

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

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

	Individual Quarter		Cumulative Quarter	
	31.05.2011 RM'000	31.05.2010 RM'000	31.05.2011 RM'000	31.05.2010 RM'000
Revenue	392,010	296,699	1,226,749	1,222,086
Cost of Sales	(351,531)	(265,916)	(1,105,807)	(1,080,791)
<b>Gross Profit</b>	40,479	30,783	120,942	141,295
Other income	369	389	1,860	1,430
Selling and distribution expenses	(14,415)	(10,342)	(50,173)	(49,431)
Administrative expenses	(14,885)	(12,701)	(45,415)	(44,724)
Other expenses	(1,416)	(1,962)	(3,877)	(3,098)
Finance cost	(2,155)	(1,570)	(7,293)	(5,459)
<b>Profit before taxation</b>	7,977	4,597	16,044	40,013
Taxation	(981)	(45)	(2,906)	(4,855)
<b>Profit for the year</b>	6,996	4,552	13,138	35,158
Profit attributable to:				
Owners of the parent	7,282	4,712	13,185	35,114
Non-controlling interests	(286)	(160)	(47)	44
	6,996	4,552	13,138	35,158
Earnings per share attributable to owners of the parent (sen)				
- basic	3.75	2.50	6.92	18.83
- 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 2010)**

**NYLEX (MALAYSIA) BERHAD**

(Incorporated in Malaysia)

(Company No : 9378-T)

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

	Individual Quarter		Cumulative Quarter	
	31.05.2011 RM'000	31.05.2010 RM'000	31.05.2011 RM'000	31.05.2010 RM'000
<b>Profit for the year</b>	<u>6,996</u>	<u>4,552</u>	<u>13,138</u>	<u>35,158</u>
Other comprehensive loss:				
Currency translation differences	<u>(1,250)</u>	<u>(4,349)</u>	<u>(7,412)</u>	<u>(6,550)</u>
<b>Other comprehensive loss for the year</b>	<u>(1,250)</u>	<u>(4,349)</u>	<u>(7,412)</u>	<u>(6,550)</u>
<b>Total comprehensive income for the year</b>	<u><u>5,746</u></u>	<u><u>203</u></u>	<u><u>5,726</u></u>	<u><u>28,608</u></u>
Total comprehensive income attributable to:				
Owners of the parent	6,327	378	6,069	28,553
Non-controlling interests	<u>(581)</u>	<u>(175)</u>	<u>(343)</u>	<u>55</u>
	<u><u>5,746</u></u>	<u><u>203</u></u>	<u><u>5,726</u></u>	<u><u>28,608</u></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 31 MAY 2011**

	<b>As at</b> <b>31.05.2011</b> <b>RM'000</b> <b>(Unaudited)</b>	<b>As at</b> <b>31.05.2010</b> <b>RM'000</b> <b>(Restated)</b>	<b>As at</b> <b>01.06.2009</b> <b>RM'000</b> <b>(Restated)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	69,290	74,027	78,701
Development expenditure	13	25	199
Goodwill arising on consolidation	86,828	90,485	93,160
Available for sale investments	3,580	3,580	3,580
Deferred tax assets	29,830	24,430	16,574
	<u>189,541</u>	<u>192,547</u>	<u>192,214</u>
<b>Current assets</b>			
Inventories	140,741	114,266	90,175
Trade debtors	209,164	174,697	156,324
Other debtors, deposits and prepayments	10,048	9,515	6,027
Financial assets at fair value through profit or loss	458	1,158	790
Tax recoverable	4,521	1,636	5,372
Amount owing by related companies	98	61	54
Derivative assets	21	-	-
Short-term deposits	18,063	15,235	33,774
Cash and bank balances	44,262	48,954	33,807
	<u>427,376</u>	<u>365,522</u>	<u>326,323</u>
<b>TOTAL ASSETS</b>	<b><u>616,917</u></b>	<b><u>558,069</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	194,338
Reserves	(18,254)	(11,138)	(4,577)
Retained profits	94,804	90,100	59,393
Less: Treasury shares, at cost	(33)	(8,444)	(12,851)
	<u>270,855</u>	<u>264,856</u>	<u>236,303</u>
<b>Non-controlling interests</b>	<u>6,018</u>	<u>4,046</u>	<u>4,383</u>
<b>Total equity</b>	<u>276,873</u>	<u>268,902</u>	<u>240,686</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	1,489	1,663	1,888
Long term borrowings	1,465	14,094	32,777
Provision for retirement benefits	3,476	3,452	3,774
	<u>6,430</u>	<u>19,209</u>	<u>38,439</u>
<b>Current liabilities</b>			
Trade creditors	135,597	88,091	88,623
Other creditors and accrued expenses	30,818	32,322	36,239
Amount owing to related companies	754	2,224	7,560
Short-term borrowings	165,614	144,046	104,662
Provision for taxation	831	3,275	2,328
	<u>333,614</u>	<u>269,958</u>	<u>239,412</u>
<b>Total liabilities</b>	<u>340,044</u>	<u>289,167</u>	<u>277,851</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>616,917</u></b>	<b><u>558,069</u></b>	<b><u>518,537</u></b>
Net Assets per share attributable to owners of the parent (RM)	1.39	1.41	1.27

(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 YEAR ENDED 31 MAY 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>12 months quarter ended 31 May 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	-	-	-	(70)	-	(70)	-	(70)
Restated balance	194,338	805	(11,943)	90,030	(8,444)	264,786	4,046	268,832
Total comprehensive (loss)/income for the period	-	-	(7,116)	13,185	-	6,069	(343)	5,726
<b>Transactions with owners</b>								
Dividends								
- Final 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	-	-	-	-	-	-	(331)	(331)
Additional interests in subsidiary	-	-	-	-	-	-	2,824	2,824
Winding up of subsidiary	-	-	-	-	-	-	(178)	(178)
Total transactions with owners	-	-	-	(8,411)	8,411	-	2,315	2,315
Balance as at 31 May 2011	194,338	805	(19,059)	94,804	(33)	270,855	6,018	276,873
<b>12 months quarter ended 31 May 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	-	-	(6,561)	35,114	-	28,553	55	28,608
<b>Transactions with owners</b>								
Dividends								
- Final 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 31 May 2010	194,338	805	(11,943)	90,100	(8,444)	264,856	4,046	268,902

**(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 YEAR ENDED 31 MAY 2011**

	FY 2011 12 months ended 31.05.2011 RM'000 (Unaudited)	FY 2010 12 months ended 31.05.2010 RM'000 (Audited)
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	16,044	40,013
Adjustments for non-cash items	20,839	19,487
Operating profit before working capital changes	36,883	59,500
Changes in working capital	(38,874)	(74,068)
<b>Net Cash Used In Operating Activities</b>	<b>(1,991)</b>	<b>(14,568)</b>
<b>Cash Flows From Investing Activities</b>		
Additional interests in subsidiaries	-	(1,733)
Net cash flows on acquisition of subsidiary	(455)	-
Other investments	107	(2,996)
<b>Net Cash Used In Investing Activities</b>	<b>(348)</b>	<b>(4,729)</b>
<b>Cash Flows From Financing Activities</b>		
Dividends paid to minority shareholders of subsidiary	(331)	(392)
Term loans and advances	9,713	21,834
Interest paid	(7,293)	(5,459)
<b>Net Cash Generated From Financing Activities</b>	<b>2,089</b>	<b>15,983</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(250)</b>	<b>(3,314)</b>
<b>Effects of Exchange Rate Changes</b>	<b>(3,645)</b>	<b>(1,615)</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>1,827</b>	<b>1,721</b>
	<b>65,870</b>	<b>68,972</b>
<b>Cash and Cash Equivalents at end of year</b>	<b>61,975</b>	<b>64,043</b>
<b>The Cash and Cash Equivalents comprise:</b>		
Cash and bank balances	44,262	48,954
Short-term deposits	18,063	15,235
Bank overdrafts	(350)	(146)
	<b>61,975</b>	<b>64,043</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 31 May 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 has further enhanced its business segments based on FRS 8 – Operating Segments. The Group has adopted FRS 8 retrospectively. 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 31 May 2011 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	(148)
- Recognition of derivative assets	78
Restated balance	<u>90,030</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 31 May 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 17 January 2011, the Company paid a 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 cost of this distribution is RM8,410,624.

On 26 July 2011, the Company paid an interim dividend of 2.85 sen per share less 25% income tax amounting to RM4,153,000 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: -

<b>12-Month period ended 31.05.2011</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	134,043	1,092,706	-	-	1,226,749
Inter-segment sales	11	442	-	(453)	-
<b>Total revenue</b>	<b>134,054</b>	<b>1,093,148</b>	<b>-</b>	<b>(453)</b>	<b>1,226,749</b>
<b>Results</b>					
Segment result	12,358	22,978	(11,999)	-	23,337
Finance costs					(7,293)
Profit before taxation					16,044
Taxation					(2,906)
Net profit for the year					13,138
Non-controlling interests					47
Net profit after non-controlling interests					13,185

<b>12-Month period ended 31.05.2010</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	122,544	1,099,542	-	-	1,222,086
Inter-segment sales	5	378	-	(383)	-
<b>Total revenue</b>	<b>122,549</b>	<b>1,099,920</b>	<b>-</b>	<b>(383)</b>	<b>1,222,086</b>
<b>Results</b>					
Segment result	16,648	40,379	(11,555)	-	45,472
Finance costs					(5,459)
Profit before taxation					40,013
Taxation					(4,855)
Net profit for the year					35,158
Non-controlling interests					(44)
Net profit after non-controlling interests					35,114

**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 31 May 2011 are as follows:

Property, plant and equipment	<b>RM'000</b>
- Approved and contracted	6,532
- Approved but not contracted	367
	<u>6,899</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 twelve months ended 31 May 2011, the Nylex Group achieved sales of RM1,226.7 million, a slight increase in sales of 0.4% from RM1,222.1 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. However, the Group recorded a lower profit before tax ("PBT") of RM16.0 million, compared to RM40.0 million achieved in the corresponding period last year.

For the current quarter under review, the Nylex Group achieved higher sales of RM392.0 million, which represents an increase of 32.1% from RM296.7 million in the corresponding quarter in Q4 FY 2010. Consequently, the Group recorded a PBT of RM8.0 million, compared to RM4.6 million achieved in the corresponding period last year.

Unlike in Q4 FY 2010 where there was an oversupply situation, the regional economic environment in the current quarter was more favourable. As a result, there was healthy demand for our products and this gave rise to improved margins.

**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 RM392.0 million and a PBT of RM8.0 million compared to sales of RM295.4 million and a PBT of RM4.4 million in the immediate preceding quarter.

Compared to the immediate preceding quarter, crude oil prices in the current quarter was stronger. Thus, customers were more willing to stock up on our products and this increase in demand resulted in better sales and margins.

**B3. Future Prospects**

Barring unforeseen circumstances, the Group's performance for the next 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 31.05.2011 RM'000	Preceding Year 31.05.2010 RM'000	Current Year 31.05.2011 RM'000	Preceding year 31.05.2010 RM'000
Taxation based on results for the period				
- Current				
Malaysian	(440)	(3,166)	(6,596)	(8,745)
Foreign	(525)	(476)	(1,986)	(4,225)
- Deferred tax	45	1,596	5,582	6,117
	(920)	(2,046)	(3,000)	(6,853)
(Under)/Over provision in prior years	(61)	2,001	94	1,998
	(981)	(45)	(2,906)	(4,855)

The effective tax rate of the Group is lower than the statutory tax rate mainly due to the 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 31.05.2011</b>	<b>Cumulative Quarter ended 31.05.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase consideration	-	201
Sales proceeds	-	2,056
Gain on disposal	-	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 31.05.2011</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	458	1,158
(iii) At market value	458	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 31.05.2011 (RM'000 equivalent)</b>	<b>As At 31.05.2010 (RM'000 equivalent)</b>
<b>Short-term borrowings</b>		
Secured		
- Ringgit Malaysia	10,216	17,900
- Singapore Dollar	0	146
- Vietnam Dong	1,938	1,458
- United States Dollar	<u>50,828</u>	<u>36,807</u>
	<u>62,982</u>	<u>56,311</u>
Unsecured		
- Ringgit Malaysia	102,581	76,292
- Indonesian Rupiah	<u>51</u>	<u>11,443</u>
	<u>102,632</u>	<u>87,735</u>
	<u>165,614</u>	<u>144,046</u>
<b>Long-term borrowings</b>		
Secured		
- Ringgit Malaysia	0	11,947
- Vietnam Dong	<u>966</u>	<u>2,094</u>
	<u>966</u>	<u>14,041</u>
Unsecured		
- Ringgit Malaysia	453	0
- Indonesian Rupiah	<u>46</u>	<u>53</u>
	<u>499</u>	<u>53</u>
	<u>1,465</u>	<u>14,094</u>
<b>Total Borrowings</b>	<u>167,079</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 31 May 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	5,640	5,619

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

	<b>As At End of Current Quarter 31.05.2011 RM'000</b>
Total retained profits of Nylex (Malaysia) Berhad and its subsidiaries:	
- Realised	130,049
- Unrealised	23,586
	<hr/>
	153,635
Less: Consolidation adjustments	(58,831)
	<hr/>
Total group retained profits as per consolidated accounts	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 declare the payment of dividend for the current financial quarter.

On 26 July 2011, the Company paid an interim dividend of 2.85 sen per share less 25% income tax amounting to RM4,153,000 for the financial year ended 31 May 2011. This represents the total dividend paid for the current financial year. The Condensed Consolidated Statements of Financial Position and the Condensed Consolidated Statement of Changes in Equity for the current quarter do not reflect this interim dividend. This dividend will be accounted for as an appropriation of retained profits in the financial year ending 31 May 2012.

The total dividend paid in the last financial year was a 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. The total dividend of RM8,410,624 was accounted for as an appropriation of retained profits in the financial year ended 31 May 2011.

**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 RM7,281,965 (31.05.2010: RM4,711,913) and net profit of RM13,184,627 (31.05.2010: RM35,114,163) 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 (31.05.2010: 188,431,999) and the financial year-to-date of 190,607,769 (31.05.2010: 186,506,432)

*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 July 2011