

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2016
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	30.11.2016 RM'000	30.11.2015 RM'000	30.11.2016 RM'000	30.11.2015 RM'000
Revenue	314,354	327,259	587,512	650,077
Cost of sales	(277,568)	(298,074)	(522,776)	(594,084)
Gross profit	36,786	29,185	64,736	55,993
Other income	222	352	964	928
Selling and distribution expenses	(14,183)	(13,799)	(27,846)	(26,005)
Administrative expenses	(10,679)	(8,039)	(20,839)	(17,968)
Other expenses	96	54	(149)	(122)
Finance cost	(1,619)	(1,979)	(3,178)	(3,884)
Profit before taxation	10,623	5,774	13,688	8,942
Taxation	(4,146)	(3,512)	(6,143)	(5,593)
Profit for the period	6,477	2,262	7,545	3,349
Profit for the attributable to:				
Owners of the parent	6,105	2,169	6,575	3,880
Non-controlling interests	372	93	970	(531)
	6,477	2,262	7,545	3,349
Earnings per share attributable to owners of the parent (sen)				
- basic	3.18	1.13	3.42	2.01
- 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 2016)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 NOVEMBER 2016
THE FIGURES HAVE NOT BEEN AUDITED**

	Individual Quarter		Cumulative Quarter	
	30.11.2016 RM'000	30.11.2015 RM'000	30.11.2016 RM'000	30.11.2015 RM'000
Profit for the period	<u>6,477</u>	<u>2,262</u>	<u>7,545</u>	<u>3,349</u>
Other comprehensive income :				
Currency translation differences	13,935	2,995	12,567	19,918
Re-measurement of defined benefit liability	-	-	(9)	-
Other comprehensive income for the period	<u>13,935</u>	<u>2,995</u>	<u>12,558</u>	<u>19,918</u>
Total comprehensive income for the period	<u><u>20,412</u></u>	<u><u>5,257</u></u>	<u><u>20,103</u></u>	<u><u>23,267</u></u>
Total comprehensive income attributable to:				
Owners of the parent	19,136	5,010	18,393	22,537
Non-controlling interests	<u>1,276</u>	<u>247</u>	<u>1,710</u>	<u>730</u>
	<u><u>20,412</u></u>	<u><u>5,257</u></u>	<u><u>20,103</u></u>	<u><u>23,267</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 2016)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2016**

	As at 30.11.2016 RM'000 (Unaudited)	As at 31.05.2016 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	128,302	102,107
Investment in associate	400	-
Goodwill arising on consolidation	111,561	105,386
Deferred tax assets	25,032	26,014
	<u>265,295</u>	<u>233,507</u>
Current assets		
Inventories	102,148	92,778
Trade debtors	182,754	175,142
Other debtors, deposits and prepayments	9,488	9,807
Investment securities	478	476
Income tax recoverable	335	648
Amount owing by related companies	13,217	10,780
Short-term deposits	26,595	14,783
Cash and bank balances	61,110	50,269
	<u>396,125</u>	<u>354,683</u>
TOTAL ASSETS	<u>661,420</u>	<u>588,190</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	194,338	194,338
Reserves	37,846	26,019
Retained profits	110,133	103,567
Less: Treasury shares, at cost	(1,345)	(1,188)
	<u>340,972</u>	<u>322,736</u>
Non-controlling interests	<u>14,771</u>	<u>13,103</u>
Total equity	<u>355,743</u>	<u>335,839</u>
Non-current liabilities		
Deferred tax liabilities	1,120	1,239
Long term borrowings	18,375	2,466
Provision for retirement benefits	4,157	3,808
	<u>23,652</u>	<u>7,513</u>
Current liabilities		
Trade creditors	114,953	98,414
Other creditors and accrued expenses	28,770	20,186
Amount owing to related companies	-	59
Short-term borrowings	134,682	123,800
Income tax payable	3,620	2,379
	<u>282,025</u>	<u>244,838</u>
Total liabilities	<u>305,677</u>	<u>252,351</u>
TOTAL EQUITY AND LIABILITIES	<u>661,420</u>	<u>588,190</u>
Net Assets per share attributable to owners of the parent (RM)	1.78	1.68

(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 2016)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2016**

	<----- 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 month period ended 30 November 2016</u>								
Balance as at 01 June 2016	194,338	805	25,214	103,567	(1,188)	322,736	13,103	335,839
Total comprehensive income for the period	-	-	11,827	6,566	-	18,393	1,710	20,103
Transactions with owners								
Dividends paid to non-controlling interests of subsidiary	-	-	-	-	-	-	(42)	(42)
Repurchase of shares	-	-	-	-	(157)	(157)	-	(157)
Total transactions with owners	-	-	-	-	(157)	(157)	(42)	(199)
Balance as at 30 November 2016	<u>194,338</u>	<u>805</u>	<u>37,041</u>	<u>110,133</u>	<u>(1,345)</u>	<u>340,972</u>	<u>14,771</u>	<u>355,743</u>
<u>6 month period ended 30 November 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	-	-	18,657	3,880	-	22,537	730	23,267
Transactions with owners								
Repurchase of shares	-	-	-	-	(150)	(150)	-	(150)
Total transactions with owners	-	-	-	-	(150)	(150)	-	(150)
Balance as at 30 November 2015	<u>194,338</u>	<u>805</u>	<u>29,158</u>	<u>100,283</u>	<u>(1,038)</u>	<u>323,546</u>	<u>11,607</u>	<u>335,153</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 2016)

NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)

(Company No : 9378-T)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 NOVEMBER 2016**

	FY 2017	FY 2016
	6 months ended 30.11.2016 RM'000 (Unaudited)	6 months ended 30.11.2015 RM'000 (Unaudited)
Cash Flows From Operating Activities		
Profit before taxation	13,688	8,942
Adjustments for non-cash items	6,009	5,921
Operating cash flows before working capital changes	19,697	14,863
Working Capital Changes		
Receivables	(2,136)	(32,819)
Inventories	(5,579)	(5,713)
Payables	20,905	13,724
Group companies	(4,710)	(5,653)
Cash flows generated from/(used in) operations	28,177	(15,598)
Income tax paid	(3,710)	(1,601)
Retirement benefits paid	18	(112)
Net Cash Flows Generated From/(Used In) Operating Activities	24,485	(17,311)
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	65	89
Purchase of property, plant and equipment	(26,600)	(5,323)
Acquisition of interest in associate company	(400)	-
Interest received	743	808
Dividend received	4	5
Net Cash Flows Used In Investing Activities	(26,188)	(4,421)
Cash Flows From Financing Activities		
Dividends paid to non-controlling interests of subsidiary	(42)	-
Repayment of hire-purchase creditors	(8)	(36)
Drawdown of term loans and advances	40,963	77,060
Repayment of term loans and advances	(16,813)	(83,537)
Purchase of Company's own shares	(156)	(150)
Interest paid	(3,178)	(3,884)
Net Cash Flows Generated From/(Used In) Financing Activities	20,766	(10,547)
Net Increase/(Decrease) in Cash and Cash Equivalents	19,063	(32,279)
Effects of Exchange Rate Changes	6,336	7,413
Cash and Cash Equivalents at Beginning of Year	65,052	95,872
Effects of Exchange Rate Changes	(2,746)	(3,588)
Cash and Cash Equivalents at End of Period	87,705	67,418
The Cash and Cash Equivalents Comprise:		
Cash and bank balances	61,110	55,040
Short-term deposits	26,595	12,378
	87,705	67,418

(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 2016)



NYLEX (MALAYSIA) BERHAD

(Incorporated in Malaysia)
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Notes to the Interim Financial Report – For the 2nd Financial Quarter Ended 30 November 2016

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

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 2016.

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 2016.

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 2016 except for the adoption of the following MFRS/Amendments/Annual Improvements to MFRSs (collectively referred to as “pronouncements”):

MFRS 14	Regulatory Deferral Accounts
MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
MFRS 101	Disclosure Initiatives
MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
MFRS 116 and MFRS 141	Agriculture: Bearer Plants
MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 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 46th Annual General Meeting held on 19 October 2016, 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 69,000 and 271,400, respectively, of ordinary shares of RM1.00 each in the Company pursuant to Section 67A of the Companies Act, 1965, details of which are as follows:

Date	No. of Shares	Highest Price (RM)	Lowest Price (RM)	Average Price (RM)	Total Consideration (RM)
June 2016	80,200	0.5500	0.5200	0.5350	43,395
July 2016	10,300	0.5450	0.5150	0.5349	5,645
August 2016	111,900	0.6050	0.5550	0.5860	66,231
	202,400				115,271
September 2016	34,000	0.6100	0.5600	0.5790	19,927
October 2016	5,000	0.7400	0.7250	0.7300	3,698
November 2016	30,000	0.5900	0.5600	0.5717	17,428
	69,000				41,053
	271,400				156,324

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

As at 30 November 2016, a total of 2,366,924 treasury shares at a total cost of RM1,344,625 were held by the Company pursuant to Section 67A (3A) (b) of the Companies Act, 1965.

A7. Dividend Paid

The Company has not 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: -

6-Month period ended 30.11.2016	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	61,584	521,595	4,333	-	-	587,512
Inter-segment sales	-	165	-	-	(165)	-
Total revenue	61,584	521,760	4,333	-	(165)	587,512

Results						
Segment result	6,909	11,843	1,010	(2,896)	-	16,866
Finance costs						(3,178)
Profit before taxation						13,688
Taxation						(6,143)
Net profit for the period						7,545
Non-controlling interests						(970)
Net profit after non-controlling interests						6,575

6-Month period ended 30.11.2015	Polymer RM'000	Industrial Chemical RM'000	Logistics RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	56,692	593,385	-	-	-	650,077
Inter-segment sales	-	991	-	-	(991)	-
Total revenue	56,692	594,376	-	-	(991)	650,077

Results						
Segment result	6,354	9,211	-	(2,739)	-	12,826
Finance costs						(3,884)
Profit before taxation						8,942
Taxation						(5,593)
Net profit for the period						3,349
Non-controlling interests						531
Net profit after non-controlling interests						3,880

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 2016. 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 2016.

A13. Capital Commitment

The capital commitment as at 30 November 2016 are as follows:

	RM'000
Property, plant and equipment	
- Approved and contracted	17,364
- Approved but not contracted	<u>1</u>
	<u>17,365</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 six months ended 30 November 2016, the Nylex Group posted lower revenue of RM587.5 million compared with RM650.1 million recorded in the same period last financial year. The reduction in revenue was due to lower contribution from the Industrial Chemical Division. Despite lower revenue generated, the Group recorded higher profit before tax ("PBT") of RM13.7 million, compared to RM8.9 million recorded in the corresponding period last financial year.

For the current quarter under review, the Nylex Group registered lower revenue of RM314.4 million, which represents a decrease of 3.9% from RM327.3 million recorded in the same period last financial year. The decrease in revenue was attributed by lower contribution from the Industrial Chemical Division. Due to improved performance by its subsidiaries in Singapore and Indonesia, the PBT for the period increased to RM10.6 million, compared to RM5.8 million recorded in the corresponding period last year.

The Polymer Division recorded higher revenue of RM32.5 million for the current financial quarter, compared with RM29.3 million in the corresponding quarter in Q2 FY 2016 mainly due to higher contribution by its manufacturing plant in Surabaya, Indonesia. Consequently, the Division registered higher PBT of RM3.2 million compared with RM3.1 million achieved in the same period last year.

As a result of generally lower average selling prices for its products, the Industrial Chemical Division's revenue declined from RM298.0 million recorded in the same period last year to RM279.5 million for the current quarter. Due to improved earnings recorded by foreign subsidiaries resulted from higher volume sold, the Division posted higher PBT of RM8.8 million for the quarter, as compared to RM4.3 million achieved in the same period last year.

During the quarter, the newly acquired 60% subsidiary, NYL Logistics Sdn Bhd, which is involved in the provision of transport, cartage, and haulage contractors and agencies services, has contributed revenue of RM2.4 million to the Logistics Division, with PBT of RM0.6 million.

B2. Material Change in the Profit Before Taxation for the Current Quarter as compared with Immediate Preceding Quarter

For the current quarter under review, the Group recorded higher revenue of RM314.4 million and higher PBT of RM10.6 million compared to revenue of RM273.2 million and PBT of RM3.1 million achieved in the immediate preceding quarter.

The higher revenue and PBT for the current quarter is mainly due to improved performance by its foreign subsidiaries.

B3. Current Year's Prospects

The uncertainties in the global economic outlook continue to weigh on regional economic growth prospect. Concerns remain over challenging business environment amid low commodity prices, weak consumer demand and volatility in financial market.

The Board will continue to seek ways to safeguard the Group's profitability for the remaining period of financial year ending 31 May 2017.

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 30.11.2016	Preceding Year 30.11.2015	Current Year 30.11.2016	Preceding year 30.11.2015
	RM'000	RM'000	RM'000	RM'000
Taxation based on results for the period				
- Current				
Malaysian	(2,661)	(2,161)	(3,693)	(3,955)
Foreign	(770)	(388)	(1,472)	(716)
- Deferred tax	(715)	(952)	(978)	(921)
	<u>(4,146)</u>	<u>(3,501)</u>	<u>(6,143)</u>	<u>(5,592)</u>
Under provision in prior years	0	(11)	0	(1)
	<u>(4,146)</u>	<u>(3,512)</u>	<u>(6,143)</u>	<u>(5,593)</u>

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 30.11.2016 (RM'000 equivalent)	As At 31.05.2016 (RM'000 equivalent)
Short-term borrowings		
Secured		
- Indonesian Rupiah	1,227	2,376
- United States Dollar	21,279	22,284
- Vietnamese Dong	7,916	5,487
	<u>30,422</u>	<u>30,147</u>
Unsecured		
- Ringgit Malaysia	102,001	92,909
- United States Dollar	2,259	744
	<u>104,260</u>	<u>93,653</u>
	<u>134,682</u>	<u>123,800</u>

	As At 30.11.2016 (RM'000 equivalent)	As At 31.05.2016 (RM'000 equivalent)
Secured		
- Indonesian Rupiah	1,623	2,466
- United States Dollar	<u>16,752</u>	<u>0</u>
	<u>18,375</u>	<u>2,466</u>
Total Borrowings	<u>153,057</u>	<u>126,266</u>

B9. Derivatives Financial Instruments

The Group enters 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.

There were no outstanding foreign exchange derivatives as at 30 November 2016.

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 30 November 2016, pursuant to the format prescribed by Bursa Securities, is as follows:

	As At End of Current Quarter 30.11.2016 RM'000	As At End of Last Financial Year 31.05.2016 RM'000
Total retained profits of Nylex (Malaysia) Berhad and its subsidiaries:		
- Realised	144,797	134,219
- Unrealised	<u>25,866</u>	<u>26,312</u>
	170,663	160,531
Less: Consolidation adjustments	<u>(60,530)</u>	<u>(56,964)</u>
Total Group retained profits as per consolidated accounts	<u>110,133</u>	<u>103,567</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 30.11.2016 RM'000	Financial Year-To-Date 30.11.2016 RM'000
Interest income	(409)	(743)
Dividend income	(4)	(4)
Interest expense	1,619	3,178
Depreciation and amortisation	2,032	3,930
Impairment of receivables	669	500
Provision for and write off of inventories	329	329
Loss/(Gain) on disposal of unquoted investments	-	-
Gain on foreign exchange	(3,408)	(3,053)
Impairment of goodwill	-	-
Fair value gain on investments	(11)	(2)
Fair value gain on derivatives	-	-

B12. Material Litigation

There was no material litigation since the date of the last annual Statements of Financial Position as at 31 May 2016.

B13. Dividends

The Directors do not recommend the payment of any dividend for the current financial quarter (FY 2016: 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 of RM6,105,128 (30.11.2015: RM2,168,263) and net profit of RM6,574,743 (30.11.2015: RM3,879,434) 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 192,000,936 (30.11.2015: 192,547,581) and for the financial year-to-date of 192,076,168 (30.11.2015: 192,645,699).

Diluted Earnings Per Share

The Group has no potential ordinary shares in issue as at reporting date. Therefore, Diluted Earnings Per Share equals to Basic Earnings Per Share.

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 2016.

BY ORDER OF THE BOARD

Stephen Geh Sim Whye
Company Secretary

Petaling Jaya
25 January 2017