

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2015
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	31.08.2015	31.08.2014	31.08.2015	31.08.2014
	RM'000	RM'000	RM'000	RM'000
Revenue	322,818	358,833	322,818	358,833
Cost of sales	<u>(296,010)</u>	<u>(332,779)</u>	<u>(296,010)</u>	<u>(332,779)</u>
Gross profit	26,808	26,054	26,808	26,054
Other income	576	411	576	411
Selling and distribution expenses	(12,206)	(11,246)	(12,206)	(11,246)
Administrative expenses	(9,929)	(8,189)	(9,929)	(8,189)
Other expenses	(176)	(265)	(176)	(265)
Finance cost	<u>(1,905)</u>	<u>(2,147)</u>	<u>(1,905)</u>	<u>(2,147)</u>
Profit before taxation	3,168	4,618	3,168	4,618
Taxation	<u>(2,081)</u>	<u>(2,047)</u>	<u>(2,081)</u>	<u>(2,047)</u>
Profit for the period	<u>1,087</u>	<u>2,571</u>	<u>1,087</u>	<u>2,571</u>
Profit attributable to:				
Owners of the parent	1,711	2,925	1,711	2,925
Non-controlling interests	<u>(624)</u>	<u>(354)</u>	<u>(624)</u>	<u>(354)</u>
	<u>1,087</u>	<u>2,571</u>	<u>1,087</u>	<u>2,571</u>
Earnings per share attributable to owners of the parent (sen)				
- basic	0.89	1.52	0.89	1.52
- 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 2015)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2015
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	31.08.2015 RM'000	31.08.2014 RM'000	31.08.2015 RM'000	31.08.2014 RM'000
Profit for the period	<u>1,087</u>	<u>2,571</u>	<u>1,087</u>	<u>2,571</u>
Other comprehensive income/(loss):				
Currency translation differences	<u>16,923</u>	<u>(2,933)</u>	<u>16,923</u>	<u>(2,933)</u>
Other comprehensive income/(loss) for the period	<u>16,923</u>	<u>(2,933)</u>	<u>16,923</u>	<u>(2,933)</u>
Total comprehensive income/(loss) for the period	<u><u>18,010</u></u>	<u><u>(362)</u></u>	<u><u>18,010</u></u>	<u><u>(362)</u></u>
Total comprehensive income/(loss) attributable to:				
Owners of the parent	17,527	394	17,527	394
Non-controlling interests	<u>483</u>	<u>(756)</u>	<u>483</u>	<u>(756)</u>
	<u><u>18,010</u></u>	<u><u>(362)</u></u>	<u><u>18,010</u></u>	<u><u>(362)</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 2015)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2015**

	As at 31.08.2015 RM'000 (Unaudited)	As at 31.05.2015 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	97,812	92,650
Goodwill arising on consolidation	102,100	92,355
Deferred tax assets	26,793	26,527
	<u>226,705</u>	<u>211,532</u>
Current assets		
Inventories	113,359	96,970
Trade debtors	208,630	198,095
Other debtors, deposits and prepayments	11,544	10,931
Investment securities	437	448
Tax recoverable	617	1,882
Amount owing by related companies	10,814	10,617
Short-term deposits	17,659	30,293
Cash and bank balances	64,405	65,579
	<u>427,465</u>	<u>414,815</u>
TOTAL ASSETS	<u>654,170</u>	<u>626,347</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	194,338	194,338
Reserves	27,122	11,306
Retained profits	98,114	96,403
Less: Treasury shares, at cost	(966)	(888)
	<u>318,608</u>	<u>301,159</u>
Non-controlling interests	11,360	10,877
Total equity	<u>329,968</u>	<u>312,036</u>
Non-current liabilities		
Deferred tax liabilities	1,537	1,601
Long term borrowings	9,310	10,510
Provision for retirement benefits	3,244	3,198
	<u>14,091</u>	<u>15,309</u>
Current liabilities		
Trade creditors	114,986	111,126
Other creditors and accrued expenses	30,175	25,474
Amount owing to related companies	1	708
Short-term borrowings	163,125	160,593
Provision for taxation	1,751	1,078
Dividends payable	-	23
Derivative liabilities	73	-
	<u>310,111</u>	<u>299,002</u>
Total liabilities	<u>324,202</u>	<u>314,311</u>
TOTAL EQUITY AND LIABILITIES	<u>654,170</u>	<u>626,347</u>
Net Assets per share attributable to owners of the parent (RM)	1.65	1.56

(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 2015)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

	<----- Attributable to owners of the parent ----->						Non- controlling interests	Total equity
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000	RM'000	RM'000
<u>3 month period ended 31 August 2015</u>								
Balance as at 01 June 2015	194,338	805	10,501	96,403	(888)	301,159	10,877	312,036
Total comprehensive income for the year	-	-	15,816	1,711	-	17,527	483	18,010
Transactions with owners								
Repurchase of shares	-	-	-	-	(78)	(78)	-	(78)
Total transactions with owners	-	-	-	-	(78)	(78)	-	(78)
Balance as at 31 August 2015	<u>194,338</u>	<u>805</u>	<u>26,317</u>	<u>98,114</u>	<u>(966)</u>	<u>318,608</u>	<u>11,360</u>	<u>329,968</u>
<u>3 month period ended 31 August 2014</u>								
Balance as at 01 June 2014	194,338	805	(753)	95,385	(869)	288,906	12,320	301,226
Total comprehensive (loss)/income for the year	-	-	(2,531)	2,925	-	394	(756)	(362)
Transactions with owners								
Winding up of subsidiary	-	-	-	-	-	-	(92)	(92)
Repurchase of shares	-	-	-	-	(13)	(13)	-	(13)
Total transactions with owners	-	-	-	-	(13)	(13)	(92)	(105)
Balance as at 31 August 2014	<u>194,338</u>	<u>805</u>	<u>(3,284)</u>	<u>98,310</u>	<u>(882)</u>	<u>289,287</u>	<u>11,472</u>	<u>300,759</u>

(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 2015)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED 31 AUGUST 2015

	FY 2016	FY 2015
	3 months ended 31.08.2015 RM'000 (Unaudited)	3 months ended 31.08.2014 RM'000 (Unaudited)
Cash Flows From Operating Activities		
Profit before taxation	3,168	4,618
Adjustments for non-cash items	786	4,466
Operating cash flows before working capital changes	3,954	9,084
Working Capital Changes		
Receivables	(2,223)	(9,794)
Inventories	(8,531)	2,737
Payables	5,793	(2,105)
Group companies	(6,489)	925
Cash flows (used in)/generated from operations	(7,496)	847
Income tax paid	(254)	(1,858)
Retirement benefits paid	(112)	-
Net Cash Flows Used In Operating Activities	(7,862)	(1,011)
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	44	-
Purchase of property, plant and equipment	(3,575)	(1,299)
Distribution of surplus assets to non-controlling interests on winding up of a subsidiary	-	(92)
Interest received	488	353
Net Cash Flows Used In Investing Activities	(3,043)	(1,038)
Cash Flows From Financing Activities		
Repayment of hire-purchase creditors	(21)	(22)
Drawdown of term loans and advances	51,426	30,982
Repayment of term loans and advances	(55,998)	(37,465)
Purchase of Company's own shares	(78)	(13)
Interest paid	(1,905)	(2,147)
Net Cash Flows Used In Financing Activities	(6,576)	(8,665)
Net Decrease in Cash and Cash Equivalents	(17,481)	(10,714)
Effects of Exchange Rate Changes	7,433	(1,394)
Cash and Cash Equivalents at Beginning of Year	95,872	76,325
Effects of Exchange Rate Changes	(3,760)	652
	92,112	76,977
Cash and Cash Equivalents at End of Period	82,064	64,869
The Cash and Cash Equivalents Comprise:		
Cash and bank balances	64,405	55,549
Short-term deposits	17,659	9,320
	82,064	64,869

(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 2015)



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

Notes to the Interim Financial Report – For the 1st Financial Quarter Ended 31 August 2015

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

This Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2015.

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 2015.

A2. Significant accounting policies

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 2015 except for the adoption of the following Amendments/Annual Improvements to MFRSs (collectively referred to as “pronouncements”):

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above pronouncements will have no material impact on the financial statements of the Group and of the Company.

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 44th Annual General Meeting held on 20 November 2014, 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 financial quarter and the financial year-to-date, the Company purchased 144,700 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)
July 2015	32,300	0.5900	0.5300	0.5630	18,424
August 2015	112,400	0.5600	0.4700	0.5243	59,520
	144,700				77,944

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

As at 31 August 2015, a total of 1,705,824 treasury shares at a total cost of RM966,228 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: -

3-Month period ended 31.08.2015	Polymer RM'000	Industrial Chemical RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	27,422	295,396	-	-	322,818
Inter-segment sales	-	925	-	(925)	-
Total revenue	27,422	296,321	-	(925)	322,818
Results					
Segment result	2,827	3,601	(1,355)	-	5,073
Finance costs					(1,905)
Profit before taxation					3,168
Taxation					(2,081)
Net profit for the period					1,087
Non-controlling interests					624
Net profit after non-controlling interests					1,711

3-Month period ended 31.08.2014	Polymer RM'000	Industrial Chemical RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	29,505	329,328	-	-	358,833
Inter-segment sales	-	92	-	(92)	-
Total revenue	29,505	329,420	-	(92)	358,833
Results					
Segment result	2,947	5,254	(1,436)	-	6,765
Finance costs					(2,147)
Profit before taxation					4,618
Taxation					(2,047)
Net profit for the period					2,571
Non-controlling interests					354
Net profit after non-controlling interests					2,925

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 2015. The carrying values are based on valuations carried out in 1985 by independent qualified valuers less accumulated depreciation. Upon transition to MFRS 1 on 1 June 2011, the Group elected to use the previously revalued leasehold land and buildings carrying amounts as deemed cost.

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.

A12. Contingent Liabilities

There were no contingent liabilities since the last annual Statements of Financial Position as at 31 May 2015.

A13. Capital Commitment

The capital commitment as at 31 August 2015 are as follows:

	RM'000
Property, plant and equipment	
- Approved and contracted	49,240
- Approved but not contracted	88
	<u>49,328</u>

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS
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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 2015, the Nylex Group posted lower revenue of RM322.8 million, which represents a decrease of 10.0% from RM358.8 million recorded in the same period last financial year. The reduction in revenue was due to lower contribution from both the Industrial Chemical Division and Polymer Division. As a result of lower revenue generated, the Group recorded lower profit before tax ("PBT") of RM3.2 million, compared to RM4.6 million recorded in the corresponding period last financial year.

The Polymer Division recorded lower revenue of RM27.4 million for the current financial quarter, which represents a decrease of 7.1% from RM29.5 million in the corresponding quarter in Q1 FY 2015 due to lower contribution by its films and coated fabrics segment and also the manufacturing plant in Surabaya, Indonesia as a result of weakening consumer demand. Consequently, the Division registered lower PBT of RM2.4 million compared with RM2.6 million achieved in the same period last year.

The Industrial Chemical Division's revenue decreased by 10.3% from RM329.3 million recorded in the same period last year to RM295.4 million for the quarter, as a result of generally lower product selling prices following the steep decline in crude oil prices. The Division generated lower PBT of RM2.4 million for the quarter, as compared to RM3.7 million achieved in the same 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 recorded lower revenue of RM322.8 million and a lower PBT of RM3.2 million compared to revenue of RM324.1 million and PBT of RM6.8 million achieved in the immediate preceding quarter.

The lower revenue and PBT for the current quarter is mainly due to generally lower product selling prices.

B3. Current Year's Prospects

Uncertainty in the global market place, coupled with the slower growth in China and currency volatility, the Board expects a challenging trading environment for the remaining period of financial year ending 31 May 2016. The weak market sentiment will continue to impact product margins for both the Industrial Chemical Division and Polymer Division.

The Board will continue to seek ways 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 31.08.2015	Preceding Year 31.08.2014	Current Year 31.08.2015	Preceding year 31.08.2014
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period				
- Current				
Malaysian	(1,794)	(2,039)	(1,794)	(2,039)
Foreign	(328)	(470)	(328)	(470)
- Deferred tax	31	462	31	462
	(2,091)	(2,047)	(2,091)	(2,047)
Over provision in prior years	10	0	10	0
	(2,081)	(2,047)	(2,081)	(2,047)

The effective tax rate of the Group is higher than the statutory tax rate mainly due to the losses recorded in certain foreign subsidiaries in the current financial period were not allowed for any tax benefit in the Group and also certain expenses which are not deductible 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 31.08.2015 (RM'000 equivalent)	As At 31.05.2015 (RM'000 equivalent)
Short-term borrowings		
Secured		
- Indonesian Rupiah	3,724	2,343
- United States Dollar	41,607	33,785
	45,331	36,128
Unsecured		
- Ringgit Malaysia	116,322	122,870
- United States Dollar	1,472	1,595
	117,794	124,465
	163,125	160,593
Long-term borrowings		
Secured		
- Indonesian Rupiah	9,310	10,510
Total Borrowings	172,435	171,103

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 2015 are as follows:

Type of Derivatives	Currency	Contract/Notional Value RM'000	Fair Value RM'000
Foreign exchange - Less than 1 year	USD	471	544

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 2015, pursuant to the format prescribed by Bursa Securities, is as follows:

	As At End of Current Quarter 31.08.2015 RM'000	As At End of Last Financial Year 31.05.2015 RM'000
Total retained profits of Nylex (Malaysia) Berhad and its subsidiaries:		
- Realised	125,023	120,934
- Unrealised	28,541	29,073
	<u>153,564</u>	<u>150,007</u>
Less: Consolidation adjustments	(55,450)	(53,604)
Total Group retained profits as per consolidated accounts	<u>98,114</u>	<u>96,403</u>

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

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

	Current Quarter 31.08.2015 RM'000	Financial Year-To-Date 31.08.2015 RM'000
Interest income	(488)	(488)
Dividend income	-	-
Interest expense	1,905	1,905
Depreciation and amortisation	1,432	1,432
(Write-back)/Impairment of receivables	(142)	(142)
Provision for and write off of inventories	329	329
Loss on disposal of unquoted investments	-	-
Gain on foreign exchange	(3,211)	(3,211)
Impairment of goodwill	-	-
Fair value loss on investments	11	11
Fair value loss on derivatives	73	73

B12. Material Litigation

There was no material litigation since the date of the last annual Statements of Financial Position as at 31 May 2015.

B13. Dividends

The Directors do not recommend the payment of any dividend for the current financial quarter (FY 2015: 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 the financial year-to-date of RM1,711,171 (31.08.2014: RM2,925,485) 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 the financial year-to-date of 192,742,751 (31.08.2014: 192,801,719).

Diluted Earnings Per Share

Not applicable as the Company does not have dilutive potential ordinary shares in issue as at the date of the Statements of Financial Position.

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 2015.

BY ORDER OF THE BOARD

Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries

Petaling Jaya
28 October 2015