits as per consolidated accounts	100,109	94,804
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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 RM3,964,633 (30.11.2010: RM4,874,835) and net profit of RM9,458,848 (30.11.2010: RM2,355,383) 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 194,285,202 (30.11.2010: 188,431,999) and for the financial year-to-date of 194,299,999 (30.11.2010: 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
20 January 2012