

(250857 - T) Incorporated in Malaysia

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING	2 - 4
CORPORATE INFORMATION	5
FINANCIAL HIGHLIGHTS	6
CHAIRMAN'S STATEMENT	7
STATEMENT ON CORPORATE GOVERNANCE	8 - 14
CODE OF CONDUCT	15
AUDIT COMMITTEE - COMPOSITION AND TERMS OF REFERENCE	16 - 18
AUDIT COMMITTEE REPORT	19
STATEMENT ON INTERNAL CONTROL	20 - 21
STATEMENT ON DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS	22
CORPORATE SOCIAL RESPONSIBILITY STATEMENT	22
MATERIAL CONTRACTS	22
DIRECTORS' REPORT	23 - 25
DIRECTORS' STATEMENT	26
STATUTORY DECLARATION	26
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS	27 - 28
STATEMENTS OF FINANCIAL POSITION	29
STATEMENTS OF COMPREHENSIVE INCOME	30 - 31
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	32
STATEMENT OF CHANGES IN EQUITY	33
STATEMENTS OF CASH FLOWS	34 - 35
NOTES TO THE FINANCIAL STATEMENTS	36 - 76
SUPPLEMENTARY INFORMATION	77
PROPERTIES HELD BY THE GROUP	78 - 79
ANALYSIS OF SHAREHOLDINGS	80 - 82
PROXY FORM	

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of the Company will be held at the Conference Room of Honsin Apparel Sdn. Bhd., 531, 2½ Miles, Jalan Kluang, 83000 Batu Pahat, Johor on Friday, 21 December 2012 at 10.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business:

 To receive the Audited Financial Statements for the financial year ended 31 July 2012 together with the Reports of the Directors and Auditors thereon. Please refer to Explanatory Note 7 on Ordinary Business

To approve the increase and payment of Directors' fees for the financial year ended 31 July 2012

Resolution 1

- 3. To re-elect the following Directors who retire by rotation in accordance with Article 77 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
 - i) Mr. Willie Gan Wee Lee
 - ii) Encik Khadmudin bin Mohamed Rafik
- 4. To re-elect Mr. Chin Chew Mun who retires in accordance with Article 84 of the Company's Articles of Association and who, being eligible, offer himself for re-election.

Resolution 2 Resolution 3

Resolution 4 Please refer to Explanatory Note 8 on Ordinary Business

- 5. To consider and if thought fit, to pass the following special resolution in accordance with Section 129(6) of the Companies Act, 1965:-
 - "That Mr. Lin, Cheng-Lang, retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company."

Resolution 5

- 6. To approve the payment of a first and final dividend of 3 sen per ordinary share, less income tax of 25%, for the year ended 31 July 2012.
- Resolution 6
- 7. To re-appoint Messrs. Grant Thornton as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

Resolution 7

As Special Business:

To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions:

8. Authority under Section 132D of the Companies Act, 1965 for the Directors to Allot and Issue Shares

Resolution 8

"That, subject always to provisions of the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Act, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."

9. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board,

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)

Company Secretaries

Penang

Date: 28 November 2012



Notice of Annual General Meeting (cont'd)

NOTES ON APPOINTMENT OF PROXY

- 1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
- 2. For a proxy to be valid, the proxy form duly completed, must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
- 3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
- 4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- 5. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
- 6. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

EXPLANATORY NOTES ON ORDINARY BUSINESS

- 7. Agenda 1 (Audited Financial Statements)
 The Audited Financial Statements for the year ended 31 July 2012 is meant for discussion only as the provisions of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders of the Company and hence Agenda 1 is not put forward for voting.
- 8. Mr. Chin Chew Mun, a Malaysian aged 41, was appointed to the Board on 16 November 2012. He is a member of the New Zealand Institute of Chartered Accountants, the Malaysian Institute of Accountants and the Chartered Tax Institute of Malaysia. He holds a Bachelor of Commerce degree from the University of Auckland, New Zealand. He was attached to international accounting firms from 1995 to 2009 and is presently in public practice as a Chartered Accountant.
 - He has no family relationship with other Directors and/or major shareholders of the Company. He has no conviction of offence for the past ten (10) years.
- 9. Mr. Lee Kuan Mang is retiring in accordance with Section 129 of the Companies Act, 1965 as a director of the Company at the forthcoming Annual General Meeting and he had informed the Board that he is not seeking re-election as a director of the Company.

Upon his retirement, Mr. Lee Kuan Mang will cease to be the Chairman of the Audit Committee and member of the Remuneration & Nomination Committees.

The Board would like to thank Mr. Lee Kuan Mang for his support, commitment and invaluable contribution to the Group.

EXPLANATORY NOTES ON SPECIAL BUSINESS

10. Agenda 8 (Resolution pursuant to Section 132D of the Companies Act, 1965)

The proposed Ordinary Resolution 8, is to seek a renewal of the general mandate for the directors of the Company to allot and issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

As at the date of notice of meeting, no new shares has been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company.

The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

Notice of Annual General Meeting (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a first & final dividend of 3 sen per ordinary share, less income tax of 25%, for the financial year ended 31 July 2012, if approved, will be paid on 28 January 2013 to shareholders registered in the Record

of Depositors of the Company on 8 January 2013.

A depositor shall qualify for entitlement only in respect of:

a. Shares transferred into the depositor's securities account before 4.00p.m. on 8 January 2013 in respect of ordinary

transfers; and

b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa

Malaysia Securities Berhad.

By Order of the Board,

LEE PENG LOON (MACS 01258) P'NG CHIEW KEEM (MAICSA 7026443)

Company Secretaries

Penang

Date: 28 November 2012

Corporate Information

Directors Ahmad Mustapha Ghazali (Executive Chairman)

Lau Mong Ying (Managing Director)
Willie Gan Wee Lee (Executive Director)

Lau Mong Fah (Non-Independent Non-Executive Director) Lee Kuan Mang (Independent Non-Executive Director) Lin, Cheng-Lang (Independent Non-Executive Director)

Khadmudin Bin Mohamed Rafik (Independent Non-Executive Director)

Chin Chew Mun (Independent Non-Executive Director)

Company Secretaries Lee Peng Loon (MACS 01258)

P'ng Chiew Keem (MAICSA 7026443)

Audit Committee Lee Kuan Mang (Chairman, Independent Non-Executive Director)

Lin, Cheng-Lang (Independent Non-Executive Director)

Khadmudin Bin Mohamed Rafik (Independent Non-Executive Director)

Lau Mong Fah (Non-Independent Non-Executive Director)

Nomination Committee Khadmudin Bin Mohamed Rafik (Chairman, Independent Non-Executive Director)

Lee Kuan Mang (Independent Non-Executive Director) Lin, Cheng-Lang (Independent Non-Executive Director)

Remuneration Committee Lau Mong Ying (Chairman, Managing Director)

Lee Kuan Mang (Independent Non-Executive Director) Lau Mong Fah (Non-Independent Non-Executive Director)

Registered Office 51-21-A Menara BHL Bank

Jalan Sultan Ahmad Shah

10050 Penang Tel : 04-2108833 Fax : 04-2108831

Business Address 531, 2 ½ Miles, Jalan Kluang,

83000 Batu Pahat

Johor

Tel : 07-431 8388 Fax : 07-431 0133

E-Mail : enquiries@prolexus.com.my Website : www.prolexus.com.my

Share Registrar Bina Management (M) Sdn. Bhd.

Lot 10 The Highway Centre, Jalan 51/205

46050 Petaling Jaya Selangor Darul Ehsan Tel: 03-7784 3922 Fax: 03-7784 1988

Auditors Grant Thornton

Chartered Accountants

Principal Bankers HSBC Bank Malaysia Berhad

RHB Bank Berhad

Standard Chartered Bank Malaysia Berhad

Citibank Berhad

Industrial and Commercial Bank of China

Solicitors Affendi Zahari, Advocates & Solicitors

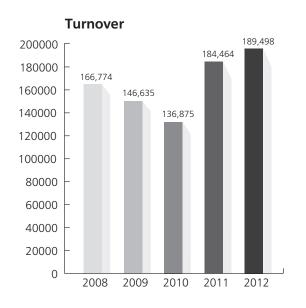
Stock Exchange Listing Main Market of Bursa Malaysia Securities Berhad

Stock Code 8966

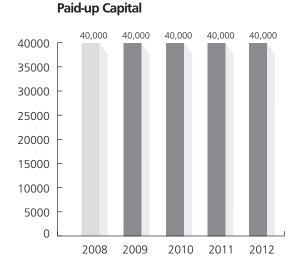
Stock Name PRLEXUS

Financial Highlights

	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
Turnover	166,774	146,635	136,875	184,464	189,498
Profit / (Loss) Before Tax	(2,945)	2,136	5,507	4,906	10,568
Profit / (Loss) After Tax	(2,892)	262	3,403	5,236	10,836
Paid-up Capital	40,000	40,000	40,000	40,000	40,000
Shareholders' Funds	30,541	31,508	42,748	48,348	59,048
Earnings / (Loss) Per Share (sen)	(8)	3	11	16	28
Dividend Per Share (sen)	_	_	_	-	3
Net Tangible Asset Per Share (sen)	76	79	110	125	153



Profit / (Loss) Before Tax 12000 11000 10,568 10000 9000 8000 7000 5,507 6000 4,906 5000 4000 3000 2,136 2000 1000 -1000 -2000 -3000 (2,945)-4000 -5000 2012 2008 2009 2010 2011





Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 July 2012.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

The financial year ended 31 July 2012 saw an increase in the Group's revenue and profit.

- Revenue for the current financial year of RM 189.5 million increased marginally by RM 5 million when compared with
 the previous financial year's of RM 184.5 million. The increase in revenue is attributed to both increases in revenue
 of the garment division and the advertising services division. The increase in revenue of the garment division is mainly
 due to the accounting of a full year's revenue from the China plant which commenced operations in October 2010
 offset by a decrease in revenue of the Malaysian plants caused by the difficulty in recruiting sewing operators. Revenue
 of the advertising division increased by 36% to RM 6.6 million and is mainly due to the improving local economic
 environment.
- Profit for the current financial year of RM 10.8 million is higher by 107% compared with the previous financial year's
 of RM 5.2 million. The increase in profit is attributable to both the garment division and the advertising services division.
 The garment division saw the turnaround of the China plant which reported a start up loss of RM 1.6 million during
 the previous financial year compared to a profit of RM 0.1 million for the current financial year. The increase in profits
 of the advertising services division is mainly due to its increase in revenue while the operating costs have been
 maintained.
- Earnings per share has increased from 16 sen to 28 sen per share.
- Net tangible asset per share has increased from RM1.25 to RM1.53 sen per share.

CORPORATE GOVERNANCE

The Group is committed to the best practice of corporate governance to enhance shareholders' value. In achieving this, it has put in place stringent internal controls and operating procedures to ensure that transparency, accountability and integrity are attained in managing the Group business.

DIVIDEND

I am pleased that the Board of Directors is recommending the payment of a first and final dividend of 3 sen per ordinary share, less income tax of 25%, for the financial year ended 31 July 2012 subject to the approval of shareholders at the forthcoming Annual General Meeting.

PROSPECTS

Despite the global economic uncertainties, revenue of the Group can be maintained at current level. However, the implementation of the minimum wages in Malaysia in 2013 will impact the performance of the Group in the 2013 financial year.

APPRECIATION

On behalf of the Board of Directors, I wish to express my appreciation and gratitude to our business associates, government agencies, financial institutions, our valued shareholders and other stakeholders for their continued support and co-operation. Our appreciation is also extended to our employees for their dedication and invaluable contributions to the performance of the Group.

AHMAD MUSTAPHA GHAZALI

Executive Chairman

24 October 2012

Statement on Corporate Governance

The Board of Directors is committed to ensuring that the highest standards of corporate governance will be practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

The Group has applied the Principles in Part I and complied with the Best Practices in Part II of the Malaysian Code On Corporate Governance ("the Code") as and except where otherwise stated herein.

In pursuance of such applications and/or compliance:-

- · The Audit Committee was set-up on 21 October 1993, and is at present constituted as herein stated.
- The Nomination Committee was set-up on 14 April 2001, and comprises non-executive directors, the majority of whom
 are independent.
- · The Remuneration Committee was set-up on 14 April 2001, and comprises mainly non-executive directors.
- Messrs. UHY, Chartered Accountants are engaged to provide, inter-alia, risk based internal audit services.
- A Code of Conduct was adopted on 25 June 2002 and it principally guides the directors and employees to conduct our business in accordance with the highest ethical standards and in full compliance with all laws and regulations. The Code of Conduct is summarized on page 15.

DIRECTORS

The Board of Directors leads and controls the Group. It currently comprises three executive directors, three independent non-executive directors and one non-independent non-executive director. The Board meets at least 4 times in each financial year with additional meetings convened as necessary. All Board members bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct. There is a clearly accepted division of responsibilities at the head of the Group, which will ensure a balance of power and authority. The Board has independent and non-independent non-executive directors of calibre and experience, and minority shareholders are fairly represented. A balance of not less than one third of its members being independent non-executive directors is maintained by the Board with three of its seven members being independent non-executive directors.

In accordance with the Company's Articles of Association, all new appointments to the Board are subject to re-election by shareholders at the next immediately following Annual General Meeting of the Company after their appointment. All directors are required to submit themselves for re-election at regular intervals and at least every three years.

All directors are provided with an agenda and a set of Board papers prior to Board Meetings. This is issued in sufficient time to enable the directors to obtain further information and explanations when necessary. The Board papers include, amongst others, the following:-

- · financial statements
- · analysis of information in the financial statements
- · significant operational and financial issues

In addition, there is a schedule of matters reserved specially for the Board's decision, including the approval of corporate plans and annual budgets, acquisitions and disposals of undertakings and properties of a substantial value, major investments and financial decisions, and changes to the management and control structure within the Group, including key policies and procedures and delegated authority limits.

The Board and every member of the Board is authorized whenever necessary to take independent advice in the furtherance of their duties and the cost of such advice is borne by the Group. All Directors have access to all information within the Group as a full board and in their individual capacity in furtherance of their duties. All Directors have access to the advice and services of the Company Secretary.

Lee Kuan Mang who is the Audit Committee Chairman is the senior independent non-executive director to whom any concerns relating to the Group may be conveyed.

The Board had on 23 September 2011 considered and reviewed the present composition of the Audit Committee including the performance of the Committee collectively and each of its members individually. The Board was and remains satisfied with the composition of the Audit Committee and the performance of the Committee collectively and each of its members individually and resolved to retain the present composition of the Audit Committee.

All new appointments to the Board will be proposed by the Nomination Committee, which also assesses directors on an on-going basis.

The Board through the Nomination Committee annually reviews the qualities (including skills and experience) of the Non-Executive Directors and also assesses the Board as a whole, its committees, and the contribution of each director. Such a review and an assessment were carried out on 24 September 2012 by the Nomination Committee.

The Remuneration Committee recommends the remuneration of the Executive Directors (who are not party to any decision thereto).

The Board has resolved as an express stated policy that each director shall commit at least three days annually to attend training courses of his own personal requirement as part of a continuing education programme.

The directors' profiles are as follows:

Ahmad Mustapha Ghazali Executive Chairman

Ahmad Mustapha Ghazali, a Malaysian aged 64, was appointed to the Board on 6 September 1993 and was appointed to the post of Chairman of the Board on 1 October 2002 and was redesignated as Executive Chairman on 25 January 2010. He is a Fellow of the Chartered Association of Certified Accountants (UK), an associate member of the Institute of Chartered Accountants in England and Wales and a member of both the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants. He has an MBA from the University of Leicester, England. He was previously attached to an international accounting firm as a partner and has more than 30 years of experience in statutory audit, financial reporting and corporate finance

He is the spouse of Narimah Mohamed Perai, a substantial shareholder of the Company. He has no conflict of interest with the Company. He has no conviction of offence for the past ten (10) years.

Lau Mong Ying Managing Director

Lau Mong Ying, a Malaysian aged 63, was appointed to the Board on 27 August 1993 and until 1 October 2002 is both the Chairman and Managing Director of the Group. On 1 October 2002, he relinquished the post of Chairman to Ahmad Mustapha Ghazali and retained the post of Managing Director. He graduated with a Bachelor of Commerce in Economics from Nanyang University of Singapore in 1973 and has been involved in the garment industry since 1973.

He is a brother of Lau Mong Seng, a major shareholder of the Company and Lau Mong Fah, a director of the Company. He has no conflict of interest with the Company. He has no conviction of offence for the past ten (10) years.

Willie Gan Wee Lee Executive Director

Willie Gan Wee Lee, a Malaysian aged 56, was appointed to the Board on 23 August 2002 and is an Executive Director – Finance primarily responsible for the financial management of the Group. He was admitted as a member of the Institute of Chartered Accountants in England and Wales in 1980 and of the Malaysian Institute of Accountants in 1982. He joined the Group as its Financial Controller in 2001. Prior to joining the Group, he was attached to international accounting firms from 1976 to 1992 and thereafter as the Vice President – Corporate and Finance of a company listed on the Singapore Stock Exchange and which has subsidiary companies involved in contract manufacturing in Malaysia and Europe.

He has no family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction of offence for the past ten (10) years.

Lau Mong Fah

Non-Independent Non-Executive Director

Lau Mong Fah, a Malaysian aged 58, was appointed to the Board on 3 September 1998. He is a Fellow Member of the Association of International Accountants, London since 1988. He is currently attached to a professional firm providing tax advisory and consulting services, and corporate secretarial and share registration services.

He is the brother of Lau Mong Ying, a director and substantial shareholder of the Company and Lau Mong Seng, a major shareholder of the Company. He has no conflict of interest with the Company. He has no conviction of offence for the past ten (10) years.

Lee Kuan Mang Independent Non-Executive Director

Lee Kuan Mang, a Malaysian aged 70, was appointed to the Board on 2 May 2000. He is a Barrister-at-law (England) and an Advocate & Solicitor of the High Court, States of Malaya. He has previously served on the Board of several public listed companies, including one in Australia.

He has no family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction of offence for the past ten (10) years.

Lin, Cheng-Lang Independent Non-Executive Director

Lin, Cheng-Lang, a Taiwanese aged 73, was appointed to the Board on 10 September 1998. He graduated from Taiwan University in 1962 and has extensive experience in the garment industry having served as a managing director with various textile companies in Taiwan until his retirement in 1994.

He has no family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction of offence for the past ten (10) years.

Khadmudin Bin Mohamed Rafik Independent Non-Executive Director

Khadmudin Bin Mohamed Rafik, a Malaysian aged 58, was appointed to the Board on 9 September 2003. He obtained his Australian Matriculation Certificate in 1973 and Inspectors Certificate in 1976. He joined the Royal Malaysian Police Force as Senior Police Officer from 1976 to 1995. His last position before optional retirement was the Assistant Superintendent of Police performing the duties of "Head of Prosecution Department". He is presently the managing director and owner of a private limited company specializing in knitted fabric.

He has no family relationship with other Directors and/or major shareholders of the Company. He has no conflict of interest with the Company. He has no conviction of offence for the past ten (10) years.

As an integral element of the process of appointing new directors, the Board will ensure there is an orientation programme for new directors.

The Board held 5 meetings between 1 August 2011 and 31 July 2012 and the number of meetings attended by the Directors are as follows:

Name	Number of meetings attended
Ahmad Mustapha Ghazali	5
Lau Mong Ying	5
Willie Gan Wee Lee	5
Lau Mong Fah	4
Lee Kuan Mang	5
Lin, Cheng-Lang	5
Khadmudin Bin Mohamed Rafik	5

DIRECTORS REMUNERATION

The remuneration of the executive directors is, including fees as recommended by the Remuneration Committee, structured so as to link rewards to corporate and individual performance and for non-executive directors the level of remuneration reflects the experience and level of responsibilities undertaken.

Currently, the executive directors remuneration comprises basic salary and fees (recommended by the Remuneration Committee), which are reflective of the experience, level of responsibilities and performance. Benefits in kind such as company cars are made available as appropriate.

The details of the remuneration of the directors of the Company for the financial year ended 31 July 2012 including proposed directors fees are as follows:

	Salary	Fees	Benefits- in-kind	EPF	Total 2012	Total 2011
	RM	RM	RM	RM	RM	RM
Executives (3) Non-Executives (4)	979,114 -	1,000,000 180,000	24,000	158,688 -	2,161,802 180,000	1,708,185 163,000
Total	979,114	1,180,000	24,000	158,688	2,341,802	1,871,185

The remuneration band of the directors as follows:

Amount	Executive	Non-Executive
RM 1 – RM 50,000		3
RM 50,001 – RM 100,000		1
RM 200,001 – RM 250,000	1	
RM 650,001 – RM 700,000	1	
RM 1,250,0011 – RM 1,300,000	1	

REMUNERATION COMMITTEE - COMPOSITION AND TERMS OF REFERENCE

Composition and Designation of Remuneration Committee

Lau Mong Ying Chairman (Managing Director)

Lee Kuan Mang Member (Independent Non-Executive Director)

Lau Mong Fah Member (Non-Independent Non-Executive Director)

Terms of Reference

The Terms of Reference for the Remuneration Committee set out by the Board of Directors are as follows:-

a. Size and Composition

The Remuneration Committee shall be appointed by the Board of Directors from amongst its members and consisting wholly or mainly of non-executive directors. The members of the committee shall elect from among themselves a chairman.

b. Meetings

The Remuneration Committee shall meet to carry out the duties and responsibilities in item (c) as stated below. The quorum for a meeting shall be two members both of whom shall be non-executive directors.

In the absence of the Chairman of the Remuneration Committee, members present shall elect a Chairman for the meeting from amongst the non-executive directors present.

The Company Secretary shall act as the secretary of the Remuneration Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.

The minutes of each meeting shall be kept and distributed to all members of the Board.

c. Duties and Responsibilities

The Committee's duties and responsibilities are as follows:-

- i) to recommend to the Board the remuneration package of executive directors in all its form, drawing from outside advice, if necessary.
- ii) to recommend to the Board the remuneration of non-executive directors which shall be a decision of the Board as a whole, save and except where the remuneration is in respect of any member or members of this committee.

Executive directors play no part in decisions on their remuneration. The determination of remuneration packages of non-executive directors shall be a matter for the board as a whole.

d. Authority

The Remuneration Committee is authorized by the Board to investigate any activity within its Terms of Reference. It shall be provided with the resources to perform its duties and full and unrestricted access to information pertaining to the Company and the Group.

The Remuneration Committee shall also have the right to consult independent experts where they consider it necessary to carry out their duties.

NOMINATION COMMITTEE - COMPOSITION AND TERMS OF REFERENCE

Composition and Designation of Nomination Committee

Khadmudin Bin Mohamed Rafik Chairman (Independent Non-Executive Director)

Lee Kuan Mang Member (Independent Non-Executive Director)

Lin-Cheng Lang Member (Independent Non-Executive Director)

Terms of Reference

The Terms of Reference for the Nomination Committee set out by the Board of Directors are as follows:-

a. Size and Composition

The Nomination Committee shall be appointed by the Board of Directors from amongst its members and composed exclusively of non-executive directors, a majority of whom are independent. The members of the committee shall elect from among themselves a chairman, who shall be an independent non-executive director.

b. Meetings

The Nomination Committee shall meet at least once a year to carry out the duties and responsibilities in item (c) as stated below. The Nomination Committee shall meet at least once a year to assess the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director. The quorum for a meeting shall be two members.

In the absence of the Chairman of the Nomination Committee, members present shall elect a Chairman for the meeting.

The Company Secretary shall act as the secretary of the Nomination Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.

The minutes of each meeting shall be kept and distributed to all members of the Board.

c. Duties and Responsibilities

The Committee's primary responsibility is to propose, consider and recommend to the Board, candidates for directorships to be filled in the Group.

The Committee's other duties and responsibilities are as follows:-

- i) to make appropriate recommendations to the Board on matters of renewal or extension of directors appointment and reappointment of retiring directors.
- ii) to annually review and assess performance of non-executive directors on annual basis; based on skills, experience and core competencies save and except where such review and assessment is in respect of any member or members of the committee.
- iii) to recommend to the Board, directors to fill the seats on Board committees
- to annually assess the effectiveness of the Board as a whole, the committees of the Board and contribution of each individual director to the effective decision making of the Board, save and except where the assessment of performance is in respect of any member or members of the Committee.

The actual decision as to who shall be nominated should be the responsibility of the full Board after considering the recommendations of the Committee.

d. Authority

The Nomination Committee is authorized by the Board to investigate any activity within its Terms of Reference. It shall be provided with the resources to perform its duties and full and unrestricted access to information pertaining to the Company and the Group.

The Nomination Committee shall also have the right to consult independent experts where they consider it necessary to carry out their duties.

SHAREHOLDERS

The Group values dialogue with shareholders/investors and welcome contributions from them. Notice of Annual General Meetings and related papers are sent out to shareholders at least 21 days before the date of the meeting. At each Annual General Meeting, the Board presents the progress and performance of the Group and encourages shareholders to participate in the question and answer session. Executive directors and the Chairman of the Audit Committee are available to respond to shareholders' questions during the meeting. Where appropriate, the Chairman will undertake to provide a written answer to any question that cannot be readily answered on the spot. However, any information, which may be regarded as undisclosed material information about the Group, will not be given to any single shareholder or shareholder group.

ACCOUNTABILITY AND AUDIT

In presenting and reporting the annual audited financial statements and reports and the quarterly announcements to shareholders, the Board aims to present a balanced and understandable announcement of the Group's position and prospects.

The directors acknowledge their responsibility for the Group's system of internal controls covering financial, operational and compliance controls and risk management. The internal control system involves each business and key management from each business including the Board and will be designed to meet the Group's particular needs and to appropriately manage the risks. The key elements to be included in the design of the Group's internal control system are described below:

- Clearly defined delegation of responsibilities to committees of the full Board and to operating units, including authorisation levels for all aspects of the business, which are set out in an authority matrix.
- Clearly documented internal procedures set out in a series of Internal Control Procedures.
- · Regular internal audit visits, which monitor compliance with procedures and assess the integrity of financial information.
- Regular and comprehensive information provided to management, covering financial performance and key business indicator, such as staff utilization and cash flow performance.
- A detailed budgeting process where operating units prepare budgets for the coming year, which are approved both at operating unit level and by the full Board.
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.
- Regular visits to operating units by members of the Board and senior management.

The system, by its nature can only provide reasonable but not absolute assurance against misstatement or loss.

The Group is constantly reviewing the adequacy and integrity of the Group's system of internal controls and for this purpose, the Internal Auditors report directly to the Audit Committee Chairman..

The role of the Audit Committee is stated on pages 16 to 18 and the report of the Audit Committee is shown on page 19.

This Statement Of Corporate Governance is made by the Board of Directors in accordance with a resolution of the Board of Directors dated 24 October 2012.

AHMAD MUSTAPHA GHAZALI

Executive Chairman

LAU MONG YINGManaging Director

Code of Conduct

Prolexus Berhad and its subsidiaries, will conduct business in accordance with the highest ethical standards and in full compliance with all laws and regulations, and we encourage employees to address ethical questions with the management so that we can maintain our high standards.

The high standards of business ethics that has characterised our approach to business in the past, demand high professional standards and place a premium on integrity and fair dealing in relationship with our customers, suppliers, communities and employees.

The Code of Conduct is the most important document issued by the Management of Prolexus to its directors and employees as a testament of our commitment to subscribe to the following principles when conducting business.

- We uphold the highest ethical and professional standards through fair and honest dealings with employees, suppliers, customers, stakeholders and others persons having dealings with the Group.
- We respect the law and act accordingly.
- We will endeavour to support fair practices at workplace and equal opportunities in employment regardless of race, creed, religion and national origin.
- We will not coerce or hold staff against their wishes in employment.
- We recognise and respect the right of employees to freely join any association.
- We do not place ourselves in situations which result in divided loyalties.
- We are to use, protect and keep confidential all the Group's assets and business information responsibly and in the best interest of Prolexus Berhad and its subsidiaries.

Audit Committee - Composition and Terms of Reference

1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

Lee Kuan Mang

Chairman

(Independent Non-Executive Director)

Lin, Cheng-Lang

Member

(Independent Non-Executive Director)

Khadmudin Bin Hj. Mohamed Rafik

Member

(Independent Non-Executive Director)

Lau Mong Fah

Member

(Non-Independent Non-Executive Director)

2. TERMS OF REFERENCE

The Terms of Reference for the Audit Committee set out by the Board of Directors are as follows:

a. Objectives

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibility relating to the accounting and reporting practices of the Company and its subsidiary companies.

In addition, the Audit Committee shall:

- Oversee and appraise the quality of the audit conducted both by the Company's Internal and External
- ii. Maintain, through regular scheduled meetings, a direct line of communication between the Board of Directors, Internal and External Auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities;
- iii. Keep under review the risk assessment and management framework of the Group; and
- iv. Determine the adequacy of the Group's administrative, operating and accounting controls.

b. Size and Composition

The Committee shall be appointed by the Board of Directors from amongst its member and shall consist of not fewer than three members, all of whom shall be non-executive directors and financially literate. The majority of the Committee members shall be independent directors.

The Committee shall include at lease one person who is a member of Malaysian Institute of Accountants or a person who must have at least 3 years' working experience and has passed the examinations specified in Part 1 of the 1st Schedule of the Accountant Act, 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or a person who fulfils such other requirements as prescribed or approved by the Exchange. The members of the Audit Committee shall elect from among themselves a chairman, who shall be an independent non-executive director.

If one or more members of the Committee resign or for any reason cease to be a member with the result that the Listing Requirements of Bursa Malaysia Securities Berhad are breached, the Board shall, within 3 months of that event, appoint such number of new members as may be required to correct the breach. The Board of Directors shall review the composition of the Committee at least once every three years.

Audit Committee - Composition and Terms of Reference (cont'd)

c. Meetings

The Audit Committee shall hold at least four quarterly meetings per year and such additional meetings as its Chairman shall decide in order to fulfill its duties. The quorum for a meeting shall be two members with the majority of whom shall be independent directors.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman and the Executive Directors, and the external auditors in order to be kept informed of matters affecting the Company or the Group. The internal auditors shall report directly to the Audit Committee.

In the absence of the Chairman of the Audit Committee, members present shall elect a Chairman for the meeting from amongst the independent directors present.

The non-member directors, the Executive Director–Finance, the Internal Auditors and representatives of the External Auditors may attend the meeting on invitation by the Committee.

The Audit Committee shall meet the External Auditors without the presence of the executive board members at least twice a year and such other meetings as determined by the Committee and/or as requested by the External Auditors

The Company Secretary or the representative of the Secretary shall act as the secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

The minutes of each meeting shall be kept and distributed to all members of the Board.

d. Duties and Responsibility

The primary duties and responsibilities of the Audit Committee are:-

- (i) Consider the appointment of the External Auditors, the audit fees and any questions of resignation or dismissal, and inquire into the staffing and competence of the External Auditors in performing their work.
- (ii) Review with the External Auditors the scope of their audit plan, their evaluation of the system on internal control and the audit report on the financial statements (in absence of the management if necessary).
- (iii) Review the assistance given by the employees of the Company and the Group to the External Auditors.
- (iv) Discuss the impact and review of any proposed changes in or implementing of major accounting policy changes, principles and practice, significant adjustments resulting from the audit, significant and unusual events, the going concern assumption, compliance with accounting standards and compliance with the stock exchange and statutory and legal requirements.
- (v) Review any financial information for publication, including quarterly and annual financial statements prior to submission to the Board for approval.
- (vi) Review the adequacy and relevance of the scope, functions, competency and resources of internal audit, necessary authority to carry out internal audit work and extent of co-operation and assistance given by the employees to internal audit.
- (vii) Review any appraisal or assessment of the performance of the Internal Auditors and to approve any appointment or termination of the senior staff members of the internal auditors function and also to take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (viii) Review the internal audit plan and work programme, consider major findings of internal audit investigation and management response and ensure co-ordination between Internal and External Auditors.

Audit Committee - Composition and Terms of Reference (cont'd)

- (ix) Ascertain the adequacy of the Group's risk assessment and management framework in identifying and considering principal business risks and ensure the implementation of appropriate systems to manage these risks.
- (x) Keep under review the effectiveness of internal control systems and in particular to review and monitor the implementation of recommendation of the External Auditors' management letter and management's
- (xi) Consider and review any related party transaction that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- Identify and direct any special projects or investigation deemed necessary. (xii)
- (xiii) Report any breaches of listing requirements, which have not been satisfactory resolved to the Bursa Malaysia Securities Berhad.
- (xiv) To review and verify the allocation of options to employees under Employees Share Option Scheme.

Authority

The Audit Committee is authorized by the Board to investigate any activity within its Terms of Reference. It shall be provided with the resources to perform its duties and full and unrestricted access to information pertaining to the Company and the Group. The Committee shall also have direct communication channels with both the Internal and External Auditors and senior management of the Company and the Group including convening meetings with the External Auditors, the Internal Auditors or both, in the absence of other directors and employees of the Company, whenever deemed necessary.

The Audit Committee shall also have the ability to consult independent experts where they consider necessary to carry out their duties.

In accordance with a resolution of the Board of Directors dated 24 October 2012.

Audit Committee Report

AUDIT COMMITTEE FUNCTION

The Audit Committee of the Board of Directors is formally constituted with written terms of reference. The details of the Audit Committee's composition and terms of reference are set out in the preceding 3 pages. The present composition of the Audit Committee was reviewed and retained by the Board of Directors on 23 September 2011.

During the financial year ended 31 July 2012, the Committee has met five times to discuss matters relating to the accounting and reporting practices of the Company and its subsidiary companies. The summary of attendance of Audit Committee is as follows:-

Name	No. of meetings attended
Lee Kuan Mang, Chairman	5
Lin, Cheng-Lang	5
Khadmudin Bin Hj. Mohamed Rafik	5
Lau Mong Fah	4

The Audit Committee has reviewed the annual accounts and quarterly results announcements made to Bursa Malaysia Securities Berhad and considered the selection and the re-appointment and fees of the External Auditors. The Committee, together with the Board and the Internal Auditors has assessed the effectiveness of the system of internal controls and has discussed in general, significant changes in business and external environment that affects the operations of the Group. The Audit Committee has also considered reports from External Auditors on matters identified in the course of their statutory audit.

INTERNAL AUDIT FUNCTION

Internal audit function was established at the Company on 1 June 2001 to measure and evaluate the functioning of internal controls put in place by the management at the Company and its subsidiaries. On 30 March 2005, Messrs. UHY Diong (now known as UHY), Chartered Accountants, was appointed as the Internal Auditors. The Internal Auditors assist the Audit Committee in performing, inter alia, the following functions:

- Promoting proactive risk management awareness, monitoring results of key performance indicators and ensuring compliance with good corporate governance.
- Review and appraise the soundness, adequacy and application of accounting, financial and other operating controls
 and promote effective control at reasonable cost.
- Ascertain extent of compliance with established policies, plans and procedures.
- Ascertain extent to which company assets are accounted for and safeguarded from losses of all kinds.

Signed on behalf of the Audit Committee

LEE KUAN MANG

Chairman, Audit Committee

24 October 2012

Statement on Internal Control

Pursuant to Paragraph 15.26(b) of Bursa Securities Listing Requirements, the Board of Directors of Prolexus Berhad is pleased to provide the following statement on internal control of the Group, which has been prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies ('Internal Control Guidance') issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of an effective enterprise risk management and an ongoing risk-based internal audit to establish and maintain a sound system of internal control. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the effectiveness as well as the adequacy and integrity of those systems. Because of the limitations that are inherent in any system of internal control, those systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidance.

RISK MANAGEMENT

The Board and management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks, and put in place the appropriate risk response strategies and controls until those risks are managed to, and maintained at, a level acceptable to the Board.

INTERNAL AUDIT

The Board acknowledges the importance of internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs. UHY who reports directly to the Audit Committee to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on the prioritization of their risk profiling. Scheduled internal audits are carried out by the internal auditors based on the audit plan approved by the Audit Committee. The audit focuses on areas with high risk and inadequate controls to ensure that those areas are managed with adequate level of controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the results of internal audit will be reported to the Audit Committee particularly on areas for improvement and will be subsequently followed up to determine the extent of actions that have been implemented.

Statement on Internal Control (cont'd)

INTERNAL CONTROL

Apart from risk management and internal audit, the Group has put in place the following key elements of internal control:

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels
 of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of standard internal policies and procedures for operational, financial and human resource management, which
 is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- A comprehensive business planning and detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the Board;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary;
- The day-to-day operations of the two major subsidiaries are guided by the ISO9001:2008 documented procedures that provide limited scope of internal control; and
- · Regular visits to operating units by members of the Board and senior management.

Based on the internal auditors' reports, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. Minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of Bursa Securities Listing Requirements.

This statement is issued in accordance with a resolution of the Directors dated 24 October 2012.

Statement on Directors' Responsibility in relation to the Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of the results of the business of the Company and of the Group for the financial year then ended. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provision of the Act.

The Directors consider that in preparing the financial statements for the year ended 31 July 2012 set out on pages 29 to 76, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Company and the Group keep accounting records which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 24 October 2012.

Corporate Social Responsibility Statement

The Group recognizes the importance of its social obligations to the society in which it operates in whilst striving to achieve a balanced approach to fulfill its key business objectives and the expectations of its stakeholders.

A Code of Conduct was adopted on 25 June 2002 and it principally guides the directors and employees to conduct our business in accordance with the highest standards and in full compliance with all laws and regulations.

The Group has in place a Safety and Health Committee who develops policies and guidelines to provide and maintain a safe and healthy workplace for all its employees, contractors and visitors. In addition, the Group observes strict compliance with environmental laws and regulations to the extent that our suppliers are qualified for compliance as well.

Our employees are encouraged to attend external seminars in addition to attending in-house as well as outsourced training to improve their skills and knowledge.

Material Contracts

Apart from the executive directors employment contracts and those related party transactions as disclosed in Note 28, there are no other material contracts involving the Directors and major shareholders with the Company and its subsidiaries.

Directors' Report for the financial year ended 31 July 2012

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 July 2012**.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS	GROUP RM'000	COMPANY RM'000
Profit after taxation for the year	10,836	2,876
Attributable to:		
Owners of the parent Non-controlling interests	9,961 875	2,876

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 July 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature, nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

10,836

2,876

DIVIDENDS

No dividends have been declared or paid by the Company since the end of the previous financial year.

At the forthcoming Annual General Meeting, a first and final dividend of 3 sen less 25% tax per share amounting to RM829,514 in respect of financial year ended 31 July 2012 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2013.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the notes to the financial statements.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any shares or debentures and did not grant any option to anyone to take up unissued shares of the Company.

Directors' Report for the financial year ended 31 July 2012 (cont'd)

TREASURY SHARES

During the financial year, the Company sold 456,100 treasury shares in the open market at an average selling price of RM0.52 per share for a total consideration of RM227,297.

Out of the total 40,000,000 issued and fully paid ordinary shares as at 31 July 2012, 3,132,700 are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid is therefore 36,867,300 ordinary shares of RM1 each.

Further relevant details are disclosed in Note 16 to the financial statements.

DIRECTORS

The directors who served since the date of the last report are as follows:

Ahmad Mustapha Ghazali Lau Mong Ying Willie Gan Wee Lee Lau Mong Fah Lee Kuan Mang Lin, Cheng-Lang Khadmudin Bin Mohamed Rafik

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of the directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

	Number of ordinary shares of RM1 Balance			each Balance
	at			at
	1.8.11	Bought	Sold	31.7.12
Direct Interest:				
Ahmad Mustapha Ghazali	30,000	-	-	30,000
Lau Mong Ying	2,445,534	-	-	2,445,534
Lau Mong Fah	115,000	21,000	-	136,000
Lin, Cheng-Lang	293,374	-	-	293,374
Khadmudin Bin Mohamed Rafik	305,200	-	-	305,200
Deemed Interest:				
Ahmad Mustapha Ghazali	3,281,850	519,850	-	3,801,700
Willie Gan Wee Lee	8,000	-	-	8,000
Khadmudin Bin Mohamed Rafik	4,000	-	-	4,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report for the financial year ended 31 July 2012 (cont'd)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, and
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading,
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, and
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Board of Directors :

Lau Mong Ying Managing Director Willie Gan Wee Lee Executive Director

Date: 29 October 2012

Directors' Statement

We, Lau Mong Ying and Willie Gan Wee Lee, being two of the directors of Prolexus Berhad state that in the opinion of the directors, the financial statements set out on pages 29 to 76 are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2012 and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the Board of Directors:

Lau Mong Ying Willie Gan Wee Lee

Date: 29 October 2012

Statutory Declaration

I, **Willie Gan Wee Lee**, the director primarily responsible for the financial management of **Prolexus Berhad** do solemnly and sincerely declare that the financial statements set out on pages 29 to 76 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this 29th)
day of October 2012.)

Willie Gan Wee Lee

Before me,

Goh Suan Bee No: P125 Commissioner for Oaths

Independent Auditors' Report

to the Members of Prolexus Berhad (Company No. 250857-T)

Report on the Financial Statements

We have audited the financial statements of Prolexus Berhad, which comprise the statements of financial position as at 31 July 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 76.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 July 2012** and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act
- (b) We have considered the accounts of the subsidiaries of which we have not acted as auditors, which are indicated in Note 4 to the financial statements,
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purpose, and
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report

to the Members of Prolexus Berhad (cont'd) (Company No. 250857-T)

Other Reporting Responsibilities

The supplementary information set out in Note 33 on page 77 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Grant Thornton
No. AF: 0042
Chartered Accountants

Dato' N. K. Jasani No. 708/03/14 (J/PH) Chartered Accountant

Penang

Date: 29 October 2012

Statements of Financial Position as at 31 July 2012

NOTE RM'000 RM'	
ASSETS Non-current assets	26
Non-current assets	
Goodwill on consolidation 5 2,712 2,712	-
39,958 39,164 22,065 22,	069
Inventories 6 14,565 16,216 -	
Trade receivables 7 8,644 24,724 -	
Other receivables, deposits	
and prepayments 8 2,890 5,028 63	65
Amount due from an associate 9 - 22 -	-
Amount due from subsidiaries 10 - 19,306 19,	033
	220
Derivative financial assets 11 115 780 -	-
Fixed deposits with licensed banks 12 5,522 522 -	-
Cash and bank balances 13 18,138 8,373 348	195
50,128 56,111 19,996 19,	513
Non-current assets held for sale 14 421 196 -	-
50,549 56,307 19,996 19, ————————————————————————————————————	513
TOTAL ASSETS 90,507 95,471 42,061 41,	582
EQUITY AND LIABILITIES Equity attributable to owners of the parent	
	000
	717)
Reserves 17 7,887 7,718 -	-
Retained profits/(Accumulated losses) 18 12,651 2,347 837 (2,	039)
59,048 48,348 39,347 36, Non-controlling interests 5,802 4,931 -	244
Total equity 64,850 53,279 39,347 36,	244
33,212	
Non-current liabilities	
Borrowings 19 56 104 -	-
Deferred tax liabilities 20 1,602 2,452 -	-
1,658 2,556 -	-
Current liabilities	
Trade payables 21 8,825 10,590 -	-
	256
	007
Borrowings 19 4,875 14,375 - 2,	075
23,999 39,636 2,714 5,	338
Total liabilities 25,657 42,192 2,714 5,	338
TOTAL EQUITY AND LIABILITIES 90,507 95,471 42,061 41,	582



Statements of Comprehensive Income for the financial year ended 31 July 2012

		GROUP		COMPANY	
	NOTE	2012	2011	2012	2011
	NOTE	RM'000	RM'000	RM'000	RM'000
Revenue	23	189,498	184,464	5,197	3,844
Cost of sales		(160,390)	(160,267)	-	
Gross profit		29,108	24,197	5,197	3,844
Other income		2,909	2,699	1,204	-
Administrative expenses		(13,746)	(11,549)	(2,670)	(2,869)
Selling and distribution expenses		(7,058)	(9,461)	-	
Operating profit		11,213	5,886	3,731	975
Finance costs		(645)	(980)	(280)	(480)
Profit before taxation	24	10,568	4,906	3,451	495
Taxation	25	268	330	(575)	(465)
Profit for the year		10,836	5,236	2,876	30
Other comprehensive income/(loss):					
Foreign currency translation differences for foreign operations Realisation of revaluation surplus upon		508	(273)	-	-
depreciation Realisation of revaluation surplus upon		156	156	-	-
disposal Transfer of reserve to retained profits		- (156)	441 (597)	-	-
		(:)	(==-/		
Other comprehensive income/(loss) for the year		508	(273)	-	-
Total comprehensive income					
Total comprehensive income for the year		11,344	4,963	2,876	30

Statements of Comprehensive Income for the financial year ended 31 July 2012 (cont'd)

		GROUP		COMPANY		
NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000		
Profit attributable to:						
Owners of the parent Non-controlling interests	9,961 875	5,774 (538)	2,876 -	30		
	10,836	5,236	2,876	30		
Total comprehensive income attributable to:						
Owners of the parent Non-controlling interests	10,286 1,058	5,600 (637)	2,876	30		
	11,344	4,963	2,876	30		
Basic earnings per share attributable to owners of the parent (sen) 26	28	16				

Consolidated Statement of Changes in Equity for the financial year ended 31 July 2012

|----- Attributable to Owners of the Parent -----|

|--- Non-distributable --- | Distributable

	NOTE	Share Capital RM'000	Treasury Shares RM'000	Reserves RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
2012								
Balance at beginning		40,000	(1,717)	7,718	2,347	48,348	4,931	53,279
Total comprehensive income for the year		-	-	169	10,117	10,286	1,058	11,344
Transactions with owners:								
Sale of treasury shares	16	-	227	-	-	227	-	227
Acquisition of equity interest from non-controlling interests		-	-	-	187	187	(187)	-
Total transactions with owners		-	227	-	187	414	(187)	227
Balance at end		40,000	(1,490)	7,887	12,651	59,048	5,802	64,850
2011								
Balance at beginning		40,000	(1,717)	8,588	(4,123)	42,748	5,568	48,316
Total comprehensive income for the year				(870)	6,470	5,600	(637)	4,963
Balance at end		40,000	(1,717)	7,718	2,347	48,348	4,931	53,279

Statement of Changes in Equity for the financial year ended 31 July 2012

	NOTE	Share Capital RM'000	Non-distributable Treasury Shares RM'000	Distributable Retained Profits/ (Accumulated Losses) RM'000	Total Equity RM'000
2012					
Balance at beginning		40,000	(1,717)	(2,039)	36,244
Total comprehensive income for the year		-	-	2,876	2,876
Transactions with owners:					
Sale of treasury shares	16		227	<u> </u>	227
Balance at end		40,000	(1,490)	837	39,347
2011					
Balance at beginning		40,000	(1,717)	(2,069)	36,214
Total comprehensive income for the year				30	30
Balance at end		40,000	(1,717)	(2,039)	36,244



Statements of Cash Flows for the financial year ended 31 July 2012

	G	iROUP	COMPANY		
	2012	2011	2012	2011	
	RM'000	RM'000	RM'000	RM'000	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	10,568	4,906	3,451	495	
Adjustments for:					
Bad debts	155	185	-	683	
Depreciation	2,755	3,106	7	7	
Dividend income	-	-	(3,806)	(2,667)	
Fair value changes on derivative financial assets	665	(780)	-	-	
Impairment loss on prepayment	-	24	-	-	
Impairment loss on trade receivables no longer required		(16)			
Interest expense	645	980	280	480	
Interest income	(79)	(60)	-	-	
Interest waived	(1,204)	-	(1,204)	-	
Gain on disposal of non-current assets held for sale	-	(115)	-	-	
Loss on disposal of property, plant and equipment	91	80	-	-	
Property, plant and equipment written off	28	56	-	-	
Unrealised gain on foreign exchange	(1,067)	(1,259)	-	-	
Operating profit/(loss) before working					
capital changes	12,557	7,107	(1,272)	(1,002)	
Decrease/(Increase) in inventories	1,804	(4,464)	-	-	
Decrease/(Increase) in receivables	18,636	(2,531)	2	13	
(Decrease)/Increase in payables	(5,225)	4,616	234	345	
Cash generated from/(used in) operations	27,772	4,728	(1,036)	(644)	
Dividend received	-	-	3,172	2,000	
Income tax paid	(553)	(1,534)	-	-	
Income tax refund	163	387	-	387	
Interest paid	(645)	(500)	(280)	-	
Net cash from operating activities	26,737	3,081	1,856	1,743	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	79	60	-	-	
Placement of fixed deposits	(500)	-	-	-	
Proceeds from disposal of non-current assets		2.55			
held for sale	-	265	-	-	
Proceeds from disposal of property, plant and equipment	44	1,090			
Purchase of property, plant and equipment	(3,507)	(8,777)	(3)		
Net cash used in investing activities	(3,884)	(7,362)	(3)		
Balance carried forward	22,853	(4,281)	1,853	1,743	

Statements of Cash Flows for the financial year ended 31 July 2012 (cont'd)

	GROUP		COMPANY		
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	
		11111000		11111000	
Balance brought forward	22,853	(4,281)	1,853	1,743	
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of term loan	1,787	-	-	-	
Net change in associate's balance	20	(2)	-	-	
Net change in subsidiaries' balances	- (4.4.42)	-	148	1,308	
(Repayment) / Proceeds from export credit refinancing (Repayment) / Proceeds from foreign currency	(4,142)	2,166	-	-	
loans on imports	(435)	1,994	-	-	
Payment of finance lease liabilities	(66)	(133)	-	-	
Repayment of term loans	(3,965)	(3,460)	(2,075)	(2,875)	
Repayment of bankers acceptance	(2,306)	(1,363)	-	-	
(Repayment)/Drawdown of trust receipts	(569)	1,096	- 227	-	
Proceeds from sale of treasury shares	227	2 250	227	-	
Withdrawal of fixed deposits	16	2,350	-	-	
Net cash (used in)/from financing activities	(9,433)	2,648	(1,700)	(1,567)	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,420	(1,633)	153	176	
Effects of changes in exchange rates on cash and cash equivalents	1,059	(275)	-	-	
CASH AND CASH EQUIVALENTS AT BEGINNING	8,042	9,950	195	19	
CASH AND CASH EQUIVALENTS AT END	22,521	8,042	348	195	
Represented by: Fixed deposits with licensed banks	4,522	7	-		
Cash and bank balances Bank overdrafts	18,138 (139)	8,372 (337)	348	195 - 	
	22,521	8,042	348	195	



Notes to the Financial Statements - 31 July 2012

1. CORPORATE INFORMATION

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 531 Batu 2 ½ Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 October 2012.

Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

2.1 **Basis of Preparation**

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company have adopted new and revised FRSs which are mandatory for the reporting period as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's and the Company's functional currency.

2.2 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.2.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

- 31 July 2012 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Significant Accounting Estimates and Judgements (cont'd)

2.2.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Useful lives of depreciable assets

The depreciable costs of plant and equipment are depreciated on the reducing and straight line basis over their estimated useful lives. Management estimates the useful lives of the plant and equipment to be 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore future depreciation charges could be revised.

(ii) Inventories

The management reviews for damaged, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(iii) Impairment of loans and receivables

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

(iv) Income taxes

The Group and the Company are subject to income taxes whereby significant judgement is required in determining the provision for taxation. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- 31 July 2012 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Adoption of Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following amendments/improvements to FRSs, IC Int and amendments to IC Int that are mandatory for the current financial year:

Amendments/Improvements to FRSs

EDC 1	Limited Formation from Community FDC 7 Dieden for First time Administra
FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
FRS 2	Group Cash-settled Share-based Payment Transactions
FRS 3	Business Combinations
FRS 7	Improving Disclosures about Financial Instruments
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 139	Financial Instruments : Recognition and Measurement
IC Int	
IC Int 4	Determining Whether an Arrangement Contains a Lease

IC Int 18 Transfers of Assets from Customers

IC Int 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Int

IC Int 13 Customer Loyalty Programmes
IC Int 14 Prepayments of a Minimum Funding Requirement

Initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Group and of the Company.

2.4 Standards Issued But Not Yet Effective

New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards

To converge with International Financial Reporting Standards ("IFRSs") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional two years. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for financial periods beginning on or after 1 January 2014. However, the Group and the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 August 2012.

The Group and the Company have not early adopted the MFRSs.

In presenting their first MFRSs financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRSs. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

- 31 July 2012 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Standards Issued But Not Yet Effective (cont'd)

The Group and the Company have not completed their quantifications of the financial effects of the differences between FRSs and MFRSs and are in the process of assessing the financial effects of the differences. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 31 July 2012 might be different if prepared under the MFRSs.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRSs for the financial year ending 31 July 2013.

2.5 Subsidiaries and Basis of Consolidation

Subsidiaries

Subsidiaries are those companies in which the Company has a long term equity interest and where it has power to exercise control over the financial and operating activities so as to obtain benefits there from.

Investment in subsidiaries which is eliminated on consolidation is stated at cost less accumulated impairment losses in the Company's financial statements.

Upon the disposal of investment in subsidiaries, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

Basis of Consolidation

The financial statements of the Group include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in the profit or loss.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

- 31 July 2012 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Subsidiaries and Basis of Consolidation (cont'd)

Basis of Consolidation (cont'd)

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity.

Accounting for changes in non-controlling interest

The Group treats all changes in its ownership in a subsidiary that does not result in a loss of control as equity transactions between the Group and the non-controlling interest. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted against Group reserves

2.6 Property, Plant and Equipment

Short leasabold land

Property, plant and equipment are initially stated at cost. Certain land and buildings are subsequently shown at valuation based on valuations by external independent valuers, less depreciation and impairment losses. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Property, plant and equipment are depreciated over their estimated useful lives at the following annual rates:

Amorticad over the lease

Short leasenoid land	Amortised over the lease
	period of 36, 43 and 45 years
Buildings	2% - 5%
Multimedia boards	10%
Plant and machinery	10% - 20%
Equipment and fixtures	10% - 30%
Motor vehicles	20% - 25%

The Company adopts the straight line method of calculating depreciation while its subsidiaries adopt both the reducing and straight line methods.

Freehold land is not depreciated as it has an infinite life.

Short leasehold land refers to land with remaining lease period of less than 50 years determined at the end of the reporting period.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss and the attributable portion of the revaluation surplus is taken directly to retained profits.

2.7 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

- 31 July 2012 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 **Goodwill** (cont'd)

Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.8 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

(i) Finance lease

A finance lease which includes hire purchase arrangements, is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred.

Plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

(ii) Operating lease

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight line basis over the period of the lease.

2.9 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to the Financial Statements - 31 July 2012 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Financial Instruments

2.10.1 Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2.10.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period, which are classified as non-current.

(b) Fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for derivatives that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

- 31 July 2012 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Financial Instruments (cont'd)

2.10.2 Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities (cont'd)

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

2.10.3 Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2.10.4 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.10.5 Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

Notes to the Financial Statements - 31 July 2012 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Financial Instruments (cont'd)

2.10.5 Impairment of Financial Assets (cont'd)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2.11 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost in the case of work-in-progress and finished goods includes materials, direct labour and attributable production overheads and is determined on the weighted average basis and first-in, first-out basis, whichever is applicable.

Cost of raw materials and trading goods refer to invoiced cost of goods plus incidental handling and freight charges and is determined on the first-in, first-out basis.

Net realisable value represents estimated selling price less all estimated costs to completion and estimated costs to be incurred in marketing, selling and distribution.

2.13 Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell.

- 31 July 2012 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 **Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2.15 **Income Recognition**

- (i) Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.
- (ii) Revenue arising from provision of services is recognised on the dates the services are rendered and completed.
- (iii) Dividend income is recognised when the right to receive payment is established.
- (iv) Interest income and management fee are recognised on the accrual basis.

2.16 Employee Benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. The Group's foreign subsidiary also makes contributions to its country's statutory pension schemes.

2.17 **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.18 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted by the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Notes to the Financial Statements - 31 July 2012 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 **Income Tax** (cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2.19 Foreign Currency Translations

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currency) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, foreign currency monetary items are translated into functional currency at the exchange rates ruling at that date. All exchange gains or losses are recognised in profit or loss.

The financial statements of the foreign subsidiaries are translated into Ringgit Malaysia at the approximate rate of exchange ruling at the end of the reporting period for assets and liabilities and at the approximate average rate of exchange ruling on transaction dates for income and expenses. Exchange differences due to such currency translations are taken directly to foreign translation reserve.

2.20 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group and of the Company.

2.22 Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.23 Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

- 31 July 2012 (cont'd)

3. **PROPERTY, PLANT AND EQUIPMENT**

GROUP 2012

	At valuation/cost						
	Balance at beginning RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassified to non-current assets held for sale RM'000	Foreign currency translation RM'000	Balance at end RM'000
At valuation:							
Freehold land	4,300	-	-	-	(100)	-	4,200
Short leasehold land	1,600	-	-	-	-	-	1,600
Buildings	12,843	2	-	-	(130)	-	12,715
At cost:							
Freehold land	-	720	-	-	-	-	720
Short leasehold land	553	-	-	-	-	36	589
Building	2,994	1,120	-	-	-	197	4,311
Multimedia boards	25,049	8	-	-	-	-	25,057
Plant and machinery	19,150	1,358	(1,249)	(49)	-	176	19,386
Equipment and fixtures	10,054	299	(4)	(75)	-	37	10,311
Motor vehicles	2,991	-	(35)	-	-	7	2,963
	79,534	3,507	(1,288)	(124)	(230)	453	81,852

	Accumulated depreciation						
	Balance at beginning RM'000	Current charge RM'000	Disposals RM'000	Written off RM'000	Reclassified to non-current assets held for sale RM'000	Foreign currency translation RM'000	Balance at end RM'000
At valuation:							
Freehold land	-	-	-	-	-	-	-
Short leasehold land	41	36	-	-	-	-	77
Buildings	518	465	-	-	(5)	-	978
At cost:							
Short leasehold land	9	4	-	-	-	1	14
Building	107	159	_	_	_	7	273
Multimedia boards	23,406	240	-	-	-	-	23,646
Plant and machinery	9.545	1.182	(1,115)	(43)	_	9	9,578
Equipment and fixtures	7,393	446	(3)	(53)	_	5	7,788
Motor vehicles	2,063	223	(35)	-	-	1	2,252
	43,082	2,755	(1,153)	(96)	(5)	23	44,606

Carrying amount at

At valuation: Freehold land

Short leasehold land Buildings

At cost:

Freehold land Short leasehold land Building Multimedia boards Plant and machinery Equipment and fixtures Motor vehicles

4,200 1,523 11,737 720 575 4,038 1,411 9,808 2,523 711	end RM'000
575 4,038 1,411 9,808 2,523 711	1,523
37,246	575 4,038 1,411 9,808 2,523
	37,246

Notes to the Financial Statements – 31 July 2012 (cont'd)

3. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

GROUP 2011

	At valuation/cost ————						
	'			, , , , , , , , , , , , , , , , , , , ,	Reclassified to		'
	Balance				non-current	Foreign	Balance
	at			Written	assets held	currency	at
	beginning	Additions	Disposals	off	for sale	translation	end
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At valuation:							
Freehold land	4,300	-	(200)	-	-	-	4,300
Short leasehold land	1,980	-	(380)	-	(200)	-	1,600
Buildings	13,510	53	(520)	-	(200)	-	12,843
At cost:							
Short leasehold land	-	553	-	-	-	-	553
Building	-	2,994	-	-	-	-	2,994
Multimedia boards	24,998	51	- (7.52)	- (440)	-	-	25,049
Plant and machinery	15,999	4,021	(752)	(118)	-	-	19,150
Equipment and fixtures Motor vehicles	9,824 2,808	758 347	(394) (164)	(134)	-	-	10,054 2,991
Motor verifices			(104)				
	73,419	8,777	(2,210)	(252)	(200)		79,534
			Accu	mulated depr	eciation		
					Reclassified to		
	Balance				non-current	Foreign	Balance
	at	Current		Written	assets held	currency	at
	beginning	charge	Disposals	off	for sale	translation	end
At valuation.	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At valuation: Freehold land	-	_	_				
Short leasehold land	5	44	(8)	-	-	-	41
Buildings	40	493	(11)	_	(4)	-	518
24.14.1.95		.55	(,		(. /		3.0
At cost:							
Short leasehold land	-	9	-	-	-	-	9
Building	-	108	-	-	-	(1)	107
Multimedia boards	22,634	772	- (627)	-	-	- (4)	23,406
Plant and machinery	9,301	971	(627)	(99)	-	(1)	9,545
Equipment and fixtures Motor vehicles	7,275 1,964	446 263	(230) (164)	(98)	-	-	7,393 2,063
Moror verticles			(104)				
	41,219	3,106	(1,040)	(197)	(4)	(2)	43,082
							Carrying
							amount at
							end
At valuation:							RM'000
Freehold land							4,300
Short leasehold land							1,559
Buildings							12,325
							,
At cost: Short leasehold land							544
Building							2,887
Multimedia boards							1,643
Plant and machinery							9,605
Equipment and fixtures							2,661
Motor vehicles							928
							36,452

Notes to the Financial Statements – 31 July 2012 (cont'd)

3. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

GROUP

(i) The landed properties at valuation were revalued by the directors on 2 August 1993 based on Government Valuers' values and as approved by the Securities Commission. The valuations of the landed properties were updated in July 2010 by independent valuers namely Henry Butcher Malaysia (Seberang Perai) Sdn. Bhd. and JS Valuers Property Consultant (Johore) Sdn. Bhd., based on the open market value basis.

The historical cost of the revalued properties are as follows:

2012	nort leasehold land RM'000	Freehold land RM'000	Buildings RM'000
At cost Accumulated depreciation	801 (273)	997	11,871 (5,823)
Carrying amount	528	997	6,048
2011			
At cost Accumulated depreciation	801 (260)	997	12,513 (5,345)
Carrying amount	541	997	7,168

(ii) The carrying amount of property, plant and equipment pledged as security for banking facilities granted to certain subsidiaries are as follows:

	2012 RM'000	2011 RM'000
At valuation: Freehold land Short leasehold land Buildings	4,200 1,523 11,498	4,300 1,559 12,081
	17,221	17,940
At cost: Short leasehold land Buildings Multimedia boards	575 2,960 -	544 2,887 1,643
	3,535	5,074

Notes to the Financial Statements - 31 July 2012 (cont'd)

3. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

(iii) Motor vehicles with carrying amount of **RM108,600** (2011 : RM160,186) were acquired under finance lease. The leased assets are pledged as security for the related finance lease liabilities (Note 19).

COMPANY

Compart	Equipment and fixtures RM'000	Motor vehicles RM'000	Total RM'000
2012			
At cost Balance at beginning Addition	79 3	648	727
Balance at end	82	648	730
Accumulated depreciation Balance at beginning Current charge Balance at end	53 7 60	648	701 7 708
Carrying amount	22		22
2011 At cost Balance at beginning/end	79	648	727
Accumulated depreciation Balance at beginning Current charge	46 7	648	694 7
Balance at end	53	648	701
Carrying amount	26	-	26

Notes to the Financial Statements – 31 July 2012 (cont'd)

4. **INVESTMENTS**

	(GROUP	COMPANY		
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	
Investment in subsidiaries					
Unquoted shares, at cost Less : Accumulated impairment losses	-	<u>.</u>	24,109 (2,066)	24,109 (2,066)	
Investment in an associate	-	-	22,043	22,043	
Unquoted shares, at cost Share of post-acquisition losses	-	1 (1)	-	-	
	-	<u> </u>	-		
Total	-	-	22,043	22,043	

Details of the subsidiaries and associate are as follows:

Name	Country of Incorporation	Effective Equity Interest		Principal Activities
Subsidiaries of Prolexus Berhad		2012	2011	
Plas Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacture of garments.
Honsin Apparel Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of garments.
Prolexus Marketing Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Novel Realty Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
Laser Capital Holdings Sdn. Bhd.	Malaysia	57.64%	57.64%	Investment holding.
Bixiz Kids Incorporated (M) Sdn. Bhd.	Malaysia	100%	50.08%	Marketing of all kinds of children's apparels and provision of marketing services.
Subsidiary of Plas Industries Sdn. Bhd.				
South East Garment Manufacturing Sendirian Berhad	Malaysia	95%	95%	Investment holding.
Subsidiaries of Bixiz Kids Incorporated (M) Sdn. Bhd.			
BE Elementz Sdn. Bhd.	Malaysia	100%	50.08%	Marketing of apparels and provision of marketing services.
Pacific Mission Sdn. Bhd.	Malaysia	100%	50.08%	Dormant.
Character World Sdn. Bhd.	Malaysia	100%	50.08%	Dormant.

- 31 July 2012 (cont'd)

4. **INVESTMENTS** (cont'd)

Name	Country of Incorporation	Effective Equity Interest		Principal Activities
Subsidiary of Laser Capital Holdings Sdn	. Bhd.	2012	2011	
HiQ Media (Malaysia) Sdn. Bhd.	Malaysia	47.75%	47.75%	Provision of advertising services on multimedia boards.
Subsidiary of Honsin Apparel Sdn. Bhd.				
Honways International Limited *	Hong Kong	64.00%	64.00%	Investment holding.
Subsidiary of Honways International Lin	nited			
Honways Apparel Shuyang Limited *#	China	64.00%	64.00%	Manufacture and sale of garments.
Associate of HiQ Media (Malaysia) Sdn. Bhd.				
Acube Realty Sdn. Bhd. *	Malaysia	-	13.34%	Dormant.

^{*} Not audited by Grant Thornton.

2012

- (i) The Company had acquired the remaining 49.92% equity interest in the issued and paid-up capital of Bixiz Kids Incorporated (M) Sdn. Bhd. for a total cash consideration of RM1. This acquisition did not have a material effect on the financial results and position of the Group for the financial year ended 31 July 2012.
- (ii) On 14 January 2012, HiQ Media (Malaysia) Sdn. Bhd. had disposed of its entire equity interest in Acube Realty Sdn. Bhd. for a total cash consideration of RM1.

5. **GOODWILL ON CONSOLIDATION**

	GROUP		
	2012	2011	
Arising from the acquisition of a subsidiary:	RM'000	RM'000	
Balance at beginning/end	2,712	2,712	

Impairment test on goodwill

Goodwill acquired through business combinations has been allocated to its advertising segment as its cash generating unit ("CGU").

For annual impairment testing purposes, the recoverable amount of the CGU, which is a reportable business, is determined based on its value-in-use. The value-in-use calculations apply a discounted cash flow model using the cash flow projections based on financial budget and projections approved by management.

[#] Grant Thornton has performed a special audit on this subsidiary for the purpose of consolidation within the Group.

- 31 July 2012 (cont'd)

5. **GOODWILL ON CONSOLIDATION** (cont'd)

The key assumptions for the computation of value-in-use include the discount rate, cash flow projections and growth rates applied are as follows:

- Discount rate
 The discount rate of 6.60% (2011 : 6.60%) is applied to the cash-flow projections.
- (ii) Cash flow projections and growth rate

 Cash flow projections are based on five years financial budget and projections approved by management. The
 growth rates used are consistent with the long-term average growth rate for the industry.

6. **INVENTORIES**

	GROUP		
	2012 RM'000		2011 RM'000
At cost:			
Raw materials Work-in-progress	3,708 10,186		5,369 9,533
Finished goods	560		1,270
Trading goods	111		44
	14,565		16,216
Analysis by currencies:			
Ringgit Malaysia Chinese Renmimbi	10,663 3,902	_	13,996 2,220
	14,565		16,216

The cost of inventories recognised in profit or loss for the financial year amounted to **RM107,846,262** (2011 : RM103,538,844).

7. TRADE RECEIVABLES

	G	GROUP
	2012 RM'000	2011 RM'000
Total amount Less: Impairment loss	8,644	24,724
Balance at beginning Written off	-	16 (16)
Balance at end	-	
	8,644	24,724
Analysis by currencies:		
Ringgit Malaysia US Dollar Chinese Renminbi	1,509 6,493 642	2,771 21,937 16
	8,644	24,724

The trade receivables are non-interest bearing and are generally on 20 to 90 days (2011 : 20 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

- 31 July 2012 (cont'd)

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		CON	MPANY
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Other receivables	173	3,109	50	50
Deposits and prepayments Less : Impairment loss	2,717	1,943 (24)	13	15
	2,717	1,919	13	15
	2,890	5,028	63	65
Analysis by currencies: Ringgit Malaysia US Dollar Chinese Renminbi	1,941 949 2,890	2,854 1,133 1,065 5,052	63	65 - - - 65

9. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate was non-trade related, unsecured, non-interest bearing and was repayable on demand.

10. AMOUNT DUE FROM/TO SUBSIDIARIES

The amount due from/to subsidiaries is non-trade related, unsecured, non-interest bearing and is repayable on demand.

11. **DERIVATIVE FINANCIAL ASSETS**

GROUP

	2012 RM′000		2011 RM'00	
	Nominal Value	Assets	Nominal Value	Assets
Derivatives held for trading at fair value through profit or loss - Forward exchange contracts	35,250	115	24,239	780

Forward exchanges contracts are used to manage the foreign currency exposure arising from the Group's sales denominated in US Dollar. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

- 31 July 2012 (cont'd)

12. FIXED DEPOSITS WITH LICENSED BANKS

Pledged to banks as security for banking facilities granted to subsidiaries
Unencumbered

G	GROUP				
2012	2011				
RM'000	RM'000				
1,000 4,522	515 7				
5,522	522				

GROUP

The effective interest rates per annum and maturities of fixed deposits as at the end of the reporting period range from **2.90% to 3.70%** (2011 : 1.20% to 3.60%) per annum and **30 to 365 days** (2011 : 30 to 365 days) respectively.

13. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Analysis by currencies:				
Ringgit Malaysia	7,061	761	347	194
US Dollar	10,937	7,297	-	-
Chinese Renminbi	138	302	-	-
Others	2	13	1	1
	18,138	8,373	348	195

14. NON-CURRENT ASSETS HELD FOR SALE

	_	
	2012 RM'000	2011 RM'000
At valuation:	196	196
Balance at beginning Reclassified from property, plant and equipment (Note 3)	225	-
Balance at end	421	196
Non-current assets held for sales comprise:		
Leasehold flats	196	196
Freehold land and building	225 	
	421	196

On 27 July 2012 and 24 August 2012, a subsidiary of the Company entered into two Sale and Purchase Agreements for the sale of the abovementioned properties. The transactions are due to be completed in the financial year ending 31 July 2013.

The properties are pledged to a licensed bank for banking facilities granted to the subsidiary.

- 31 July 2012 (cont'd)

15. SHARE CAPITAL

		r of ordinary of RM1 each	А	mount
	2012 ′000	2011 ′000	2012 RM'000	2011 RM'000
Authorised	100,000	100,000	100,000	100,000
Issued and fully paid	40,000	40,000	40,000	40,000

16. TREASURY SHARES

The shareholders of the Company, by special resolution passed at the Extraordinary General Meeting on 30 November 2005, approved the Company's plan and mandate to authorise the directors of the Company to buy back its own shares up to 10% of the existing total issued and paid up share capital.

During the financial year, the Company sold 456,100 treasury shares in the open market at an average selling price of RM0.52 per share for a total consideration of RM227,297.

The details of the shares sold during the year are as follows:

		Price per sha	re	Number of shares	Total consideration
Month	Lowest	Highest	Average	'000	RM'000
February 2012 March 2012	0.46 0.53	0.53 0.53	0.51 0.53	361 95	176 51
				456	227

Of the total **40,000,000** (2011 : 40,000,000) issued and fully paid ordinary shares as at 31 July 2012, **3,132,700** (2011: 3,588,800) are held as treasury shares by the Company. As at 31 July 2012, the number of outstanding ordinary shares in issue and fully paid after the set off is therefore **36,867,300** (2011 : 36,411,200) ordinary shares of **RM1.00** (2011 : RM1.00) each.

Treasury shares have no rights to voting, dividends and participation in other distribution.

17. **RESERVES**

Non-distributable:	2012 RM'000	2011 RM'000
Asset revaluation reserve Balance at beginning Current year realisation Realisation upon disposal	7,991 (156) -	8,588 (156) (441)
Balance carried forward	7,835	7,991

GROUP

- 31 July 2012 (cont'd)

17. **RESERVES** (cont'd)

	GROUP		
	2012 RM'000		2011 RM'000
Balance brought forward	7,835		7,991
Exchange fluctuation reserve Translation of net assets of foreign subsidiaries			
Balance at beginning	(273)		-
Current year exchange fluctuation	325		(273)
Balance at end	52		(273)
	7,887		7,718

Asset revaluation reserve is in respect of the surplus on revaluation of the Group's land and buildings net of deferred tax.

18. RETAINED PROFITS

COMPANY

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances.

Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007.

As at the end of reporting period, the Company has sufficient credit under the 108 balance and tax exempt income account to frank the payment of dividends out of its entire retained profits at the end of reporting period.

Notes to the Financial Statements – 31 July 2012 (cont'd)

19. **BORROWINGS**

9. BORKOWINGS	ď	GROUP	сом	PANY
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-current liabilities <u>Finance lease liabilities</u> Minimum payments:				
Within 1 year Later than 1 year but not later than 2 years Later than 2 years but not later than 5 years	46 46 19	73 46 64	- -	- - -
Future finance charges	111 (15)	183 (21)	-	-
Amoraine di la vide in 1 voqui in divide di vinde	96	162	-	-
Amount due within 1 year included under current liabilities	(40)	(58)	-	-
<u>Term loans</u> Total amount payable	56	104	-	-
- Term loan I - Term loan II	-	103 2,075		2,075
Amount due within one year included under	-	2,178	-	2,075
current liabilities	-	(2,178)	-	(2,075)
	-	-	-	-
	56	104	-	-
Current liabilities Secured:				
Bank overdrafts	139	337	-	-
Bankers acceptance Export credit refinancing	837	2,306 4,979	-	-
Finance lease liabilities	40	58	-	-
* Foreign currency loans on imports Term loan	1,876	2,115 103		-
* Trust receipts	1,983	2,402	-	-
Unsecured: Term loan	-	2,075	-	2,075
	4,875	14,375	-	2,075
Total borrowings	4,931	14,479	-	2,075

The finance lease liabilities are secured over the leased assets (Note 3).

- 31 July 2012 (cont'd)

19. **BORROWINGS** (cont'd)

* Included herein are borrowings which are denominated in US Dollar:

	GROUP	
	2012	2011
	RM'000	RM'000
Trust receipts	1,983	2,303
Foreign currency loans on imports	1,876	2,115
	3,859	4,418

- (i) Term loan I is a secured term loan of a subsidiary which is repayable over 60 equal monthly instalments of RM27,191 each commencing in December 2008. This term loan has been fully settled during the financial year.
- (ii) Term loan II is an unsecured fixed rate term loan of the Company. The term loan has been fully settled on 20 January 2012 resulting in an interest waiver amounting to RM1,203,699 being recognised in the profit or loss.

The borrowings (other than finance lease liabilities and unsecured fixed rate term loan) of the Group are secured by:

- (i) Legal charges over the multimedia boards of a subsidiary,
- (ii) Legal charges over certain properties of the subsidiaries,
- (iii) Facility agreement,
- (iv) Corporate guarantee of the Company,
- (v) Pledge of fixed deposits of its subsidiaries, and
- (vi) Personal guarantee given by a director of a subsidiary.

A summary of the average effective interest rates and the maturities of the borrowings are as follows:

GROUP	Average effective interest rate per annum (%)	Total RM'000	Within 1 year RM'000	Later than 1 year but not later than 2 years RM'000	Later than 2 years but not later than 5 years RM'000
2012					
Bank overdrafts Export credit refinancing Finance lease liabilities Foreign currency loans on imports Trust receipts	8.35 4.25 2.25 1.55 to 2.43 5.06 to 5.54	139 837 96 1,876 1,983	139 837 40 1,876 1,983	- - 40 - -	- - 16 - -
2011					
Bank overdrafts Bankers acceptance Export credit refinancing Finance lease liabilities Foreign currency loans on imports Term loans Trust receipts	8.35 to 9.10 4.91 to 5.05 4.00 2.25 to 4.03 2.90 7.85 to 8.00 4.50 to 8.35	337 2,306 4,979 162 2,115 2,178 2,402	337 2,306 4,979 58 2,115 2,178 2,402	- - - 31 - -	- - 73 - -

Notes to the Financial Statements - 31 July 2012 (cont'd)

19. **BORROWINGS** (cont'd)

		Average effective interest rate per annum (%)	Total RM'000	Within 1 year RM'000	Later than 1 year but not later than 2 years RM'000	Later than 2 years but not later than 5 years RM'000
	COMPANY					
	2011					
	Term loan	8.00	2,075	2,075	-	-
20.	DEFERRED TAX LIABILITIES				2042	2011
					2012 RM'000	2011 RM'000
	Revaluation surplus					
	Balance at beginning Realisation of revaluation surplus upon disposal of properties Transfer to profit or loss				1,653 - (51)	1,837 (133) (51)
	Balance at end					1,653
	Excess of capital allowances over depreson property, plant and equipment	eciation				
	Balance at beginning Transfer to profit or loss				799 (799)	890 (91)
	Balance at end				-	799
					1,602	2,452
21.	TRADE PAYABLES					
					2012 RM'000	2011 RM'000
	Analysis by currencies:					
	Ringgit Malaysia US Dollar Chinese Renminbi Others				2,305 6,053 449 18	5,127 5,030 416 17
					8,825	10,590

The trade payables are non-interest bearing and are normally settled within **30 to 90 days** (2011 : 30 to 90 days) terms.

- 31 July 2012 (cont'd)

22. OTHER PAYABLES AND ACCRUALS

	G	GROUP		COMPANY	
	2012	2011	2012	2011	
	RM'000	RM'000	RM'000	RM'000	
Other payables	2,312	3,819	92	25	
Accruals	7,987	10,852	1,194	2,231	
	10,299	14,671	1,286	2,256	
Analysis by currencies:					
Ringgit Malaysia	8,823	13,754	1,286	2,256	
Chinese Renmimbi	1,367	899	-	-	
US Dollar	109	18	-	-	
				-	
	10,299	14,671	1,286	2,256	

23. **REVENUE**

	GROUP		CON	/IPANY
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gross dividend from a subsidiary Invoiced value of goods sold less returns	-	-	3,806	2,667
and discounts Invoiced value of advertisement space sold net of service tax, discounts	182,913	179,629	-	-
and agency commission Management fee income	6,585 -	4,835 -	- 1,391	- 1,177
	189,498	184,464	5,197	3,844

24. **PROFIT BEFORE TAXATION**

This is arrived at:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
After charging: Audit fees				
statutory - current yearunder/(over) provision	86	73	14	14
in prior year	3	(2)	-	(2)
- other services	25	25	-	-
Bad debts	155	185	-	683
Depreciation Directors' fees for non-executive directors	2,755	3,106	7	7
- current year	180	163	180	163
- under provision in prior year	-	193	-	193
Impairment loss on prepayment	-	24	-	-

Notes to the Financial Statements – 31 July 2012 (cont'd)

24. **PROFIT BEFORE TAXATION** (cont'd)

,	GROUP		CON	COMPANY	
	2012	2011	2012	2011	
	RM'000	RM'000	RM'000	RM'000	
Interest expense on:					
- Bank overdraft	17	38	-	-	
- Bankers acceptance	79	116	-	-	
- Trust receipts	154	160	-	-	
- Finance lease	7	15	-	-	
- Term loans	314	511	280	480	
- Export credit refinancing	74	140	-	-	
Loss on disposal of property, plant					
and equipment	91	80	-	-	
Property, plant and equipment					
written off	28	56	-	-	
Realised loss on foreign exchange	1,021	-	-	-	
Rental of advertising sites	815	733	-	-	
Rental of machinery and equipment	29	401	-	-	
Rental of premises	440	758	-	-	
* Staff costs	35,923	28,326	988	992	
And crediting:					
Fair value changes on derivative					
financial assets	(665)	780	-	-	
Gain on disposal of non-current					
assets held for sale	-	115	-	-	
Gross dividend from a subsidiary	-	-	3,806	2,667	
Impairment loss on trade receivables					
no longer required	-	16	-	-	
Interest income	79	60	-	-	
Interest waived	1,204	-	1,204	-	
Realised gain on foreign exchange	-	81	-	-	
Rental income	69	15	-	-	
Unrealised gain on foreign exchange	1,067	1,259	-	-	
3 3					
* Staff costs					
- Wages, salaries, incentives, overtime,					
allowance, casual labour and bonus	33,617	26,739	847	846	
- EPF	2,160	1,432	138	143	
- SOCSO	146	155	3	3	
	35,923	28,326	988	992	

- 31 July 2012 (cont'd)

24. **PROFIT BEFORE TAXATION** (cont'd)

Directors' emoluments

Included in the staff costs of the Group and of the Company are directors' emoluments as shown below:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
	11111 000	11111 000	1441 000	11111 000
Executive directors of the Company: Directors' emoluments				
- Salaries - EPF	979 159	1,066 175	511 97	598 113
Directors' fee	1,138	1,241	608	711
- Current year - Under provision in prior year	1,000 168	550	1,000 168	550
	1,168	550	1,168	550
Benefits-in-kind	2,306 24	1,791 35	1,776 7	1,261 17
	2,330	1,826	1,783	1,278
Executive directors of subsidiaries: Directors' emoluments				
- Salaries and bonus - EPF	145 17	201 10	-	-
Directors' fee	162 24	211 24	-	-
	186	235	-	-
Total executive directors' remuneration	2,516	2,061	1,783	1,278
Represented by: - Present directors - Past director	2,451 65	2,061	1,783 -	1,278
	2,516	2,061	1,783	1,278

Notes to the Financial Statements – 31 July 2012 (cont'd)

25. TAXATION

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysian income tax:				
Based on results for the year - Current tax - Deferred tax relating to the origination	(298)	(354)	(355)	(447)
and reversal of temporary differences	51	275	-	-
	(247)	(79)	(355)	(447)
Over/(Under) provision in prior year - Current tax - Deferred tax	(284) 799	409	(220)	(18)
	515	409	(220)	(18)
	268	330	(575)	(465)

The reconciliation of tax expense of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation	10,568	4,906	3,451	495
Income tax at Malaysian statutory tax rate of 25% Income not subject to tax Double deduction of expenses	(2,642) 483	(1,227) 615	(863) 548	(124) -
for tax purposes Expenses not deductible for tax purposes	8 (436)	19 (858)	(38)	(322)
Balance carried forward	(2,587)	(1,451)	(353)	(446)

- 31 July 2012 (cont'd)

25. TAXATION

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Balance brought forward	(2,587)	(1,451)	(353)	(446)
Annual crystallisation of deferred tax on revaluation surplus	51	51	-	-
Realisation of deferred tax upon disposal of property, plant and equipments	-	133	-	-
Unabsorbed allowance for increased export	1,336	1,450	-	-
Utilisation of previously unabsorbed tax losses and capital allowances	841	3	-	1
Effect of different tax rate in other country	(19)	14	-	-
Deferred tax movements not recognised	131	(279)	(2)	(2)
Over/(Under) provision in prior years	(247) 515	(79) 409	(355) (220)	(447) (18)
	268	330	(575)	(465)

The following (deductible)/taxable temporary differences have not been recognised in the financial statements:

	GROUP		COM	IPANY
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	7,027	6,429	20	24
Unabsorbed tax losses	(24,940)	(26,484)	(841)	(841)
Unabsorbed capital allowances	(7,044)	(8,800)	-	-
Unabsorbed reinvestment allowance	(1,250)	(1,250)	-	-
Unabsorbed allowance for increased export	(7,260)	(12,602)	-	-
	(33,467)	(42,707)	(821)	(817)

These unabsorbed amounts are available for set off against future taxable income of the relevant subsidiaries.

Notes to the Financial Statements - 31 July 2012 (cont'd)

26. EARNINGS PER SHARE

GROUP

Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2012	2011
Profit attributable to owners of the parent (RM'000)	9,961	5,774
Weighted average number of ordinary shares of RM1 each ('000)	36,219	36,411
Basic earnings per share (sen)	28	16

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at 31 July 2012.

27. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business Segments

The Group comprises the following main business segments :

(1) Garments Manufacture and sale of garments and apparels.

(2) Advertising Provision of advertising services on multimedia boards.

(3) Investment holding Investment holding and the provision of management services.

27. **SEGMENTAL INFORMATION** (cont'd)

By business segments

by business segments	Gard 2012 RM'000	ments 2011 RM'000	Adver 2012 RM'000	rtising 2011 RM'000	Investme 2012 RM'000	nt holding 2011 RM'000	Elimi 2012 RM'000	nation 2011 RM'000	Note	To: 2012 RM'000	tal 2011 RM'000
Revenue External sales Inter-segment sales	182,913	179,629 -	6,585 -	4,835 -	- 5,198	- 3,844	- (5,198)	(3,844)	А	189,498	184,464 -
Total revenue	182,913	179,629	6,585	4,835	5,198	3,844	(5,198)	(3,844)	_	189,498	184,464
Results Segment results Interest expense Interest income Interest waiver Taxation	10,035 (362) 79 - 205	8,591 (467) 53 - (276)	1,585 (2) - - (5)	108 (33) 7 -	(1,690) (281) - 1,204 68	(2,873) (480) - - 606	-	- - - - -		9,930 (645) 79 1,204 268	5,826 (980) 60 - 330
Profit/(Loss) for the year	9,957	7,901	1,578	82	(699)	(2,747)	-	-	_	10,836	5,236
Assets Segment assets Tax recoverable / (payable) Deriviate financial assets Fixed deposits with licensed banks Cash and bank balances	73,081 (25) 115 s 4,507 15,710	87,806 226 780 506 7,823	3,881 - - 1,015 1,910	5,459 - - 16 355	45,774 279 - - 518	41,172 220 - - 195	(56,258) - - - - -	(49,087) - - - -		66,478 254 115 5,522 18,138	85,350 446 780 522 8,373
Total assets	93,388	97,141	6,806	5,830	46,571	41,587	(56,258)	(49,087)		90,507	95,471
Liabilities Segment liabilities Deferred tax liabilities Borrowings	41,141 1,268 4,931	42,443 2,452 12,275	1,133 - -	1,612 - 129	6,148 334 -	3,333 - 2,075	(29,298)	(22,127) - -		19,124 1,602 4,931	25,261 2,452 14,479
Total liabilities	47,340	57,170	1,133	1,741	6,482	5,408	(29,298)	(22,127)	-	25,657	42,192
Other information Additions to non-current assets Depreciation Non-cash expenses other	2,151 2,365	8,711 2,236	23 308	66 863	1,333 82	- 7	-	-	В	3,507 2,755	8,777 3,106
than depreciation	(130)	(1,810)	2	(15)	(1,204)	-	-	-	C	(1,332)	(1,825)



Notes to the Financial Statements - 31 July 2012 (cont'd)

27. **SEGMENTAL INFORMATION** (cont'd)

Notes to segment information:

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consists of property, plant and equipment.
- C Other non-cash expenses consist of the following items:

	2012 RM'000	2011 RM'000
Bad debts Fair value changes on derivative financial assets Impairment loss on prepayment Impairment loss on trade receivables no longer required Interest waived Gain on disposal of non-current assets held for sale Loss on disposal of property, plant and equipment Property, plant and equipment written off Unrealised gain on foreign exchange	155 665 - (1,204) - 91 28 (1,067)	185 (780) 24 (16) - (115) 80 56 (1,259)
	(1,332)	(1,825)

Geographical Segments

The Group's location of its customers is in the principal geographical regions, namely Malaysia, China, United States and the European countries.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

Revenue		Non-c	urrent assets
2012	2011	2012	2011
RM'000	RM'000	RM'000	RM'000
6,906	5,597	29,861	29,921
5,368	2,022	7,385	6,531
136,182	143,531	-	-
22,501	17,116	-	-
18,541	16,198	-	-
189,498	184,464	37,246	36,452
	2012 RM'000 6,906 5,368 136,182 22,501 18,541	2012 2011 RM'000 RM'000 6,906 5,597 5,368 2,022 136,182 143,531 22,501 17,116 18,541 16,198	2012 RM'000 2011 RM'000 2012 RM'000 6,906 5,368 2,022 7,385 2,9861 7,385 136,182 22,501 17,116 18,541 143,531 16,198 -

Major Customers

There were two major customers which contributed more than ten percent of the Group's revenue amounting to **RM173,975,869** (2011 : RM156,568,006).

- 31 July 2012 (cont'd)

28. RELATED PARTY DISCLOSURES

		20111171111	
		2012 RM'000	2011 RM'000
(i)	Related party transactions		
	Gross dividend from a subsidiary	3,806	2,667
	Management fee from subsidiaries	1,391	1,177

COMPANY

(ii) Compensation of key management personnel

The Group and the Company have no other members of key management personnel apart from the Board of Directors which compensation has been shown in Note 24.

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

29. CONTINGENT LIABILITIES (UNSECURED)

COMPANY

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of **RM51.34 million** (2011 : RM48.31 million) of which **RM2.71 million** (2011 : RM7.75 million) of the said banking facilities have been utilised as at the end of the reporting period.

The corporate guarantee does not have a determinable effect on the terms of the credit facilities due to the banks requiring parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

30. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as loans and receivables ("L&R"), other liabilities measured at amortised cost ("FL") and fair value through profit or loss ("FVTPL").

2012	Carrying amount RM'000	L&R RM'000	FL RM'000	FVTPL RM'000
GROUP				
Financial assets				
Trade receivables (Note 7)	8,644	8,644	-	-
Other receivables and refundable deposits	0.47	0.47		
(Note 8)	847	847	-	
Derivative financial assets (Note 11)	115	-	-	115
Fixed deposits with licensed banks (Note 12)	5,522	5,522	-	-
Cash and bank balances (Note 13)	18,138	18,138	-	-
	33,266	33,151	-	115

Notes to the Financial Statements – 31 July 2012 (cont'd)

30. CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)

2012	Carrying amount RM'000	L&R RM'000	FL RM'000	FVTPL RM'000
GROUP				
Financial liabilities Trade payables (Note 21) Other payables and accruals (Note 22) Borrowings (Note 19)	8,825 10,062 4,931	- - -	8,825 10,062 4,931	: :
	23,818	-	23,818	-
2011				
Financial assets Trade receivables (Note 7) Other receivables and refundable deposits	24,724	24,724	-	-
(Note 8) Amount due from an associate (Note 9) Derivative financial assets (Note 11) Fixed deposits with licensed banks (Note 12) Cash and bank balances (Note 13)	2,918 22 780 522 8,373	2,918 22 - 522 8,373	- - - -	- - 780 - -
	37,339	36,559	-	780
Financial liabilities Trade payables (Note 21) Other payables and accruals (Note 22) Borrowings (Note 19)	10,590 14,671 14,479 39,740	- - -	10,590 14,671 14,479 39,740	- - - -
COMPANY				
2012				
Financial assets Other receivables and refundable deposits (Note 8) Amount due from subsidiaries (Note 10) Cash and bank balances (Note 13)	50 19,306 348	50 19,306 348	- - -	
	19,704	19,704	-	-
Financial liabilities Other payables and accruals (Note 22) Amount due to subsidiaries (Note 10)	1,286 1,428	-	1,286 1,428	-
	2,714	-	2,714	-

- 31 July 2012 (cont'd)

30. CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)

	Carrying amount RM'000	L&R RM'000	FL RM'000	FVTPL RM'000
2011				
Financial assets				
Other receivables and refundable deposits				
(Note 8)	50	50	-	-
Amount due from subsidiaries (Note 10)	19,033	19,033	-	-
Cash and bank balances (Note 13)	195	195	-	-
	19,278	19,278	-	-
Financial liabilities				
Other payables and accruals (Note 22)	2,256	-	2,256	-
Amount due to subsidiaries (Note 10)	1,007	-	1,007	-
Borrowings (Note 19)	2,075	-	2,075	-
	5,338	-	5,338	_

31. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative activities.

31.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances and financial guarantees given to its subsidiaries.

31.1.1 Trade receivables

The Group extends to existing customers credit terms that range between 20 to 90 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the Group's statement of financial position.

Notes to the Financial Statements - 31 July 2012 (cont'd)

31. FINANCIAL RISK MANAGEMENT (cont'd)

31.1 **Credit risk** (cont'd)

31.1.1 Trade receivables (cont'd)

The ageing of trade receivables of the Group is as follows:

	ditooi		
	2012 RM'000		2011 RM'000
Not past due	6,463		16,706
1 to 30 days past due 31 to 60 days past due 61 to 90 days past due Past due more than 90 days	1,037 352 491 301		5,843 1,016 549 610
	2,181		8,018
	8,644		24,724

GROUP

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables of **RM2,181,676** (2011: RM8,017,633) that are past due but not impaired as the management is of the view that these debts will be recovered in due course.

The Group has significant concentration of credit risk in the form of outstanding balance due from **2** (2011 : 2) customers representing **61%** (2011 : 86%) of the total trade receivables.

31.1.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by its carrying amount in the Company's statement of financial position.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

31.1.3 Financial guarantees

The Company provides unsecured corporate guarantees to banks in respect of credit facilities granted to certain subsidiaries.

The maximum exposure to credit risk is disclosed in Note 29, representing the outstanding credit facilities of the said subsidiaries as at the end of the reporting period.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any of the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Notes to the Financial Statements

- 31 July 2012 (cont'd)

31. FINANCIAL RISK MANAGEMENT (cont'd)

31.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

GROUP	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000
2012					
Interest bearing borrowings Trade payables Other payables and accruals	4,931 8,825 10,299	4,946 8,825 10,299	4,881 8,825 10,299	46 - -	19 - -
	24,055	24,070	24,005	46	19
2011					
Interest bearing borrowings Trade payables Other payables and accruals	14,479 10,590 14,671	14,500 10,590 14,671	14,115 10,590 14,671	321 - -	64 - -
	39,740	39,761	39,376	321	64
COMPANY					
2012					
Other payables and accruals Amount due to subsidiaries	1,286 1,428	1,286 1,428	1,286 1,428	-	-
	2,714	2,714	2,714	-	-
2011					
Interest bearing borrowings Other payables and accruals Amount due to subsidiaries	2,075 2,256 1,007	2,075 2,256 1,007	2,075 2,256 1,007		
	5,338	5,338	5,338	-	-

Notes to the Financial Statements - 31 July 2012 (cont'd)

31. FINANCIAL RISK MANAGEMENT (cont'd)

31.3 Interest rate risk

The Group's and the Company's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on their carrying amounts as at the end of the reporting period is as follows:

	6	GROUP	CO	MPANY
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fixed rate instruments Financial assets Financial liabilities	5,522 4,792	522 14,039	-	2,075
Floating rate instruments Financial liabilities	139	440	-	-

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before taxation by **RM457** (2011: RM53,558) and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

31.4 Foreign currency risk

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in a currency other than the Group's functional currency. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily US Dollar ("USD") and Singapore Dollar ("SGD").

Notes to the Financial Statements

- 31 July 2012 (cont'd)

31. FINANCIAL RISK MANAGEMENT (cont'd)

31.4 Foreign currency risk (cont'd)

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is as follows:

	 USD RM'000	Denominated in SGD RM'000	Others RM'000
GROUP	nun ooo		
2012			
Trade receivables Cash and bank balances Borrowings Trade payables Other payables	6,493 10,937 (3,859) (6,053) (109)	- 1 - (15) -	- 1 - (3)
Net exposure	7,409	(14)	(2)
2011			
Trade receivables Other receivables Cash and bank balances Borrowings Trade payables Other payables	21,937 1,133 7,297 (4,418) (5,030) (18)	- 12 - (15)	1 (2)
Net exposure	20,901	(3)	(1)

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect.

	G	GROUP		
	2012 RM'000	2011 RM'000		
USD SGD Others	(741) 2 *	(2,090) * *		
Decrease in profit before taxation	(739)	(2,090)		

^{*} Amount less than RM1,000.

Notes to the Financial Statements - 31 July 2012 (cont'd)

31. FINANCIAL RISK MANAGEMENT (cont'd)

31.5 Capital management

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

GROUP AND COMPANY

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company at the end of the reporting period approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the non-current portion of finance lease liabilities are reasonable approximation of fair values due to the insignificant impact of discounting.

32.1 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

GROUP	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2012 Financial assets Forward exchange contracts	-	115	-	115
2011 Financial assets Forward exchange contracts	-	780	-	780

Notes to the Financial Statements – 31 July 2012 (cont'd)

33. DISCLOSURE OF REALISED AND UNREALISED PROFITS

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis in the annual audited financial statements.

The breakdown of retained profits as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows:

	GROUP		COMPANY	
	2012	2011	2012	2011
	RM	RM	RM	RM
Total retained profits of the Company and its subsidiaries:				
- Realised	16,663	8,325	837	(2,039)
- Unrealised	1,487	(413)	-	-
Less : Consolidation adjustments	18,150 (5,499)	7,912 (5,565)	837	(2,039)
,	, , ,			
Total retained profits as per statements of financial position	12,651	2,347	837	(2,039)

Properties held by the Group

Location	Description	Land area/ (built-up area)	Existing use	Tenure/ (approximate age of building)	Net carrying amount as at 31 July 2012 RM'000	Year of acquisition/ revaluation
HONSIN APPAREL SDN. BHD.						
Lot 590 (New Lot 2596) Mukim of Simpang Kanan District of Batu Pahat Johor	A knitting factory cum office with storage building	12,146.88 metre ² (7,413.65 metre ²)	Factory and office	Freehold (11-1/2 years to 15 years)	10,801	2010*
Lot PTD 16109 Mukim of Simpang Kanan District of Batu Pahat Johor	A single-storey bungalow	535.96 metre ² (211.8 metre ²)	Hostel	Freehold (21 years)	238	2010*
Lot PTD 33261 Mukim of Simpang Kanan District of Batu Pahat Johor	A one and a half storey terrace factory	244.05 metre ²	Factory	Freehold	473	2012
HONWAYS APPAREL (SHUYAN	G) LIMITED					
Land Certification No. 27141 Property Certification No. 0101524, Shuyang Development Zone, Jiangsu, China.	A factory with 13 units of Buildings	26,667.00 metre ² (12,089.19 metre ²)	Factory, Office, Hostel, Canteen, Warehouse	Leasehold 50 years expiring on 16.11.2055 (6 years)	3,535	2010
PLAS INDUSTRIES SDN. BHD.						
Lot No. 4122 Nibong Tebal Mk. 11 Seberang Perai Selatan Pulau Pinang	A one unit shop-house	228 metre ² (453.74 metre ²)	Production factory	Freehold (14 years)	225 #	2010*
Taman Pelangi Prai F95, H.S. (D) 3296 No. PT2971 Mk. 11 Seberang Perai Tengah Pulau Pinang	5 continuous units of two bedrooms flats	N/A (235 metre²)	Hostel	Leasehold 99 years expiring on 22.4.2092 (8 years)	196 #	2010*
Lot No. 4123 Nibong Tebal Mk. 11 Seberang Perai Selatan Pulau Pinang	A one unit shop-house	228 metre ² (453.74 metre ²)	Production factory	Freehold (14 years)	225	2010*
Plot No. 255 (iii) Kawasan Perusahaan Mak Mandin, Mukim 14 Seberang Perai Tengah Pulau Pinang	3 storey factory	N/A (3,861 metre ²)	Factory and office	Leasehold 60 years expiring on 21.2.2052 (10 years)	3,235	2010*
SOUTH EAST GARMENT MANU	JFACTURING SDN. BHD.					
Plot No. 255 (iii) Kawasan Perusahaan Mak Mandin, Mukim 14 Seberang Perai Tengah Pulau Pinang	A single-storey factory with an annexed two-storey office block in front	1.70448 acres (2,506.7 metre ²)	Factory and office	Leasehold 60 years expiring on 21.2.2052 (18 years)	2,961	2010*

Properties held by the Group (cont'd)

Description	Land area/ (built-up area)	Existing use	(approximate age of building)	as at 31 July 2012 RM'000	Year of acquisition/ revaluation
A double-storey terrace house	792 metre ² (341.70 metre ²)	Vacant	Freehold	845	2012
Freehold land	892 metre ²	Vacant	Freehold	240	2012
Freehold land	794 metre ²	Vacant	Freehold	240	2012
	A double-storey terrace house Freehold land	A double-storey terrace house 792 metre ² (341.70 metre ²) Freehold land 892 metre ²	A double-storey terrace house 792 metre² (341.70 metre²) Freehold land 892 metre² Vacant	Description Land area/ (built-up area) Existing use (approximate age of building) A double-storey terrace house 792 metre² (341.70 metre²) Vacant Freehold Freehold land 892 metre² Vacant Freehold	Description Land area/ (built-up area) Existing use age of building) 2012 RM'000 A double-storey terrace house 792 metre² (341.70 metre²) Vacant Freehold 845 Freehold land 892 metre² Vacant Freehold 240

Note:

[#] Classified as non-current assets held for sale.

^{*} Year of revaluation

Analysis of Shareholdings - as at 31 October 2012

Share Capital as at 31 October 2012

Authorised share capital : 100,000,000 ordinary shares of RM1 each Issued and fully paid-up : 36,867,300 ordinary shares of RM1 each (oxcluding 3 132,700 transpury shares)

(excluding 3,132,700 treasury shares)

Voting rights : One vote per ordinary share (on a poll)

Distribution schedule of shareholdings as at 31 October 2012

Size of Holdi	ings	No. of Depositors	No. of Shares Held	% of Issued Capital
Less than 100)	164	5,700	0.02
100 -	- 1,000	175	133,216	0.36
1,001 -	- 10,000	911	3,891,279	10.55
10,001 -	- 100,000	260	7,422,422	20.13
100,001 -	- 1,820,559	45	13,378,923	36.29
1,820,560	- 40,000,000	8	12,035,760	32.65
-	TOTAL	1,563	36,867,300	100.00

30 Largest Shareholders as at 31 October 2012

	NAME	NORMAL HOLDINGS	HOLDINGS %
1	LAU MONG SENG	2,328,400	5.82
2	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LAU MONG YING	2,062,600	5.16
3	NARSPA HOLDINGS SDN BHD	1,550,000	3.88
4	JE HOLDINGS SDN BHD	1,516,260	3.79
5	METRO CAPITAL ASSET MANAGEMENT SDN BHD	1,263,700	3.16
6	SONG KIM LEE	1,200,000	3.00
7	TAN CHING CHING	1,110,000	2.78
8	TAN HOOI LING	1,004,800	2.51
9	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NARSPA HOLDINGS SDN HD (TERM)	983,100	2.46
10	TAN HAN CHUAN	919,000	2.30
11	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG HUEY PENG (REM 650)	773,900	1.93
12	LIM HOEI BOON	720,936	1.80
13	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KIM CHOO	657,750	1.64
14	ChEW BOON SENG	648,500	1.62
15	POO CHOO @ ONG POO CHOI	593,000	1.48

Analysis of Shareholdings - as at 31 October 2012 (cont'd)

30 Largest Shareholders as at 31 October 2012 (cont'd)

	NAME	NORMAL HOLDINGS	HOLDINGS %
16	WONG FOCK WAH	485,200	1.21
17	TAN HOON CHENG	380,000	0.95
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU MONG YING (100188)	367,400	0.92
19	SANG BEE YIAN	338,000	0.85
20	GOH MING CHOO	314,000	0.79
21	LIN, CHENG-LANG	293,374	0.73
22	CHONG TECK SENG	282,200	0.71
23	KHADMUDIN BIN MOHAMED RAFIK	267,100	0.67
24	TEO PENG BOON	253,300	0.63
25	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SENG TUNG	250,000	0.63
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JE HOLDINGS SDN BHD (KULS)	249,965	0.62
27	AMIN HALIM	240,000	0.60
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD	236,400	0.59
	PLEDGED SECURITIES ACCOUNT FOR OOI KIN CHONG		
	@ OUI KIN CHONG (8063257)		
29	LOW HING NOI	220,000	0.55
30	YAN MOI YANG	215,000	0.54
		21,723,885	54.32

1. Directors' shareholdings as at 31 October 2012

No. of ordinary shares of RM1 each

		Direct	%	Deemed	%
i.	Ahmad Mustapha Ghazali	30,000	0.08	3,817,550 ⁽¹⁾	10.35
ii.	Lau Mong Ying	2,445,534	6.63	-	-
iii.	Lau Mong Fah	156,000	0.42	-	-
iv.	Lin, Cheng-Lang	293,374	0.80	-	-
V.	Lee Kuan Mang			-	-
vi.	Willie Gan Wee Lee	-	-	8,000 (2)	0.02
vii.	Khadmudin Bin Mohamed Rafik	294,100	0.83	4,000 (2)	0.01

Analysis of Shareholdings

- as at 31 October 2012 (cont'd)

2. Substantial Shareholders (excluding bare trustees) according to the Register of Substantial Shareholders as at 31 October 2012

No. of ordinary shares of RM0.50 each

		Interest	%	Deemed	%
i.	Lau Mong Seng	2,328,400	6.32	-	-
ii.	Lau Mong Ying	2,445,534	6.63	-	-
iii.	Narspa Holdings Sdn. Bhd.	2,533,100	6.87	-	-
iv.	Ahmad Mustapha Ghazali	30,000	0.08	3,796,800 (1)	10.3

- (1) Deemed interested by virtue of his interest in Narspa Holdings Sdn. Bhd. and Metro Capital Asset Management Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and includes shares in the Company held by his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965
- (2) Shares in the Company held by his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965

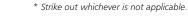
PROXY FORM



* I/W	e					(*I/C NO.	/ Passport No. /
Comp	any No) of				
					k	peing * a member/	members of the
above	named Compa	any, hereby app	ooint			(*I/0	NO. / Passport
No)	of				
be hel	d at the Confe	erence Room o	f Honsin Appa	ur behalf at the Twe rel Sdn. Bhd., 531, 2 any adjournment the	ntieth Annual Ge 1½ Miles Jalan Kl		the Company to
OR	DINARY RESC	DLUTION				FOR	AGAINST
1.	To approve ended 31	the increase a July 2012.	and payment c	of Directors' fees for	the financial year		
2.	To re-elect Willie Gan Wee Lee as a Director of the Company.						
3.	To re-elect Khadmudin bin Mohamed Rafik as a Director of the Company.						
4.	To re-elect Chin Chew Mun as a Director of the Company.						
5.	To re-appoint Lin, Cheng-Lang as a director of the Company.						
6.	To approve the payment of a first and final dividend of 3 sen per ordinary share, less income tax of 25%, for the year ended 31 July 2012.				are,		
7.	To re-appoint Messrs. Grant Thornton as a auditors of the Company for the ensuing year and to authorise the Diretors to fix their remuneration.						
8.	Authority under Section 132D of the Companies Act, 1965 for the Directors to Allot and Issue Shares						
				aces provided above e as he thinks fit.	on how you wish	your vote to be ca	ast. If no specific
Signed this day of, 201 No. of shares held:		, 2012	of sharehole	nent of two(2) proxidings to be repres			
					proxies:	No. of shares	%
					Proxy 1		
					Proxy 2		
Signat	ture(s) / Comm	on Seal of me	mhers(s)	-			100
		.s scar or me					<u> </u>
Madaa							

Notes:

- 1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) of the Companies Act shall not apply to the Company.
- 2. For a proxy to be valid, the Proxy Form, duly completed must be deposited at the Registered Office of the Company, No. 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
- 3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
- 4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- 5. In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of
- 5. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.





STAMP

The Company Secretary

Prolexus Berhad

(Company No. 250857-T)

51-21-A, Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Malaysia