

We provide high quality and value-added solutions to our customers needs, leveraging innovation and win-win approach for long term benefit as the partner of choice – empowering excellence.

THIS IS OUR PROMISE

Corporate Information

Directors

Y. Bhg. Datuk Haji Mohamed Al Amin
bin Haji Abdul Majid, JP
(Independent Non-Executive Chairman)

Y. Bhg. Dato' Ahmad Johari bin Tun
Abdul Razak
(Executive Vice-Chairman)

Y. Bhg. Dato' Siew Ka Wei
(Group Managing Director)

Y.A.M. Tunku Muhriz Ibni Almarhom
Tuanku Munawir
(Independent Non-Executive Director)

Y.M. Tengku Yusoff bin Tengku Mahmud
(Independent Non-Executive Director)

Y. Bhg. Dato' Mohd Ismail bin Che Rus
(Independent Non-Executive Director)

Teo Ek Tor
(Non-Independent Non-Executive Director)

Toh Yiu Joe
(Executive Director)

Chua Ah Lak
(Executive Director)

Chieng Ing Huong
(Independent Non-Executive Director)

Audit Committee

Y. Bhg. Dato' Mohd Ismail bin Che Rus
(Chairman)

Y. Bhg. Dato' Siew Ka Wei
Chieng Ing Huong

Nomination & Remuneration Committee

Chieng Ing Huong (Chairman)

Y. Bhg. Dato' Mohd Ismail bin Che Rus
Teo Ek Tor

Company Secretary

Choo Se Eng, MICPA 2077

Registered Office

602, 6th Floor, Block A
Phileo Damansara 1
No. 9, Jalan 16/11,
46350 Petaling Jaya, Selangor Darul Ehsan
Tel (03) 7660 0008
Fax (03) 7660 1151

Principal Place of Business

Persiaran Selangor, Seksyen 15
Shah Alam Industrial Estate
40200 Shah Alam, Selangor Darul Ehsan
Tel (03) 5519 1706
Fax (03) 5510 0088

Registrar

PFA Registration Services Sdn Bhd
1301 Level 13, Uptown 1
No 1 Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan
Tel (03) 7725 4888/7725 8046
Fax (03) 7722 2311

Auditors

Ernst & Young
Chartered Accountants

Stock Exchange Listing

Main Board of the Kuala Lumpur
Stock Exchange

Principal Bankers

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Alliance Bank Malaysia Berhad

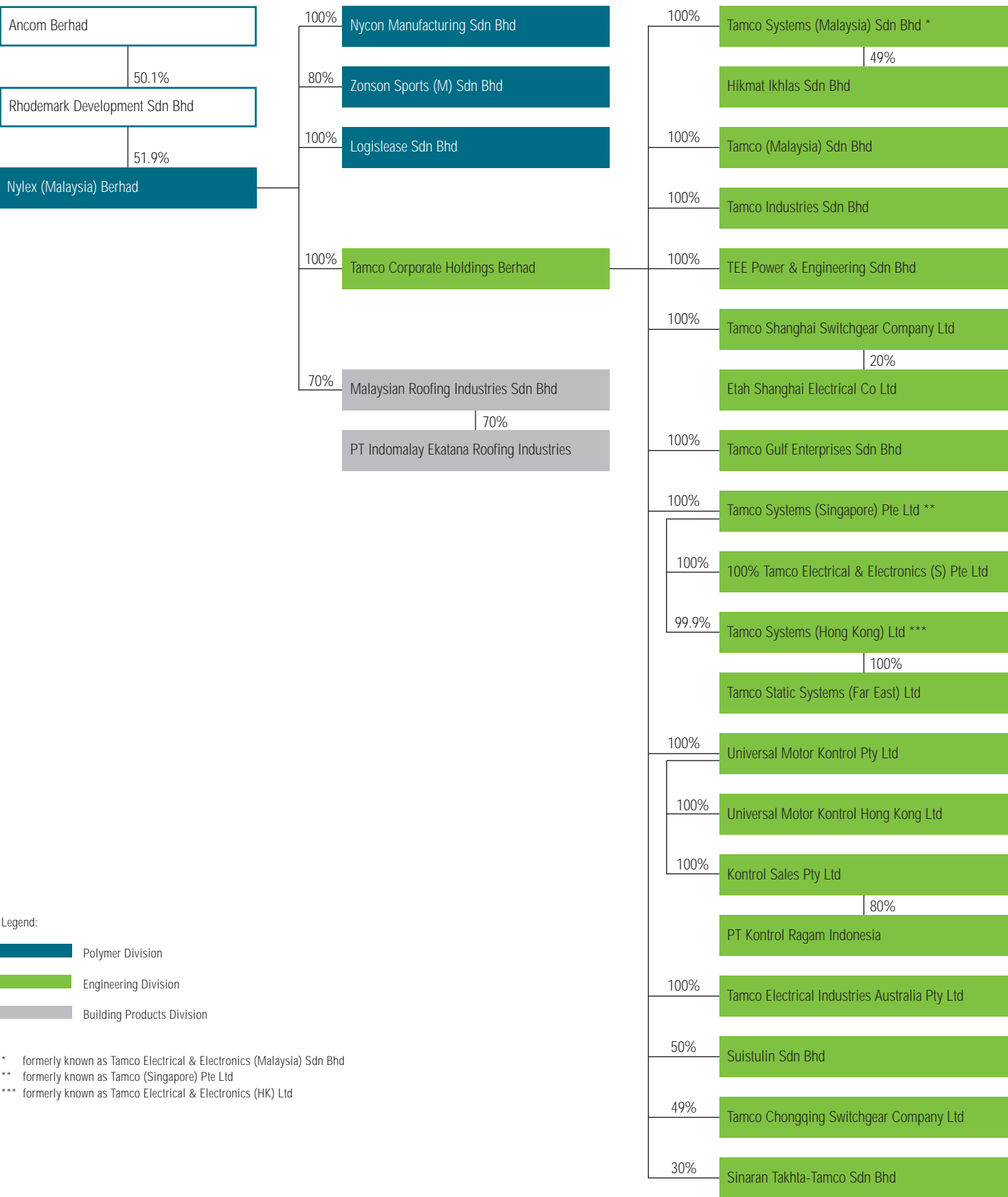
Solicitors

Shearn Delamore & Co

Domicile

Malaysia

Corporate Structure



Chairman's Statement In a challenging and uncertain marketplace, the test of survival for businesses is the ability to adapt to changes in their environment. This year, we demonstrated our determination and ability to adapt to changes. By being adaptive to changes and capitalising on new opportunities, we managed to produce a much stronger set of results.



Making a Comeback

For the year under review, the consolidated revenue of the Group was RM386.4 million, up 5.6% from RM365.9 million in the previous year. The consolidated profit before tax of RM26.1 million was an indication of our success in reversing the Group's previous year's losses before tax of RM53.3 million. Included in the Group's previous year's losses before tax of RM53.3 was a charge of RM33.3 million being a one-time write-down of the carrying cost of certain assets to their net realisable values. The Group's earnings per share improved to 7.5 sen, compared with a loss of 27.8 sen in the previous year while net tangible asset per share was 74.3 sen, up from 69.4 sen last year.

The Polymer Division managed to improve their total revenue, achieving RM117.5 million as compared to RM98.3 million in the previous year. The increase in sales was largely due to higher exports sales and strong sales of prefabricated vertical drains to the Tanjong Pelepas and Tanjong Bin land reclamation projects. The Division reported a profit before tax of RM11.3 million for the financial year, a slight increase over 2002's profit before tax of RM11.2 million. If not for the impairment of assets and the operating losses incurred by Zonson Sports (Malaysia) Sdn. Bhd. (ZSM) - a subsidiary involved in the manufacture and marketing of quality golf bags, the Polymer Division would have achieved a commendable profit before tax of RM15.4 million. During the year, we decided to cease operations in ZSM as a result of weak prospects due to intense price competition within the industry.

Revenue from the Engineering Division represented the largest portion of the Group's revenue, with sales reaching RM255.2 million, an increase from RM242.5 million for the previous year. Our manufacturing unit in Malaysia, Tamco Corporate Holdings Berhad, remained the core revenue contributor with sales of RM136.8 million this year, largely due to the strength of its exports. As a whole, the Engineering Division made a profit before tax

of RM14.6 million in the year, a complete recovery from the loss of RM17.3 million a year ago.

Sales for the Building Products Division this year was RM13.7 million. This represented a decline from sales of RM25.0 million in the previous year, due to the disposal of the loss-making Asia Pacific Insulation Corporation (APIC). In the previous year, APIC contributed sales of RM11.8 million before its disposal. Despite lower sales, the Division recorded an operating profit before tax of RM1.4 million, an improvement over RM3.3 million in losses recorded in the previous year.

Renewing Our Strategies

In September 2002, we announced our intention to re-define the focus of our core businesses and re-organise our corporate strategy with the objective of enhancing value to our shareholders. We proposed two major changes: the proposed de-merger and spin-off of the Engineering Division from Nylex, and in the process, creating the Tamco Group as an independent strategic business unit; and the acquisition of the Industrial Chemical Division from our ultimate holding company, Ancom Berhad ("Proposed Reorganisation Scheme").

The de-merger of the Tamco Group would allow it to independently chart its own growth strategy in developing specialist capabilities in the switchgear and power technology industries. With an annual turnover in excess of RM250 million and strong growth prospects, the de-merged Tamco is expected to be listed.

With the de-merger, Nylex will be able to focus its resources on its core polymer business, which will be strengthened by the acquisition of Ancom's Industrial Chemical Division. The operations of this division are engaged in the manufacture, trading and distribution of bulk and specialty chemicals and solvents. The acquisition of this Division will create an enlarged chemical group with an annual

turnover in excess of RM300 million, with capabilities in both manufacturing and distribution. With an extended product range and customer base, significant synergies and economies of scale can be expected, arising from the integration of both units' supply chain management and marketing activities.

To date, certain necessary government and regulatory approvals as well as approval from our shareholders have already been obtained. Currently, we are awaiting the approvals of the listing of Tamco by the Kuala Lumpur Stock Exchange and the Securities Commission and the court sanction for the Proposed Capital Reduction Scheme at Nylex. These approvals will be required in order to complete the Proposed Reorganisation Scheme. Further details of these transactions are mentioned in Note 29 to the financial statements.

In conjunction with the de-merger and listing proposals, the debt profile of the Group was streamlined and restructured through the successful issuance of a RM80.0 million long term fixed rate Bai' Bithaman Ajil serial bond by Tamco Corporate Holdings Berhad. The bonds were rated A1 by Rating Agency Malaysia Berhad and were fully placed out to Alliance Merchant Bank Berhad and Citibank Berhad. Part of the bond proceeds was used to refinance the short-term borrowings of the Nylex Group. As a result, the Group managed to reduce its dependence on short-term borrowings from 93.7% of total debt (based on the Group's total bank borrowings as at 31 May 2003) to approximately 40.0% currently.

Empowering Our People

This year, we bid farewell and thank you to Mr Hsieh Fu Hua, who resigned from the Board following his appointment as Chief Executive Officer of the Singapore Stock Exchange. In addition to myself, the Board has also appointed Mr Teo Ek Tor as a director, who will further strengthen the Group's leadership with his experience.

Also, the process of re-shaping our senior management, which began in 2002, continued throughout this year with the objective of strengthening management leadership and delivering optimum value to shareholders. We continued to strengthen our senior management in the implementation of our strategic plans. New appointments were Kane Zhu as General Manager of Tamco Shanghai and Ng Kok Meng as Chief Executive Officer of Tamco's Trading Division.

In our continued efforts to empower our people, we will aim to develop entrepreneurial, result-oriented leaders as part of our ongoing leadership training programme and second-line executive mentoring programme. Our objective is to groom a core group of leaders who are passionately committed to the Group, with the essential knowledge and skills required for a fast-paced business environment.

Farewell to a Great Leader

In June 2003, our former Chairman, Raja Tun Mohar, passed away peacefully at the age of 81. A patriotic and enlightened man, his passing was mourned nation-wide. Having served as Special Economic Advisor under three Prime Ministers - Tun Abdul Razak, Tun Hussein Onn and Datuk Seri Dr Mahathir Mohamad - spanning four decades in the civil service, Raja Tun Mohar was a pivotal figure in Malaysia's economic development. After leaving the civil service in 1988, he continued to contribute his knowledge and experience to the nation in his role as chairman and director of various corporations and institutions. Among them, he served as Chairman of Malaysia Airlines, Danaharta, and Perodua, and led the Universiti Teknologi Petronas as its first chancellor.

As remarkable and impressive as his achievements were, Raja Tun Mohar will be most remembered for his humility and generosity. He was also known for his cool composure, even in the most difficult of situations. Ever approachable, he possessed a gift of being able to forge consensus even amongst staunch dissenters.

Raja Tun Mohar represented a generation of steadfast Malaysian patriots, whose style of management was consistent with that of his life - embodying integrity, dignity, humility sensitivity and dedication to the people. We have lost a great leader and will certainly miss his wisdom and friendship.

In Gratitude

In a year which saw global business sentiment severely undermined by the Iraq war and Severe Acute Respiratory Syndrome (SARS), we are proud to have maintained our market leadership by providing customised solutions and value-added products and services to our customers.

Looking forward, we are confident that the proactive changes we have undertaken will position us better for future growth and returns to our shareholders.

Our success is made possible only with the loyalty and resolute faith of our board, management and employees in the future of Nylex. On behalf of the board and management of the Group, I offer my heartfelt thanks to our employees, as well as our shareholders, customers and business partners for their dedication and unwavering support.

Y. Bhg. Datuk Haji Mohamed Al Amin bin Haji Abdul Majid, JP
Chairman
1 October 2003

Board of Directors

Our objective is to groom a core group of leaders with the essential knowledge and skills required for a fast-paced business environment.

1 Y. Bhg. Datuk Haji Mohamed Al Amin bin Haji Abdul Majid, JP Aged 48, Malaysian, Independent Non-Executive Chairman, appointed on 30 July 2003. He gained his Bachelor of Science Degree (Hons) in Civil Engineering from University of Aston, United Kingdom. He joined Perak State Development Corporation as a project engineer (1979) and was appointed Executive Director of its subsidiary, Maju Bangun Sdn Bhd (1981). In 1982, he set up his own business, Panzana Enterprise Sdn. Bhd. and has been the Executive Chairman until today. He was formerly Chairman of the Asean Chemical Industries Club (1999 to 2001). Currently he is Chairman of Chemical Industries Council of Malaysia and a corporate member of the Institute of Engineers Malaysia. He is the Executive Chairman of Country View Berhad and a director of Ancom Berhad, I Berhad and MCIS Zurich Insurance Berhad. His attendance to the Board meeting is not applicable by virtue of his recent appointment after the financial year end. He is not related to any director or major shareholder of Nylex. He does not hold any shares in Nylex and its subsidiaries and has no conflict of interest thereof. He has no convictions for offences within the last 10 years other than traffic offences, if any.



1

2 Y. Bhg. Dato' Ahmad Johari bin Tun Abdul Razak Aged 48, Malaysian, Executive Vice-Chairman, appointed on 29 January 2002; previously appointed Non-Independent Non-Executive Director on 12 October 1999. He gained his Bachelor of Laws (Hons) from University of Kent, UK. Called to the Bar of England and Wales in 1976. Admitted as an advocate and solicitor of the High Court of Malaya (1977), and practised as an advocate and solicitor with Messrs. Shearn Delamore & Co. (1979 to 1994). He was the Group Managing Director of Ancom Berhad since 1994. On 30 July 2003, he was redesignated as the Executive Chairman of Ancom Berhad. He is also the Chairman of Courts Mammoth Berhad and Daiman Development Berhad and a director of Daiman Golf Berhad and Hong Leong Industries Berhad. He holds 150,000 shares representing 0.07% directly in the Company. He has attended three of the four Board meetings held during the financial year ended 31 May 2003. He is not related to any director or major shareholder of Nylex and has no conflict of interest thereof. He has no convictions for offences within the last 10 years other than traffic offences, if any.



2

3 Y. Bhg. Dato' Siew Ka Wei Aged 47, Malaysian, appointed Group Managing Director on 29 January 2002; previously appointed as Non-Independent Non Executive Director on 12 October 1999. He gained his Bachelor of Science Degree (Hons) in Chemical Engineering and Master of Science degree in Operational Research from Imperial College, London, UK. He has a vast local and international working experience, well-versed in the field of petrochemicals, having been in the business for more than 20 years. He was the past Chairman of the Young Presidents Organisation ("YPO") – Malaysian Charter and a director of the International Board of Directors of YPO, an international grouping of over 8,500 CEOs of major companies over the world. Currently Group Managing Director of Ancom Berhad, and a director of Eastern & Oriental Berhad, Kamunting Corporation Berhad and Tamco Corporate Holdings Berhad. He is an Audit Committee member of Nylex and a substantial shareholder of Nylex through his interest in Ancom as disclosed in the Directors' Shareholdings in the Annual Report. He attended all four Board meetings held during the financial year ended 31 May 2003 and has no conflict of interest thereof. He has no convictions for offences within the last 10 years other than traffic offences, if any.



3

4 Y.A.M. Tunku Muhriz Ibni Almarhom Tuanku Munawir Aged 55, Malaysian, appointed as Independent Non-Executive Director on 29 August 2002. He gained his LLB (Hons) from University of Wales, Aberystwyth, United Kingdom. He started his working career in an international bank in Malaysia and became a director and shareholder of a company licensed as brokers in interbank foreign exchange and currency deposits market (1973–1986). He was the Chairman and shareholder of a Malaysian joint venture with a worldwide advertising agency (1981–1992), was Chairman and director of a joint venture company involved in manufacturing of building products (1995–1998) and was the Director and shareholder of a company engaged in electrical engineering and construction (1995 to present). He has attended three of the four Board meetings held during the financial year ended 31 May 2003. He holds no other directorships in public companies, shares in Nylex or its subsidiaries and has no family relationship with any Nylex director or major shareholder, nor has he any conflict of interest with Nylex. He has no convictions for offences within the last 10 years other than traffic offences, if any.



4

5 Y.M. Tengku Yusoff bin Tengku Mahmud Aged 45, Malaysian, appointed as Independent Non-Executive Director on 25 July 2001. He holds a Bachelor of Science degree in Business Studies from University of Toledo, USA and an MBA from New Hampshire College, USA. He is a senior lecturer in the Faculty of Business Administration at MARA University of Technology, Terengganu Branch, where he is now Deputy Provost of Student Affairs. Attended all four Board meetings held during the financial year ended 31 May 2003. He holds no other directorships in public companies, shares in Nylex or its subsidiaries and has no family relationship with any Nylex director or major shareholder, nor has he any conflict of interest with Nylex. He has no convictions for offences within the last 10 years other than traffic offences, if any.



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Board of Directors *(continued)*

6 Y. Bhg. Dato' Mohd Ismail bin Che Rus Aged 60, Malaysian, appointed as Independent Non-Executive Director on 12 October 1999. He studied Training Management at Royal Institute of Public Administration, London, UK and, as a postgraduate, Senior Management at the University of Manchester, UK. He started his career with Royal Malaysian Police as Inspector (1962). He was promoted to numerous positions before his appointment as the Chief Police Officer for three states in Malaysia, and the Metropolitan Police of Kuala Lumpur. Held the rank of Commissioner of Police with the appointment as the Director of Criminal Investigation Department prior to his retirement. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. Currently, he is a director of Ancom Berhad, Kop Mantap Berhad and Selangor Dredging Berhad. He has attended all four Board meetings held during the financial year ended 31 May 2003. He is not related to any director or major shareholder of Nylex, holds no shares in Nylex or its subsidiaries and has no conflict of interest thereof. He has no convictions for offences within the last 10 years other than traffic offences, if any.



6

7 Mr Toh Yiu Joe Aged 46, Australian, appointed as Executive Director on 9 August 2002. He was previously appointed Non-Independent Non-Executive Director on 12 October 1999. Graduated from University of Western Australia and is a member of the Institute of Chartered Accountants in Australia. He has extensive experience in private equity investments and corporate finance, having worked in Morgan Grenfell (Asia) Ltd and PrimePartners Asset Management Pte Ltd. Currently, he is a Partner and Director of PrimePartners Asset Management Pte Ltd. Attended all four Board meetings held during the financial year ended 31 May 2003. He holds no other directorships in public companies, does not own shares in Nylex or its subsidiaries and has no family relationship with any Nylex director or major shareholder, nor has he any conflict of interest with Nylex. He has no convictions for offences within the last 10 years other than traffic offences, if any.



7

8 Mr Chua Ah Lak Aged 55, Malaysian, appointed as Executive Director on 8 March 1994. He holds a degree in Chemical Engineering (Hons) from Adelaide University, Australia and MBA from University of Malaya, Malaysia. Joined Nylex as a Production Cadet upon graduation in 1972, and in 1994 was promoted to Chief Executive of the Polymer Division. Currently, He is the Managing Director of Tamco Corporate Holdings Berhad, a wholly owned subsidiary of Nylex. Attended three of the four Board meetings held during the financial year ended 31 May 2003. He holds 100,000 shares representing 0.04% directly in the Company. He holds no other directorships and has no family relationship with any Nylex director or major shareholder, nor has he any conflict of interest with Nylex. He has no convictions for offences within the last 10 years other than traffic offences, if any.



8

9 Mr Teo Ek Tor Aged 49, Singaporean, appointed as Non-Independent Non-Executive Director on 21 February 2003. He holds a degree in Business Administration (Hons) from University of Western Ontario. He has over 20 years of experience in investment banking in Asia. He was until 1999 the Regional Managing Director of BNP Prime Peregrine Group responsible for South East Asia. Also, he has contributed to and been instrumental in building up of 2 major regional investment banking groups, Morgan Grenfell Asia (1980 to 1993) and BNP Prime Peregrine (1994 to 1999). Currently, he is the Managing Partner of PrimePartners Asset Management Pte Ltd. His attendance to the Board meeting is not applicable as no board meeting was held during the financial year after his appointment. He is a member of the Nomination and Remuneration Committee. He holds no other directorships in Malaysian public companies, does not own shares in Nylex or its subsidiaries and has no family relationship with any Nylex director or major shareholder, nor has he any conflict of interest with Nylex. He has no convictions for offences within the last 10 years other than traffic offences, if any.



9

10 Mr Chiang Ing Huong Aged 46, Malaysian, appointed as Independent Non-Executive Director on 20 June 2001. He gained his Bachelor of Commerce Degree in Accounting, Finance & Information Systems from University of New South Wales, Australia. He is a Chartered Accountant, registered with the Institute of Chartered Accountants in Australia and the Malaysian Institute of Accountants. Previously, he was Managing Director of Equity & Property Investment Corporation Limited, Australia, a director of Hillgrove Gold NL, Australia and an executive director of OSK Holdings Berhad. Founder and currently a director and substantial shareholder of Nationwide Express Courier Services Berhad, Senior Vice-President, Business Development of Hwang-DBS Securities Berhad, Chairman of Selangor Dredging Berhad and a director of Ancom Berhad and QL Resources Berhad. Indirectly holds 28,000 shares representing 0.01% in Nylex through his spouse. He has attended three of the four Board meetings held during the financial year ended 31 May 2003. He is a member of the Audit Committee and Chairman of the Nomination and Remuneration Committee. He has no family relationship with any Nylex director or major shareholder, nor has he any conflict of interest with Nylex. He has no convictions for offences within the last 10 years other than traffic offences, if any.



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Senior Management In our continued efforts to empower our people, we aim to develop entrepreneurial, result-oriented leaders as part of our ongoing leadership training programme and second-line executive mentoring programme.

The Senior Management play a critical role in ensuring the Group's success. Together with the Board, they plan, oversee and monitor the day-to-day running of the Group's activities, with a firm focus on implementing the strategies laid out to achieve the overall plan of the Group.

Each of the Senior Management individuals bring to the team a sound experience base and core of knowledge in their field. Together, they form a synergistic and dynamic team, working towards a shared vision of developing the Group as a competitive and formidable market leader.

The exercise to re-shape our Senior Management resulted in a strong and resilient leadership team, ready to meet the challenges of a rapidly-changing business environment and high customer expectations.

Besides implementing the Group's corporate strategies, the Senior Management hold the responsibility of ensuring that the Group has an effective system of corporate governance.



1 Ng Kok Meng
Chief Executive Officer
Tamco Systems Division

2 Guoh Siang Lim
Acting General Manager
Malaysian Roofing Industries Sdn Bhd

3 Kam Lee Ching
General Manager
Tamco Corporate Holdings Berhad

4 Eric Chan
General Manager of International Operations
Engineering Division

5 Lee Vin Wah
General Manager of Sales
Engineering Division

6 Chan Kia Pat
Technology Development Manager
Polymer Division

7 Low Hong Keng
General Manager
Polymer Division

8 Jonathan Bong
Chief Financial Officer

9 Alex Tan
Senior Manager, Exports
Polymer Division

10 Choo Se Eng
Company Secretary



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