PROLEXUS BERHAD

(250857 - T)

Incorporated in Malaysia

ANNUAL REPORT 2013 LAPORAN TAHUNAN

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-First 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 Monday, 09 December 2013 at 10.00 a.m. for the following purposes:-

A G E N D A

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 July 2013 together with the Reports of the Directors and Auditors thereon. — **Please refer to Explanatory Note 7 on Ordinary Business**

2. To approve the increase and payment of Directors' fees for the financial year ended 31 July 2013. — **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. Lau Mong Ying — **Resolution 2**
   ii) Mr. Lau Mong Fah — **Resolution 3**

4. 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 4**

5. To approve the payment of a First and Final Franked Dividend of 2 sen per ordinary share, less income tax of 25% and a Special Tax Exempt Dividend of 1 sen per ordinary share, for the financial year ended 31 July 2013. — **Resolution 5**

6. 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 6**

As Special Business:

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

   CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

   i) "That, authority be and is hereby given to En. Khadmudin Bin Mohamed Rafik who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." — **Resolution 7**

   ii) "That, authority be and is hereby given to Mr. Lin, Cheng-Lang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." — **Resolution 8**

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

   AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES
   "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." **Resolution 9**

9. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

   PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY
   "That the amendments to the Articles of Association of the Company as set out in the Annual Report for the financial year ended 31 July 2013 be hereby approved.

   And that the directors be hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to proposed amendments." **Resolution 10**

10. 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.

FURTHER NOTICE IS HEREBY GIVEN THAT only a depositor whose name appears on the Record of Depositors as at 02 December 2013 shall be entitled to attend the forthcoming Twenty-First Annual General Meeting or appoint proxies to attend and/vote on his/her behalf.

By Order of the Board,

LEE PENG LOON (MACS 01258)

P'NG CHIEW KEEM (MAICSA 7026443)
Company Secretaries

Date: 15 November 2013
Penang

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 the corporation's Common Seal or under the hand of an officer or attorney duly authorised.

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 NOTE ON ORDINARY BUSINESS

7. The Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company and hence, the Agenda 1 is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

8. The proposed Resolutions 7 to 8, are to allow the Independent Non-Executive Directors to be retained and continue acting as Independent Non-Executive Directors to fulfill the requirements of Paragraph 3.04 of the Main Market Listing Requirements and to be in line with the recommendations 3.2 and 3.3 of the Malaysian Code of Corporate Governance 2012. The details of justifications are set out in the Statement of Corporate Governance in page 20 to 27 of the Company's 2013 Annual Report.

9. The proposed Resolution 9, 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.

10. The Resolution 10, if passed, will allow the directors to update the existing Company's Articles of Association for better clarification and to ensure consistency throughout the Company's Articles of Association and to be in line with the Main Market Listing Requirements.

2013 ANNUAL REPORT

The 2013 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholder upon request within four (4) market days from the date of receipt of the verbal or written request.

Shareholders who wish to receive the printed Annual Report and who require assistance in viewing the CD-ROM, kindly contact Mr. Choong Chee Mun at telephone no. 03-79540018 or email your request to choong.cheemun@prolexus.com.my

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a First & Final Franked Dividend of 2 sen per ordinary share, less income tax of 25% and a Special Tax Exempt Dividend of 1 sen per ordinary share for the financial year ended 31 July 2013, if approved, will be paid on 30 December 2013 to shareholders registered in the Record of Depositors of the Company on 17 December 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 17 December 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: 15 November 2013

Statement of the Proposed Amendments to the Articles of Association

INTRODUCTION

On 21 October 2013, the Board of Directors of Prolexus Berhad ("the Company" or Prolexus") announced that the Company proposed to amend its Articles of Association for better clarification and to ensure consistency throughout the Company's Articles of Association and to be in line of Bursa Malaysia Securities Berhad. The Board wishes to seek the shareholders' approval for the special resolution pertaining to the Proposed Amendments to the Articles of Association of the Company ("Proposed Articles Amendments") to be tabled at the forthcoming Twenty-First Annual General Meeting ("AGM").

Shareholders are advised to read and carefully consider the contents of the amendments before voting on the special resolution relating to the Proposed Articles Amendments at the forthcoming Twenty-First AGM.

DETAILS OF THE PROPOSED ARTICLES AMENDMENTS

The Company proposes to amend its Articles of Association as follows:

Article No.	Existing Article	Proposed Article Amendments
2	Central Depositories Act - The Securities Industry (Central Depositories) Act, 1991.	Central Depositories Act - The Securities Industry (Central Depositories) Act, 1991 and/or any statutory modification, amendment or re-enactment thereof.
2	Depositor - A holder of securities account (as defined in the Central Depository Act).	Depositor - A holder of securities account, established by the Depository.
2	Market Days - Any day on which there is official trading on The Exchange.	Market Day - "Market Day" means a day on which the stock market of the Exchange is open for trading in securities.
2	Member / Members - Means any person / persons for the time being holding shares in the Company including Depositors whose names appear on the Record of Depositors but shall exclude the Central Depository or its nominee Company in whose name the Deposited Securities are registered unless required by virtue of the Central Depositories Act or the Rules or the context of these Articles.	Member / Members - "Member/Members" means any person/persons for the time being holding shares in the Company including Depositors whose names appear on the Record of Depositors but excludes the Depository in its capacity as bare trustee.
2	New Definition	Dividend Reinvestment Scheme - A scheme which enables members to reinvest cash dividends into new shares of the Company.
2	New Definition	Employees Share Option Scheme - Share Issuance Scheme and a Share Grant Scheme, collectively.
2	New Definition	Exempt Authorized Nominee - "Exempt Authorized Nominee" means an authorised nominee defined under the Central Depositories which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

Article No.	Existing Article	Proposed Article Amendments
2	New Definition	Listing Requirements - The Main Market Listing Requirements of the Exchange including any amendments thereto that may be made from time to time.
2	New Definition	Securities Account - An account established by the Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor.
2	New Definition	Share Issuance Scheme - A scheme involving a new issuance of shares to employees and Directors of the Company and its subsidiaries.
2	New Definition	Share Grant Scheme - A scheme involving the grant of the Company's existing shares to employees of the Company and its subsidiaries.
2	New Definition	Take-Overs and Mergers Code - The Malaysian Code on Take-Overs and Mergers 2010, including any amendment that may be made from time to time.
2	Record of Depositors - A record provided by the Central Depository to the Company under Chapter 24.0 of the Rules of the Central Depository Act	Record of Depositors - A record provided by the Depository to the Company under Chapter 24.0 of the Rules.
2	Rules - the Rules of the Depository.	Rules - The Rules of the Depository including any amendments thereto that may be made from time to time.
2	Securities - Debentures, stocks and shares in a public company or corporation, or bonds of any government or of any body, corporate or unincorporated, and includes any right or option in respect thereof and any interest in unit trust schemes.	Securities - Debentures, stock and shares in the Company includes any right or option in respect thereof and any interest in unit trust schemes.
4.	Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act and to the Central Depositories Act and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to Dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company may determine.	The Company may upon recommendation of Directors establish the Employees Share Option Scheme upon such terms and conditions as Directors, subject to the Listing Requirements and to any ordinary resolution of the Company, may determine. Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act, the Listing Requirements and to these Articles, the Directors may also issue new shares or convertible securities in the Company with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

Article No.	Existing Article	Proposed Article Amendments
5.	(e) every issue of shares or options to employees and/or Directors of the Company and its subsidiaries under an Employee Share Option Scheme shall be approved by the members in general meeting and no Directors shall participate in such issues of shares or options unless the members in general meeting have approved of the specific allotment to be made to such Director. For the purpose of this Article, Directors shall include Executive and Non-Executive Director.	(e) No Director shall participate in a Share Issuance Scheme unless members in general meeting have approved of the specific allotment to be made to such Director.
6.	Subject to the Act, any preference shares may with, the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company. Preference shareholders shall also have the right to vote in each of the following circumstances:-	Subject to the Act, any preference shares may with, the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and financial statements and attending general meetings of the Company. Preference shareholders shall also have the right to vote in each of the following circumstances:-
13.	Subject to the Act, the Central Depositories Act and the Rules, the Company shall allot securities and despatch notices of allotment to the allottees within 20 Market Days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Exchange.	Subject to the Act, the Central Depositories Act and the Rules, the Company shall allot securities and despatch notices of allotment to the allottees within 8 Market Days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Exchange.
15.	The Company shall have a first and paramount lien on every share (not being fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share, including all unpaid instalments and interest thereon and the Company shall also have a first and paramount lien on all shares (other than fully paid shares) registered in the name of a member for all money (whether presently payable or not) payable by him or his estate, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share extend to all Dividends payable thereon and shall also be subject to such amount as the Company may be required by law to pay in respect of the member or deceased member.	The Company shall have a first and paramount lien on every share (not being fully paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share, including all unpaid instalments and interest thereon and the Company shall also have a first and paramount lien on all shares (other than fully paid shares) registered in the name of a member for all money (whether presently payable or not) payable by him or his estate, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all Dividends declared in respect of such shares, shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay and has paid in respect of the shares of the member or deceased member.

Article No.	Existing Article	Proposed Article Amendments
26.	All transfer of securities deposited with the Depository shall be effected in accordance with the Act, the Central Depositories Act and the Rules and for such deposited securities, these Articles shall not be applicable to the extent that they are inconsistent with the relevant provisions of the Act, the Central Depositories Act, and the Rules. Subject to the Act, the Central Depositories Act, the Rules and these Articles, any member may transfer all or any of his securities by instrument in writing in the usual common form conforming with the Act and approved by the Exchange or such form as may from time to time be prescribed under the Act or approved by the Exchange.	All transfer of securities deposited with the Depository shall be effected in accordance with the Act, the Central Depositories Act and the Rules and for such Deposited Securities, these Articles shall not be applicable to the extent that they are inconsistent with the relevant provisions of the Act, the Central Depositories Act, and the Rules.
27.	The transfer of any securities or class of securities of the Company shall be by way of book entry by the Central Depository in accordance with the Central Depository Act and the Rules and notwithstanding Section 103 and 104 of the Act but subject to Section 107C of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and affecting any transfer of such securities.	The transfer of any securities or class of securities of the Company shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Section 103 and 104 of the Act but subject to Section 107C of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and affecting any transfer of such securities.
27A.	Where:- (a) the securities of a Company are listed on another stock exchange; and (b) Such company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities, such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.	Where:- (a) the securities of the Company are listed on another stock exchange; and (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities, the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

Article No.	Existing Article	Proposed Article Amendments
31.	Subject to the provision of the written law, the personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. Provided always that where the share is a deposited security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person so entitled.	Subject to the provision of the written law, the personal representative of a deceased holder of a share shall be the only person recognised by the Company as having any title to the share. Provided always that where the share is a Deposited Security, subject to the Rules, a transfer of the share may be carried out by the person so entitled.
41.	The Company may receive the consideration, if any, given for a forfeited share on any sale or disposition thereof and may authorise its registrar to cause the Depository to credit the securities account of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and he shall not be bound to see to the application of the purchase money if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share. Subject to any lien for sums not presently payable, if any, or any residue of the proceeds of sale of shares which are forfeited and sold or disposed of, after the satisfaction of the unpaid calls or outstanding instalments payable at fixed times and accrued interest and expenses, shall be paid to the person entitled to the shares immediately before the forfeiture thereof of his executors, administrators or assigns or as he directs.	The Company may receive the consideration, if any, given for a forfeited share on any sale or disposition thereof and may authorise its registrar to cause the Depository to credit the securities account of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and he shall not be bound to see to the application of the purchase money if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share. If any shares is forfeited and sold or disposed of, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person entitled to the shares immediately before the forfeiture thereof or his executors, administrators or assignees or as he directs.
48.	Subject to any direction to the contrary that may be given by the Company in general meeting, any ordinary shares for the time being unissued and not allotted and any new shares from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may disposed of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.	Subject to any direction to the contrary that may be given by the company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the directors may dispose of those shares or securities in such manner as they think most beneficial to the company. The directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the directors, be conveniently offered under this Article.

Article No.	Existing Article	Proposed Article Amendments
55.	(c) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable) and notwithstanding any provision in the Companies Act, 1965, a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.	(c) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable), a Depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.
	(d) New Article	(d) Every notice of meeting in writing to the Exchange must include the date of the Record of Depositors to be obtained pursuant to Article 55(b) for the purposes of determining whether a Depositor shall be regarded as a member entitled to attend, speak and vote at the general meeting.
56.	Subject always to the provisions of Section 151 of the Act, no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a Dividend, the consideration of the accounts, balance sheets, and the report of the Directors and Auditors, the election of Directors, and the appointment and fixing of the remuneration of the Auditors.	Subject always to the provisions of Section 151 of the Act, no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a Dividend, the consideration of the annual audited financial statements and the reports of the Directors and Auditors, the election of Directors, and the appointment and fixing of the remuneration of the Auditors.
66.	Subject to any rights or restrictions for the time being attached to any class of shares, at meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a member or representative or proxy of a member shall have one vote, and on a poll every member present in person or by proxy or by attorney or other duly authorized representatives shall have one (1) vote for each share he holds. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.	Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of members or classes of members, each member entitled to attend and vote at a meeting of the Company or at the meeting of any class of members of the Company, may vote in person or shall be entitled to appoint any person as his proxy to attend and vote instead of him. There shall be no restriction as to the qualification of the proxy. On a resolution to be decided on a show of hands, every person who is a member or representative or proxy of a member shall have one (1) vote and on a poll every member present in person or by proxy or by attorney or other duly authorized representative shall have one (1) vote for each share he holds. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

Article No.	Existing Article	Proposed Article Amendments
66A.	Subject to Article 55 of the Company's Articles of Association, a member of the Company shall be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the Company have been paid.	Subject to Article 55 of these Articles, a member of the Company shall be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the Company have been paid.
71.	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A member shall entitled to appoint more than one (1) proxy to attend and vote at the same meeting and where the member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specified the proportion of his shareholdings to be represented to each proxy.	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A member shall entitled to appoint one (1) but not more than (2) proxies to attend and vote at the same meeting and where the member appoints more than one (1) proxy, such appointment shall be invalid unless the member specified the proportion of his shareholdings to be represented by each proxy.
71A.	Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with the ordinary shares of the Company standing to the credit of the said securities account.	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.
72.	The instrument appointing, a proxy shall be in the following form with such variations as circumstances may require or the Statutes permit or in such other form as the Exchange authorities may approve :- (Kindly refer to Appendix "A" for the existing Proxy Form)	The instrument appointing, a proxy shall be in the following form with such variations as circumstances may require or the Directors may approve or the Act may permits:- (Kindly refer to Appendix "B" for proposed amended Proxy Form)
76.	All the Directors of the Company shall be natural persons and until otherwise determined by general meeting, the number of Directors shall not be less than two (2) nor more than eleven (11), but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum, the continuing Director or Directors may, except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number, or to summon a general meeting of the Company.	All the Directors of the Company shall be natural persons and until otherwise determined by general meeting, the number of Directors shall not be less than two (2) nor more than eleven (11), but in the event of any casual vacancy occurring and reducing the number of Directors below the aforesaid minimum, the remaining Director or Directors may except in an emergency, act only for the purpose of increasing the number of Directors to such minimum number, or to summon a general meeting of the Company.

Article No.	Existing Article	Proposed Article Amendments
79.	No person not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless some member intending to propose him has, at least eleven (11) clear days' before the meeting, left at the office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him, PROVIDED THAT in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) clear days prior to the meeting at which the election is to take place.	No person not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless a member intending to propose him has, at least eleven (11) clear days' before the meeting, left at the Office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him, PROVIDED THAT in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) clear days prior to the meeting at which the election is to take place.
88.	(a) has a Receiving Order in bankruptcy made against him or makes any arrangement or composition with his creditors generally;	(a) during his term of office has a Receiving Order in bankruptcy made against him or makes any arrangement or composition with his creditors generally;
	(d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;	(d) during his term of office becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
105.	The continuing Directors may act notwithstanding any vacancy in their body, but if and so long their number is reduced below the minimum number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Director or Directors except in an emergency may act for the purpose of increasing the number of Directors to that minimum number or of summoning a general meeting of the Company, but for no other purpose.	The remaining Directors may continue to act notwithstanding any vacancy in their body, but if and so long their number is reduced below the minimum number fixed by or pursuant to these Articles as the necessary quorum of Directors, the remaining Director or Directors except in an emergency may act for the purpose of increasing the number of Directors to that minimum number or of summoning a general meeting of the Company, but for no other purpose.
110.	(a) Each Director may with the approval of the Board, appoint any person to act as his alternate director and at his discretion by way of a notice to the Company, remove such alternate director from office. PROVIDED ALWAYS that any fee paid by the Company to an alternate director shall be deducted from that Director's remuneration.	(a) A Director may with the approval of a majority of his co-directors, appoint any person to act as his alternate and at his discretion by way of a notice to the Board, remove such alternate director from office. PROVIDED ALWAYS that any fee paid by the Company to the alternate director shall be deducted from that Director's remuneration.

Article No.	Existing Article	Proposed Article Amendments
130.	The Company in general meeting may declare Dividends, but no Dividend shall exceed the amount recommended by the Directors.	No Dividend shall be paid otherwise than out of profits or shall bear interest against the Company. The Company in general meeting may declare Dividends, but no Dividend shall exceed the amount recommended by the Directors. The Company must ensure all Dividends are paid not later than three (3) months from the date of declaration or the date on which approval is obtained in a general meeting, whichever is applicable.
132.	No Dividend shall be paid otherwise than out of profits or shall bear interest against the Company.	Subject to the approval of the members in general meeting, these Articles, the Act, the Listing Requirements, the Take-Overs and Mergers Code, the Income Tax Act, 1967 and/or any other relevant authorities, the Company may upon the recommendation of the Directors establish a Dividend Reinvestment Scheme. However, any member of the Company may elect not to participate in such scheme.
149.	On the voluntary liquidation of the Company, no commission or fee shall be paid to the Liquidator unless it shall have been ratified by members. The amount of such payment shall be notified to all members at least seven (7) days prior to the meeting at which it is to be considered.	On the voluntary liquidation of the Company, no commission or fee shall be paid to the Liquidator unless it shall have been approved by members. The amount of such payment shall be notified to all members at least seven (7) days prior to the meeting at which the commission or fee is to be considered.
154(g)	For the purpose of these Articles, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of the Exchange including any amendment to the Listing Requirements that may be made from time to time.	To be deleted

RATIONALE FOR THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments is to update the Company's Articles of Association for better clarification and to ensure consistency throughout the Company's Articles of Association and to be in line with the Main Market Listing Requirements.

EFFECTS OF THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments will not have any effect on the share capital and substantial shareholding of Prolexus, net assets per share, earnings per share and gearing of the Prolexus Group.

CONDITIONS OF THE PROPOSED ARTICLES AMENDMENTS

The Proposed Articles Amendments is conditional upon approval being obtained from the shareholders of the Company at the forthcoming Twenty-First AGM.

DIRECTORS', MAJOR SHAREHOLDERS' AND PERSONS CONNECTED WITH DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors, major shareholders and persons connected with them have any interest, direct or indirect, in respect of Proposed Articles Amendments.

DIRECTORS' RECOMMENDATION

The Directors, having considered the rationale of the Proposed Articles Amendments are of the opinion that the Proposed Articles Amendments is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the special resolution in relation to the Proposed Articles Amendments to be tabled at the forthcoming Twenty-First AGM.

(PROXY FORM)

PROLEXUS BERHAD

I/We,..
Full Name in Block Letters

....
Address

being a member / members of the abovenamed Company, hereby appoint

....
Full Name in Block Letters

of ....
Address

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the (Annual or Extraordinary, as the case may be) General Meeting of the Company, to be held on the .... day of .... 19...., and at any adjournment thereof.

....
Signature of Member(s)

Signed this .... day of .... 19...................

Number of shares held ....

---

* Strike out whichever is not desired.
(Unless otherwise instructed the proxy may vote as he thinks fit).

Notes:

A proxy may but need not be a member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

To be valid, this form, duly completed must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time for holding the meeting.

A Member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meetings.

Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specified the proportions of his holdings to be presented by each proxy.

If the appointor is a corporation, this form must be executed under its common seal or under the hand of its attorney.

(PROXY FORM)

PROLEXUS BERHAD

*I/We, ... *NRIC No./ Passport No./ Company No. .... of
(Full Name in Block Letters)

.... being a member/members of the abovenamed
(Address)

Company, hereby appoint...*NRIC No./ Passport No./ Company No. ....
(Full Name in Block Letters)

of .... or failing whom, the Chairman of the meeting
(Address)
as *my/our proxy to vote for *me/us on *my/our behalf at the (Annual or Extraordinary, as the case may be)

General Meeting of the Company, to be held at ....(place of meeting)

on ....day of............................. at .... (time of meeting) and at any adjournment thereof.

Resolution(s)	
For	
Against	

Please indicate with an "x" in the appropriate space(s) provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed this ....day of...............................

No. of shares held

....
Signature(s)/Common Seal of member(s)

For appointment of two(2) proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	%
Proxy 1		
Proxy 2		
		100

*Strike out whichever is not desired.

Notes:

(1) A proxy may but need not be a member of the Company.

(2) A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(3) 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.

(4) For a proxy to be valid, this form, duly completed must be deposited at registered office of the Company not less than forty-eight (48) hours before the time appointed for holding the meeting. If this form is sent by facsimile to the registered office before forty-eight (48) hours before the meeting.

(5) In the case of a corporate member, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

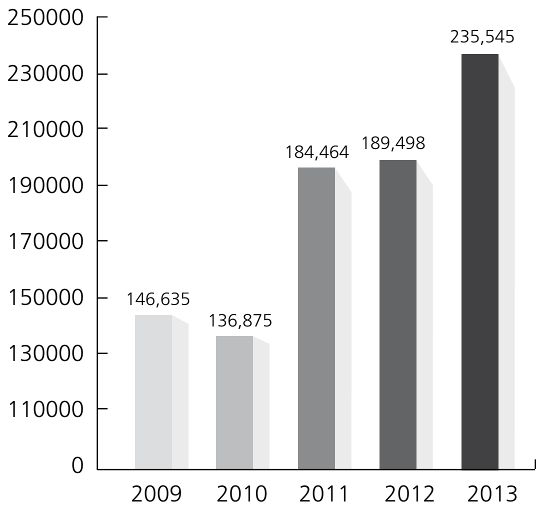
Corporate Information

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)* Khadmudin Bin Mohamed Rafik *(Independent Non-Executive Director)* Lin, Cheng-Lang *(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	Khadmudin Bin Mohamed Rafik *(Chairman, Independent Non-Executive Director)* Lin, Cheng-Lang *(Independent Non-Executive Director)* Chin Chew Mun *(Independent Non-Executive Director)* Lau Mong Fah *(Non-Independent Non-Executive Director)*
Nominating Committee	Khadmudin Bin Mohamed Rafik *(Chairman, Independent Non-Executive Director)* Lin, Cheng-Lang *(Independent Non-Executive Director)* Chin Chew Mun *(Independent Non-Executive Director)*
Remuneration Committee	Lau Mong Ying *(Chairman, Managing Director)* Lau Mong Fah *(Non-Independent Non-Executive Director)* Chin Chew Mun *(Independent Non-Executive Director)*
Registered Office	51-21-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel: 04-210 8833 Fax: 04-210 8831
Business Address	531, Batu 2 ½, Jalan Kluang, 83000 Batu Pahat Johor Darul Takzim 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	Citibank Berhad HSBC Bank Malaysia Berhad Industrial and Commercial Bank of China Malayan Banking Berhad RHB Bank Berhad Standard Chartered Bank Malaysia Berhad Bank of China
Solicitors	Affendi Zahari, Advocates & Solicitors
Stock Exchange Listing	Main Market of Bursa Malaysia Securities Berhad
Stock Code	8966
Stock Name	PRLEXUS

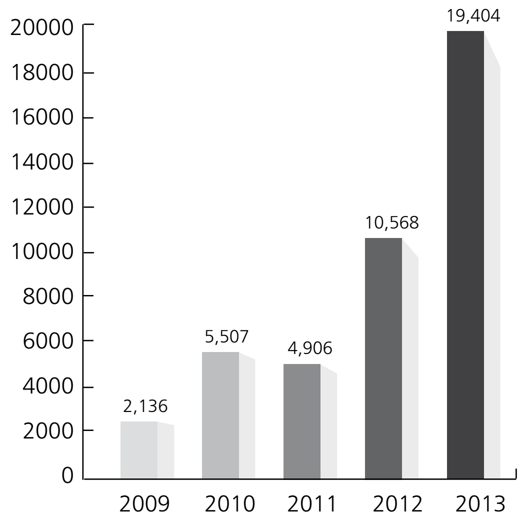
Financial Highlights

	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Turnover	146,635	136,875	184,464	189,498	**235,545**
Profit Before Tax	2,136	5,507	4,906	10,568	**19,404**
Profit After Tax	262	3,403	5,236	10,836	**17,162**
Paid-up Capital	40,000	40,000	40,000	40,000	**40,000**
Shareholders' Funds	31,508	42,748	48,348	59,048	**74,114**
Earnings Per Share (sen)	3	11	16	27	**42**
Dividend Per Share (sen)	-	-	-	3	**3**
Net Tangible Asset Per Share (sen)	79	110	125	153	**194**

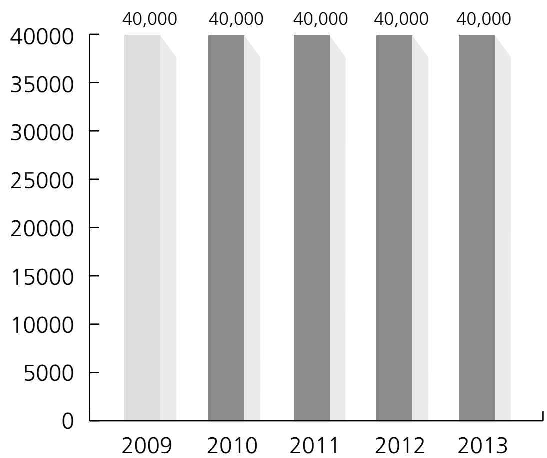
Turnover



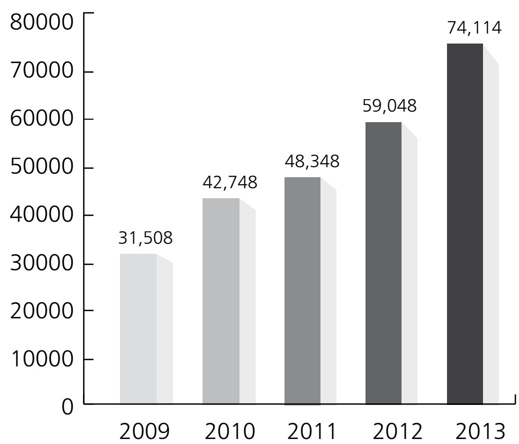
Profit Before Tax



Paid-up Capital



Shareholders' Funds



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 2013.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

The Group had an improved performance for the financial year ended 31 July 2013 in terms of revenue and profit after tax.

- The Group's revenue increased from RM189.5 million in the previous financial year to RM235.5 million in the current financial year. This is an increase of RM46 million or 24% over the previous financial year. This increase in revenue is mainly attributable to the garment division which saw significant increase in orders received for the manufacturing plants in Malaysia and China. While the Malaysian plant revenue grew from RM149.5 million to RM172.0 million, the China plant recorded an increase of RM23.5 million to RM56.9 million.

- The Group's profit after tax increased from RM10.8 million in the previous financial year to RM17.2 million in the current financial year. This is an increase of RM6.4 million or 59% over the previous financial year. The increase in profit is mainly due to the improved performance in the garment division due to improved efficiency and cost rationalisation programmes. The China plant recorded a significant improvement in the profit after tax from RM0.1 million in the previous year to RM2.5 million in the current year.

- Both the manufacturing plants in Malaysia and China continue to face the difficulties in recruiting sewing operators and this will continue to remain a challenge for the Group in the coming years.

- While the global economic outlook remains unpredictable, the Group will continue to look for opportunities to expand the business both locally and overseas. The focus will be mainly on expanding our core business, i.e. apparel manufacturing and other businesses that will yield good returns on investments.

- Earnings Per Share has increased from 27 sen to 42 sen per Share.

- Net Tangible Asset Per Share has increased from RM1.53 to RM1.94 sen per Share.

CORPORATE GOVERNANCE

The Group is committed to the best practice of corporate governance to increase and enhance shareholders' value. To achieve this, it has put in place stringent risk management and internal control procedures to ensure that transparency, accountability and integrity are attained in managing the Group businesses.

DIVIDENDS

I am pleased to inform you that the Board of Directors is recommending the payment of a first and final franked dividend of 2 sen less income tax of 25% and a special tax exempt dividend of 1 sen per ordinary share of RM0.50 each for the financial year ended 31 July 2013. This is subject to the approval of shareholders at the forthcoming Annual General Meeting. While the total rate of dividend is similar to that of the preceding financial year, it is now based on the enlarged number of shares held after the share split and the net dividend payable to shareholders is higher than the previous financial year. This increase is attributed to the encouraging performance of the Group for the financial year ended 31 July 2013.

PROSPECTS

Barring any significant economic changes that may occur, the Group is expected to improve on its performance in the forthcoming 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

21 October 2013

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 set out in the Malaysian Code On Corporate Governance 2012 ("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 Nominating Committee was set-up on 14 April 2001, and comprises independent non-executive directors.
- The Remuneration Committee was set-up on 14 April 2001, and comprises mainly non-executive directors.
- Messrs. GovernanceAdvisory.com Sdn. Bhd., 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 28.

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 judgment 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 immediately at the next Annual General Meeting of the Company following 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 Secretaries.

Khadmudin Bin Mohamed Rafik who is appointed as the Audit Committee Chairman on 21 December 2012 is the senior independent non-executive director to whom any concerns relating to the Group may be conveyed.

The Board had on 26 September 2013 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 Nominating Committee, which also assesses directors on an on-going basis.

The Board through the Nominating 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 26 September 2013 by the Nominating Committee.

The Board noted Recommendation 3.2 of the MCCG 2012 that the tenure of an independent director should not exceed a cumulative term of nine (9) years. The Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service or any pre-determined age. Their long service should not affect their independence as they are independent-minded and had provided the necessary checks and balances in the best interest of the shareholders.

Accordingly, Khadmudin Bin Mohamed Rafik and Lin, Cheng-Lang who have been independent non-executive directors of the Company since 9 September 2003 and 10 September 1998 respectively, will continue to be independent directors of the Company, notwithstanding having served as independent directors on the Board for more than nine years.

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 continuous education programme. The Directors have attended development and training programmes in areas of leadership, corporate governance, finance, regulatory developments and corporate social responsibility. In addition, all Directors are, from time to time, provided with copies of reading materials pertaining to the latest developments in areas relating to the Directors' roles and responsibilities. The External Auditors also briefed the Board on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

The directors' profiles are as follows:

Ahmad Mustapha Ghazali
Executive Chairman

Ahmad Mustapha Ghazali, a Malaysian aged 65, 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 64, 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 substantial 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 57, 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 is a member of the Institute of Chartered Accountants in England and Wales and of the Malaysian Institute of Accountants. 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 59, was appointed to the Board on 3 September 1998. He is a Fellow Member of the Association of International Accountants, London. 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 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.

Lee Kuan Mang (resigned on 21 December 2012)
Independent Non-Executive Director

Lee Kuan Mang, a Malaysian aged 71, 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.

Khadmudin Bin Mohamed Rafik
Independent Non-Executive Director

Khadmudin Bin Mohamed Rafik, a Malaysian aged 59, 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.

Lin, Cheng-Lang
Independent Non-Executive Director

Lin, Cheng-Lang, a Taiwanese aged 74, 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.

Chin Chew Mun (appointed on 16 November 2012)
Independent Non-Executive Director

Chin Chew Mun, a Malaysian aged 42, was appointed to the Board on 16 November 2012. He is a Chartered Accountant of New Zealand Institute of Chartered Accountants and a member of both Malaysia Institute of Accountants and 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 in Malaysia and China for more than 13 years involving in statutory and special audits of public listed companies, multinational corporations and private companies of different industries. He was also involved in various initial public offers in Malaysia and China as Reporting Accountants. He is presently in public practice as Chartered Accountant.

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 2012 and 31 July 2013 and the number of meetings attended by the Directors are as follows:

Name	Number of meetings attended
Ahmad Mustapha Ghazali	5/5
Lau Mong Ying	5/5
Willie Gan Wee Lee	5/5
Lau Mong Fah	5/5
Lin, Cheng-Lang	4/5
Chin Chew Mun (appointed on 16.11.2012)	3/3
Lee Kuan Mang (resigned on 21.12.2012)	2/2

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 2013 including proposed directors fees are as follows:

	Salary RM	Fees and Emoluments RM	Benefits-in-kind RM	EPF RM	Total 2013 RM	Total 2012 RM
Executives (3)	1,097,394	1,400,000	39,600	205,866	2,742,860	2,161,802
Non-Executives (4)	-	179,517	-	-	179,517	180,000
Total	1,097,394	1,579,517	39,600	205,866	2,922,377	2,341,802

The remuneration band of the directors as follows:

Amount	Executive	Non-Executive
RM 1 – RM 50,000		5
RM 150,001 – RM 200,000	1	
RM 950,001 – RM 1,000,000	1	
RM 1,550,001 – RM 1,600,000	1	

REMUNERATION COMMITTEE – COMPOSITION AND TERMS OF REFERENCE

Composition and Designation of Remuneration Committee

Lau Mong Ying
Chairman
(Managing Director)

Chin Chew Mun (appointed on 16 November 2012)
Member
(Independent Non-Executive Director)

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

Lee Kuan Mang (resigned on 21 December 2012)
Member
(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 in 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.

NOMINATING COMMITTEE – COMPOSITION AND TERMS OF REFERENCE

Composition and Designation of Nominating Committee

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

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

Chin Chew Mun (appointed on 16 November 2012)
Member
(Independent Non-Executive Director)

Lee Kuan Mang (resigned on 21 December 2012)
Member
(Independent Non-Executive Director)

Terms of Reference

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

a. Size and Composition

The Nominating 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 Nominating Committee shall meet at least once a year to carry out the duties and responsibilities in item (c) as stated below. The Nominating 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 Nominating Committee, members present shall elect a Chairman for the meeting.

The Company Secretary shall act as the secretary of the Nominating 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.
iv) 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 Nominating 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 in full and unrestricted access to information pertaining to the Company and the Group.

The Nominating 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 confidential 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 29 to 31 and the report of the Audit Committee is shown on page 32.

This Statement Of Corporate Governance is made by the Board of Directors in accordance with a resolution of the Board of Directors dated 21 October 2013.

Ahmad Mustapha Ghazali
EXECUTIVE CHAIRMAN

Lau Mong Ying
MANAGING 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.**

1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

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

Lee Kuan Mang (resigned on 21 December 2012)
Chairman
(Independent Non-Executive Director)

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

Chin Chew Mun (appointed on 16 November 2012)
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 :

i. Oversee and appraise the quality of the audit conducted both by the Company's Internal and External Auditors;
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.

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.

(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 response.

(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.

(xii) Identify and direct any special projects or investigation deemed necessary.

(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.

e. 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 in 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 21 October 2013.

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 26 September 2013.

During the financial year ended 31 July 2013, 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
Khadmudin Bin Mohamed Rafik, Chairman (appointed as Chairman on 21.12.2012)	5/5
Lee Kuan Mang, Chairman (resigned on 21.12.2012)	2/2
Lin, Cheng-Lang	4/5
Chin Chew Mun (appointed on 16.11.2012)	3/3
Lau Mong Fah	5/5

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 considered reports from External Auditors on matters identified in the course of their statutory audit. The Committee has also verified that the allocation of Employee Share Option Scheme is in compliance with the criteria on disclosing to employees the eligibility and criteria for allocation of Options.

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. Messrs. GovernanceAdvisory.com Sdn. Bhd., Chartered Accountants, was appointed as the Internal Auditors to 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.

The total costs incurred for the internal audit function of the Group for the current financial year was RM 48,637.

Signed on behalf of the Audit Committee

KHADMUDIN BIN MOHAMED RAFIK
Chairman, Audit Committee

21 October 2013

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 risk management and internal control of the Group, which has been prepared in accordance with the Malaysian Code of Corporate Governance (March 2012), the Corporate Governance Guide (October 2013) and the Statement on Internal Control: Guidance for Directors of Public Listed Companies ('Internal Control Guidance').

RESPONSIBILITY FOR RISK MANAGEMENT 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 Risk Management Committee ("RMC") has been established at Prolexus Berhad and its principal subsidiaries. The RMC of Prolexus Berhad comprises senior management of the Group and is chaired by the Executive Chairman whereas the RMC of the principal subsidiaries comprise their respective senior management and department heads. The key objectives of the RMC are to:-

- Identify, assess and monitor key business risks;
- Determine the Group's risk appetite and tolerance;
- Promote an effective risk awareness culture where risk management is an integral aspect of the Group's management systems; and
- Identify risks relevant to the business of the respective companies to achieve their objectives.

The Board and management practice proactive significant risks identification on a quarterly basis or earlier as appropriate, particularly on 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. On a quarterly basis, the RMC of the Group and respective subsidiaries meet to review the risk status and progress of implementation of action plans. Consequently a risk management report summarizing the significant risks and status of each action plans are presented to the Audit Committee for review, deliberation and recommendation for endorsement by the Board of Directors.

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. GovernanceAdvisory.com Sdn. Bhd. 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.

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. A number of 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.

The Board has received assurance from the Executive Directors that the risk management and internal control system of the Group is operating adequately and effectively.

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 21 October 2013.

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 2013 set out on pages 42 to 95, 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 and applicable approved accounting standards in Malaysia. 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 21 October 2013.

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 32, there are no other material contracts involving the Directors and major shareholders with the Company and its subsidiaries.

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 2013.

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 6 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	**17,162**	**3,623**
Attributable to:		
Owners of the parent	**15,449**	**3,623**
Non-controlling interests	**1,713**	**-**
	17,162	**3,623**

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 2013 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.

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.

DIVIDENDS

Since the end of the previous financial year, the Company has declared and paid a first and final dividend of 3 sen per share less 25% tax amounting to RM829,514 in respect of the financial year ended 31 July 2012.

At the forthcoming Annual General Meeting a first and final dividend of 2 sen per share less 25% tax amounting to RM1,106,019 and a special tax exempt dividend of 1 sen per share amounting to RM737,346 in respect of the current financial year ended 31 July 2013 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2014.

SHARE CAPITAL AND DEBENTURE

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

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market.

Out of the total 40,000,000 issued and fully paid ordinary shares as at 31 July 2013, 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 18 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
Khadmudin Bin Mohamed Rafik
Lin, Cheng-Lang
Chin Chew Mun (appointed on 16.11.12)
Lee Kuan Mang (resigned on 21.12.12)

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 each			
	Balance at 1.8.12	Bought	Sold	Balance at 31.7.13
Direct Interest:				
Ahmad Mustapha Ghazali	30,000	18,000	-	48,000
Lau Mong Ying	2,445,534	-	-	2,445,534
Lau Mong Fah	136,000	29,000	-	165,000
Khadmudin Bin Mohamed Rafik	305,200	12,000	(131,200)	186,000
Lin, Cheng-Lang	293,374	-	-	293,374
Deemed Interest:				
Ahmad Mustapha Ghazali	3,801,700	57,850	-	3,859,550
Willie Gan Wee Lee	8,000	-	-	8,000
Khadmudin Bin Mohamed Rafik	4,000	-	(4,000)	-

Other than as disclosed above, none of the other directors holding office at 31 July 2013 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

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 object or 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.

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, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or

(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 affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

SIGNIFICANT EVENTS

Significant events are disclosed in Note 36 to the financial statements.

EVENT AFTER THE REPORTING PERIOD

Event after the reporting period is disclosed in Note 37 to the financial statements.

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: 21 October 2013

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 42 to 95 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2013** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 39 on page 95 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

Lau Mong Ying

Willie Gan Wee Lee

Date: 21 October 2013

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 42 to 95 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 **21st**)
day of **October 2013**.)

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
(Incorporated In Malaysia)

Report on the Financial Statements

We have audited the financial statements of **Prolexus Berhad**, which comprise statements of financial position as at **31 July 2013** of the Group and of the Company, and 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 42 to 95.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible 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 give a true and fair view of the financial position of the Group and of the Company as at **31 July 2013** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 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 purposes, 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.

Other Reporting Responsibilities

The supplementary information set out in Note 39, on page 95 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

1. As stated in Note 2.4 to the financial statements, Prolexus Berhad adopted Malaysian Financial Reporting Standards on 1 August 2012 with a transition date of 1 August 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 July 2012 and 1 August 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 July 2012 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 July 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 August 2012 do not contain misstatements that materially affect the financial position as at 31 July 2013 and financial performance and cash flows for the financial year then ended.

2. 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

Tan Chee Beng
No. 2264/02/15 (J)
Chartered Accountant

Date: 21 October 2013

Penang

Statements of Financial Position
as at 31 July 2013

	NOTE	GROUP 31.7.13 RM'000	GROUP 31.7.12 RM'000	GROUP 1.8.11 RM'000	COMPANY 31.7.13 RM'000	COMPANY 31.7.12 RM'000	COMPANY 1.8.11 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	4	40,833	36,671	35,908	294	22	26
Land use rights	5	607	575	544	-	-	-
Investments	6	-	-	-	22,393	22,043	22,043
Goodwill on consolidation	7	2,712	2,712	2,712	-	-	-
		44,152	39,958	39,164	22,687	22,065	22,069
Current assets							
Inventories	8	17,903	14,565	16,216	-	-	-
Trade receivables	9	17,714	8,644	24,724	-	-	-
Other receivables, deposits and prepayments	10	6,034	2,890	5,028	45	63	65
Amount due from an associate	11	-	-	22	-	-	-
Amount due from subsidiaries	12	-	-	-	22,263	19,306	19,033
Tax recoverable		39	254	446	39	279	220
Derivative financial instruments	13	-	115	780	-	-	-
Fixed deposits with licensed banks	14	3,061	5,522	522	-	-	-
Cash and bank balances	15	25,852	18,138	8,373	327	348	195
		70,603	50,128	56,111	22,674	19,996	19,513
Non-current assets held for sale	16	225	421	196	-	-	-
		70,828	50,549	56,307	22,674	19,996	19,513
TOTAL ASSETS		114,980	90,507	95,471	45,361	42,061	41,582
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital	17	40,000	40,000	40,000	40,000	40,000	40,000
Treasury shares	18	(1,490)	(1,490)	(1,717)	(1,490)	(1,490)	(1,717)
Reserves	19	944	325	-	-	-	-
Retained profits/ (Accumulated losses)	20	34,660	20,213	10,065	3,630	837	(2,039)
		74,114	59,048	48,348	42,140	39,347	36,244
Non-controlling interests		7,135	5,802	4,931	-	-	-
Total equity		81,249	64,850	53,279	42,140	39,347	36,244

The notes set out on pages 49 to 95 form an integral part of these financial statements.

Statements of Financial Position
as at 31 July 2013 (cont'd)

	NOTE	GROUP 31.7.13 RM'000	GROUP 31.7.12 RM'000	GROUP 1.8.11 RM'000	COMPANY 31.7.13 RM'000	COMPANY 31.7.12 RM'000	COMPANY 1.8.11 RM'000
Non-current liabilities							
Borrowings	21	171	56	104	155	-	-
Deferred tax liabilities	22	2,400	1,602	2,452	-	-	-
		2,571	1,658	2,556	155	-	-
Current liabilities							
Trade payables	23	10,967	8,825	10,590	-	-	-
Other payables and accruals	24	13,874	10,299	14,671	1,661	1,286	2,256
Amount due to subsidiaries	12	-	-	-	1,377	1,428	1,007
Derivative financial instruments	13	576	-	-	-	-	-
Borrowings	21	5,131	4,875	14,375	28	-	2,075
Tax payable		612	-	-	-	-	-
		31,160	23,999	39,636	3,066	2,714	5,338
Total liabilities		33,731	25,657	42,192	3,221	2,714	5,338
TOTAL EQUITY AND LIABILITIES		114,980	90,507	95,471	45,361	42,061	41,582

The notes set out on pages 49 to 95 form an integral part of these financial statements.

Statements of Comprehensive Income
for the financial year ended 31 July 2013

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Revenue	25	235,545	189,498	7,038	5,197
Cost of sales		(195,968)	(160,390)	-	-
Gross profit		39,577	29,108	7,038	5,197
Other income		2,504	2,909	59	1,204
Administrative expenses		(15,183)	(13,746)	(3,231)	(2,670)
Selling and distribution expenses		(6,864)	(7,058)	-	-
Other operating expenses		(499)	-	-	-
Operating profit		19,535	11,213	3,866	3,731
Finance costs		(131)	(645)	(3)	(280)
Profit before taxation	26	19,404	10,568	3,863	3,451
Taxation	27	(2,242)	268	(240)	(575)
Profit for the year		17,162	10,836	3,623	2,876
Total other comprehensive income:					
Foreign currency translation differences for foreign operations		829	508	-	-
Total comprehensive income for the year		17,991	11,344	3,623	2,876
Profit attributable to:					
Owners of the parent		15,449	9,961	3,623	2,876
Non-controlling interests		1,713	875	-	-
		17,162	10,836	3,623	2,876
Total comprehensive income attributable to:					
Owners of the parent		15,980	10,286	3,623	2,876
Non-controlling interests		2,011	1,058	-	-
		17,991	11,344	3,623	2,876
Earnings per share attributable to owners of the parent (sen)	28				
- Basic		42	27		
- Diluted		-	-		

The notes set out on pages 49 to 95 form an integral part of these financial statements.

Consolidated Statement of Changes in Enquity

for the financial year ended 31 July 2013

		Attributable to Owners of the Parent							
			Non-distributable			Distributable			
	NOTE	Share Capital RM'000	Treasury Shares RM'000	Foreign Currency Translation Reserve RM'000	Statutory Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
2013									
At 1 August 2012		40,000	(1,490)	325	-	20,213	59,048	5,802	64,850
Total comprehensive income for the year		-	-	531	-	15,449	15,980	2,011	17,991
Transfer to statutory reserve		-	-	-	88	(88)	-	-	-
Transactions with owners:									
Dividend	29	-	-	-	-	(830)	(830)	-	(830)
Dividends to non-controlling interests of subsidiaries		-	-	-	-	-	-	(412)	(412)
Acquisition of equity interest from non-controlling interests		-	-	-	-	(84)	(84)	(266)	(350)
Total transactions with owners		-	-	-	-	(914)	(914)	(678)	(1,592)
At 31 July 2013		40,000	(1,490)	856	88	34,660	74,114	7,135	81,249
2012									
At 1 August 2011		40,000	(1,717)	-	-	10,065	48,348	4,931	53,279
Total comprehensive income for the year		-	-	325	-	9,961	10,286	1,058	11,344
Transactions with owners:									
Sale of treasury shares	18	-	227	-	-	-	227	-	227
Acquisition of equity interest from non-controlling interests		-	-	-	-	187	187	(187)	-
Total transactions with owners		-	227	-	-	187	414	(187)	227
At 31 July 2012		40,000	(1,490)	325	-	20,213	59,048	5,802	64,850

The notes set out on pages 49 to 95 form an integral part of these financial statements.

Statement of Changes in Enquity
for the financial year ended 31 July 2013

	NOTE	Share Capital RM'000	Non-distributable Treasury Shares RM'000	Distributable (Accumulated Losses)/ Retained Profits RM'000	Total Equity RM'000
2013					
At 1 August 2012		40,000	(1,490)	837	39,347
Total comprehensive income for the year		-	-	3,623	3,623
Dividend	29	-	-	(830)	(830)
At 31 July 2013		40,000	(1,490)	3,630	42,140
2012					
At 1 August 2011		40,000	(1,717)	(2,039)	36,244
Total comprehensive income for the year		-	-	2,876	2,876
Sale of treasury shares	18	-	227	-	227
At 31 July 2012		40,000	(1,490)	837	39,347

The notes set out on pages 49 to 95 form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 31 July 2013

		GROUP		COMPANY	
	NOTE	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		19,404	10,568	3,863	3,451
Adjustments for:					
Amortisation of land use rights		13	4	-	-
Bad debts		17	155	-	-
Depreciation		2,887	2,751	41	7
Dividend income		-	-	(5,600)	(3,806)
Fair value changes on derivative financial instruments		691	665	-	-
Interest expense		131	645	3	280
Interest income		(337)	(79)	-	-
Interest waived		-	(1,204)	-	(1,204)
Loss on disposal of non-current asset held for sale		6	-	-	-
Loss/(Gain) on disposal of property, plant and equipment		150	91	(59)	-
Property, plant and equipment written off		7	28	-	-
Unrealised gain on foreign exchange		(1,890)	(1,067)	-	-
Operating profit/(loss) before working capital changes		21,079	12,557	(1,752)	(1,272)
(Increase)/Decrease in inventories		(2,780)	1,804	-	-
(Increase)/Decrease in receivables		(10,977)	18,636	18	2
Increase/(Decrease) in payables		5,102	(5,225)	375	234
Cash generated from/(used in) operations		12,424	27,772	(1,359)	(1,036)
Income tax paid		(675)	(553)	-	-
Income tax refund		39	163	-	-
Interest paid		(131)	(645)	(3)	(280)
Net cash from/(used in) operating activities		11,657	26,737	(1,362)	(1,316)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		337	79	-	-
Net dividend income received from subsidiaries		-	-	5,600	3,172
Placement of fixed deposit		-	(500)	-	-
Proceeds from disposal of non-current asset held for sale		190	-	-	-
Proceeds from disposal of property, plant and equipment		421	44	59	-
Purchase of shares from non-controlling interest	6(i)	(350)	-	(350)	-
* Purchase of property, plant and equipment		(6,824)	(3,507)	(113)	(3)
Net cash (used in)/from investing activities		(6,226)	(3,884)	5,196	3,169
Balance carried forward		5,431	22,853	3,834	1,853

The notes set out on pages 49 to 95 form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 31 July 2013 (cont'd)

	NOTE	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
Balance brought forward		5,431	22,853	3,834	1,853
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of term loan		-	1,787	-	-
Dividend paid		(830)	-	(830)	-
Dividend paid to non-controlling interests		(412)	-	-	-
Net change in associate's balance		-	20	-	-
Net change in subsidiaries' balances		-	-	(3,008)	148
Repayment of export credit refinancing		(73)	(4,142)	-	-
Repayment of foreign currency trade facilities on imports		(1,876)	(435)	-	-
Payment of finance lease liabilities		(57)	(66)	(17)	-
Repayment of term loans		-	(3,965)	-	(2,075)
Repayment of bankers acceptance		-	(2,306)	-	-
Drawdown/(Repayment) of trust receipts		1,851	(569)	-	-
Proceeds from sale of treasury shares		-	227	-	227
Withdrawal of fixed deposit		-	16	-	-
Net cash used in financing activities		(1,397)	(9,433)	(3,855)	(1,700)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,034	13,420	(21)	153
Effects of foreign exchange rate changes on cash and cash equivalents		1,167	1,059	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		22,521	8,042	348	195
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		27,722	22,521	327	348
Represented by:					
Fixed deposits with licensed banks	14	2,061	4,522	-	-
Cash and bank balances	15	25,852	18,138	327	348
Bank overdraft	21	(191)	(139)	-	-
		27,722	22,521	327	348
*** Purchase of property, plant and equipment**					
Total acquisition cost		7,024	3,507	313	3
Acquisition under finance lease		(200)	-	(200)	-
Total cash acquisition		6,824	3,507	113	3

The notes set out on pages 49 to 95 form an integral part of these financial statements.

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 21 October 2013.

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 6 to the financial statements.

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

2. **BASIS OF PREPARATION**

2.1 **Statement of Compliance**

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Companies Act, 1965 in Malaysia.

2.2 **Basis of Measurement**

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out in Note 3 to the financial statements.

2.3 **Functional and Presentation Currency**

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

2.4 **First-time Adoption of MFRSs**

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1 - First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The accounting policies set out in Note 3 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 July 2013, the comparative information presented in these financial statements for the financial year ended 31 July 2012 and in the preparation of the opening MFRS statement of financial position at 1 August 2011 (the Group's and the Company's date of transition to MFRSs).

The explanation and financial impacts on transition to MFRSs are disclosed in Note 38 to the financial statements.

2. **BASIS OF PREPARATION** (cont'd)

2.5 **Standards Issued But Not Yet Effective**

The Group and the Company have not applied the following new MFRSs, amendments to MFRSs and IC Interpretations ("IC Int") that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

MFRSs and IC Int effective 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard ("IAS") 19 as amended by International Accounting Standards Board ("IASB") in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the Production of A Surface Mine

Amendments to MFRSs effective 1 January 2013

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Annual Improvements 2009 – 2011 Cycle issued in July 2012

IC Int effective 1 January 2014

IC Int 21	Levies

Amendments to MFRSs effective 1 January 2014

MFRS 10, 12 and 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting

MFRSs effective 1 January 2015

MFRS 7	Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

The initial application of the above standards is not expected to have any financial impacts to the financial statements upon the first adoption, except for:

2. **BASIS OF PREPARATION** (cont'd)

2.5 **Standards Issued But Not Yet Effective** (cont'd)

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 requires financial assets to be classified into two measurement categories: fair value and amortised cost, determined at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Most of the requirements for financial liabilities are retained, except for cases where the fair value option is taken, the part of a fair value change due to an entity's own risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

MFRS 10 Consolidated Financial Statements

MFRS 10 introduces a new single control model to determining which investees should be consolidated. MFRS 10 supersedes MFRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Consolidation - Special Purpose Entities. There are three elements to the definition of control in MFRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee.

MFRS 13 Fair Value Measurement

MFRS 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhance disclosures about fair value measurements. It replaces the existing fair value guidance in different MFRSs.

The adoption of MFRS 13 will result in a change in accounting policy for the items measured at fair value in the financial statements. The Group is currently examining the financial impact of adopting MFRS 13.

2.6 **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 affected future periods.

2.6.1 **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.

2.6.2 **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:

2. **BASIS OF PREPARATION** (cont'd)

2.6 **Significant Accounting Estimates and Judgements** (cont'd)

2.6.2 **Key sources of estimation uncertainty** (cont'd)

(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) **Impairment of plant and equipment**

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

(iii) **Inventories**

The management reviews inventories to identify 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.

(iv) **Impairment of loans and receivables**

The Group assesses 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 considers 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.

(v) **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.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRSs statements of financial position of the Group and of the Company at 1 August 2011 (the transition date to MFRSs), unless otherwise stated.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.1 **Basis of Consolidation**

(i) **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.

(ii) **Basis of Consolidation**

Business combinations are accounted for using the acquisition method from the acquisition date which is the date on which control is transferred to the Group.

Acquisitions on or after 1 August 2011

For acquisitions on or after 1 August 2011, 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.

Acquisitions before 1 August 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 August 2011.

(iii) **Acquisitions of non-controlling interests**

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

(iv) **Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for¬ sale financial asset depending on the level of influence retained.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.1 **Basis of Consolidation** (cont'd)

(v) **Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements.

3.2 **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on the straight line and reducing methods to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Short leasehold land	Amortised over the lease period of 36 to 45 years
Buildings	2% - 5%
Multimedia boards	10% - 20%
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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.3 **Land Use Rights**

Land use rights is stated at cost less accumulated amortisation and impairment losses, if any.

Amortisation is charged so as to write off the cost of land use rights, using the straight-line method, over its remaining life of 45 years. Land use rights represent up-front payment to acquire long-term interests in the usage of land.

3.4 **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.

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.

3.5 **Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

For arrangements entered into prior to 1 August 2011, the date of inception is deemed to be 1 August 2011 in accordance with MFRS 1.

Finance lease

Leases in which the Group or the Company assumes substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.5 **Leases** (cont'd)

Operating leases (cont'd)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

3.6 **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 lesser 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.

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.

3.7 **Financial Instruments**

3.7.1 **Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statements 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 issuance 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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.7 **Financial Instruments** (cont'd)

3.7.2 **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 a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this 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.

All financial assets are subject to review for impairment.

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.

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.

3.7.3 **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.7 **Financial Instruments** (cont'd)

3.7.3 **Financial guarantee contracts** (cont'd)

Financial guarantee contracts are classified as financial liabilities and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

At the end of the reporting period, no values were placed on corporate guarantees provided by the Company to secure bank loans and other bank facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

3.7.4 **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.

3.8 **Impairment of Financial Assets**

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in an associate) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Impairment of Financial Assets (cont'd)

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.

3.9 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.

3.10 Inventories

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

Cost in the case of work-in-progress and finished goods include materials, direct labour and attributable production overheads and are determined on the weighted average basis.

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.

3.11 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 MFRSs. 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.

3.12 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.

3.13 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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.14 **Statutory Reserve**

In accordance with the relevant laws and regulations of The People's Republic of China ("The PRC"), the foreign subsidiary established in The PRC is required to transfer 10% of its net profit for the financial year (after offsetting prior years losses) to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or for capitalisation as paid-up capital.

3.15 **Provisions**

Provisions are recognised when the Group and the Company have 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.16 **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 recognised as expenses 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.

3.17 **Income Recognition**

(i) **Sale of goods**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) **Provision of services**

Revenue arising from provision of services is recognised on the dates the services are rendered and completed.

(iii) **Dividend income**

Dividend income is recognised when the right to receive payment is established.

(iv) **Management fee**

Management fee is recognised on the accrual basis.

(v) **Interest income**

Interest income is recognised on the accrual basis.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.18 **Employee Benefits**

(i) **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 and of the Company. 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.

(ii) **Defined contribution plans**

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

(iii) **Retirement benefits scheme**

Pursuant to the relevant regulations of The PRC government, the China subsidiary participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiary is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary. The only obligation of the China subsidiary with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the profit or loss as incurred. There is no provision under the Scheme whereby forfeited contributions may be used to reduce future contributions.

3.19 **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 or substantively 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.

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.

3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

3.20 **Value-added Tax**

The Group's sale of goods in The PRC is subjected to value-added tax ("VAT") at the applicable tax rate of 17% for The PRC domestic sales. Input VAT on purchases can be deducted from output VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "other receivables" or "other payables" in the statements of financial position.

Revenues, expenses and assets are recognised net of the amount of VAT except when the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

3.21 **Foreign Currency Translation**

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.

3.22 **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.

3.23 **Contingencies**

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.24 **Dividends**

Final dividends are not reflected in shareholders' equity as an appropriation of unappropriated profits until they have been approved by the shareholders in a general meeting. Upon approval by the shareholders, final dividends are deducted from unappropriated profits. Interim dividends are recognised as liability in the period in which they are declared.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land RM'000	Short leasehold land RM'000	Buildings RM'000	Multimedia boards RM'000	Plant and mahinery RM'000	Equipment and fixtures RM'000	Motor vehicles RM'000	Total RM'000
Cost								
At 1 August 2011	4,430	1,600	15,707	25,049	19,150	10,054	2,991	78,981
Additions	1,015	-	827	8	1,358	299	-	3,507
Disposals	-	-	-	-	(1,249)	(4)	(35)	(1,288)
Written off	-	-	-	-	(49)	(75)	-	(124)
Reclassified to non-current assets held for sale (Note 16)	(100)	-	(130)	-	-	-	-	(230)
Foreign currency translation	-	-	197	-	176	37	7	417
At 31 July 2012/ At 1 August 2012	5,345	1,600	16,601	25,057	19,386	10,311	2,963	81,263
Additions	3,204	-	40	893	1,843	701	343	7,024
Disposals	(100)	-	(130)	-	(927)	(160)	(400)	(1,717)
Written off	-	-	-	-	(21)	(5)	-	(26)
Foreign currency translation	-	-	256	-	186	269	11	722
At 31 July 2013	8,449	1,600	16,767	25,950	20,467	11,116	2,917	87,266
Accumulated depreciation								
At 1 August 2011	-	41	625	23,406	9,545	7,393	2,063	43,073
Current charge	-	36	624	240	1,182	446	223	2,751
Disposals	-	-	-	-	(1,115)	(3)	(35)	(1,153)
Written off	-	-	-	-	(43)	(53)	-	(96)
Reclassified to non-current assets held for sale (Note 16)	-	-	(5)	-	-	-	-	(5)
Foreign currency translation	-	-	7	-	9	5	1	22
At 31 July 2012/ At 1 August 2012	-	77	1,251	23,646	9,578	7,788	2,252	44,592
Current charge	-	30	639	328	1,225	484	181	2,887
Disposals	-	-	(11)	-	(587)	(148)	(400)	(1,146)
Written off	-	-	-	-	(16)	(3)	-	(19)
Foreign currency translation	-	-	31	-	40	45	3	119
At 31 July 2013	-	107	1,910	23,974	10,240	8,166	2,036	46,433
Carrying amount								
At 1 August 2011	4,430	1,559	15,082	1,643	9,605	2,661	928	35,908
At 31 July 2012	5,345	1,523	15,350	1,411	9,808	2,523	711	36,671
At 31 July 2013	8,449	1,493	14,857	1,976	10,227	2,950	881	40,833

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

COMPANY

	Equipment and fixtures RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 August 2011	79	648	727
Addition	3	-	3
At 31 July 2012/At 1 August 2012	82	648	730
Addition	-	313	313
Disposal	-	(400)	(400)
At 31 July 2013	82	561	643
Accumulated depreciation			
At 1 August 2011	53	648	701
Current charge	7	-	7
At 31 July 2012/At 1 August 2012	60	648	708
Current charge	5	36	41
Disposal	-	(400)	(400)
At 31 July 2013	65	284	349
Carrying amount			
At 1 August 2011	26	-	26
At 31 July 2012	22	-	22
At 31 July 2013	17	277	294

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

	GROUP		
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Freehold land	-	100	200
Short leasehold land	1,493	1,523	1,559
Buildings	7,644	6,923	7,095
Multimedia boards	777	940	1,643
	9,914	9,486	10,497

(ii) Motor vehicles of the Group and of the Company with carrying amount of **RM364,070** (31.7.12: RM108,600; 1.8.11: RM160,186) and **RM277,190** (31.7.12: RM Nil; 1.8.11: RM Nil) respectively were acquired under finance lease. The leased assets are pledged as security for the related finance lease liabilities (Note 21).

5. **LAND USE RIGHTS**

	GROUP		
	31.7.13	31.7.12	1.8.11
	RM'000	RM'000	RM'000
Cost			
Balance at beginning	589	553	-
Addition	-	-	553
Foreign currency translation	47	36	-
Balance at end	636	589	553
Accumulated amortisation			
Balance at beginning	14	9	-
Amortisation during the year	13	4	9
Foreign currency translation	2	1	-
Balance at end	29	14	9
Carrying amount	607	575	544

Land use rights represent leasehold interest on land located in Jiangsu province, The PRC. It is pledged to a licensed bank as security for banking facilities granted to a subsidiary.

6. **INVESTMENTS**

	GROUP		
	31.7.13	31.7.12	1.8.11
	RM'000	RM'000	RM'000
Investment in an associate			
Unquoted shares, at cost	-	-	1
Share of post-acquisition losses	-	-	(1)
	-	-	-

	COMPANY		
	31.7.13	31.7.12	1.8.11
	RM'000	RM'000	RM'000
Investment in subsidiaries			
Unquoted shares, at cost	24,459	24,109	24,109
Less: Accumulated impairment loss	(2,066)	(2,066)	(2,066)
	22,393	22,043	22,043

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

The details of the subsidiaries and associate, all of which are incorporated in Malaysia, except where indicated are as follows:

Name of Subsidiaries	Effective Equity Interest 31.7.13 %	31.7.12 %	1.8.11 %	Principal Activities
Direct subsidiaries				
Plas Industries Sdn. Bhd.	100	100	100	Manufacturing of garments.
Honsin Apparel Sdn. Bhd.	100	100	100	Manufacturing and sale of garments and investment holding.
Prolexus Marketing Sdn. Bhd.	100	100	100	Dormant.
Novel Realty Sdn. Bhd.	100	100	100	Property investment.
Laser Capital Holdings Sdn. Bhd.	57.64	57.64	57.64	Investment holding.
Bixiz Kids Incorporated (M) Sdn. Bhd.	100	100	50.08	Marketing of all kinds of children's apparels, provision of marketing services and investment holding.
Subsidiaries of Bixiz Kids Incorporated (M) Sdn. Bhd.				
BE Elementz Sdn. Bhd.	100	100	100	Marketing of apparels and provision of marketing services.
Pacific Mission Sdn. Bhd.	100	100	100	Dormant.
Character World Sdn. Bhd.	100	100	100	Dormant.
Subsidiary of Plas Industries Sdn. Bhd.				
South East Garment Manufacturing Sendirian Berhad	95	95	95	Investment holding.
Subsidiary of Laser Capital Holdings Sdn. Bhd.				
^HiQ Media (Malaysia) Sdn. Bhd.	51.91	47.75	47.75	Provision of advertising services on multimedia boards.
Subsidiary of Honsin Apparel Sdn. Bhd.				
*Honways International Limited (Incorporated in Hong Kong)	64	64	64	Investment holding.
Subsidiary of Honways International Limited				
#Honways Apparel Shuyang Limited (Incorporated in China)	64	64	64	Manufacturing and sale of garments.
Subsidiary of Honways Apparel Shuyang Limited				
*Yu Xiang Industries Ltd. (Incorporated in China)	64	-	-	Manufacturing and sale of garments.
Associate of HiQ Media (Malaysia) Sdn. Bhd.				
*Acube Realty Sdn. Bhd.	-	-	13.34	Dormant.

*Not audited by Grant Thornton.
#Grant Thornton has performed a special audit on this subsidiary for the purpose of consolidation within the Group.

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

^ HiQ Media (Malaysia) Sdn. Bhd. is invested through the companies below:

	31.7.13 %	31.7.12 %	1.8.11 %
Prolexus Berhad	21.75	17.59	17.59
Laser Capital Holdings Sdn. Bhd.	30.16	30.16	30.16
Total	51.91	47.75	47.75

31.7.13

(i) On 27 November 2012, the Company acquired 580,000 ordinary shares of RM0.70 each in HiQ Media (Malaysia) Sdn. Bhd. ("HiQ") for a cash consideration of RM406,000 of which 80,000 ordinary shares amounting to RM56,000 are transferred to the staff of HiQ as performance bonus on 12 March 2013.

Consequently, the effective equity interest of the Company in HiQ was increased from 47.75% to 51.91%. This acquisition did not have a material effect on the financial results and position of the Group for the financial year ended 31 July 2013.

(ii) On 8 January 2013, Honways Apparel Shuyang Limited incorporated a wholly-owned subsidiary by the name of Yu Xiang Industries Ltd. with a registered and paid-up capital of RMB 2 million.

31.7.12

(i) On 23 February 2012, 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.

7. **GOODWILL ON CONSOLIDATION**

		GROUP	
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Arising from the acquisition of a subsidiary	2,712	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.

7. GOODWILL ON CONSOLIDATION (cont'd)

Impairment test on goodwill (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:

(i) 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.

(ii) Discount rate
The discount rate of **6.60%** (31.7.12: 6.60%; 1.8.11: 6.60%) is applied to the cash-flow projections.

8. INVENTORIES

		GROUP	
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Raw materials	8,014	3,708	5,369
Work-in-progress	7,805	10,186	9,533
Finished goods	1,996	560	1,270
Trading goods	88	111	44
	17,903	14,565	16,216

The cost of inventories recognised in profit or loss for the financial year amounted to **RM185,978,391** (2012: RM157,852,549).

9. TRADE RECEIVABLES

		GROUP	
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Total amount	17,714	8,644	24,724
Less: Impairment loss			
Balance at beginning	-	-	16
Written off	-	-	(16)
Balance at end	-	-	-
	17,714	8,644	24,724

The currency profile of trade receivables is as follows:

		GROUP	
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Ringgit Malaysia	2,296	1,509	2,771
US Dollar	14,342	6,493	21,937
Chinese Renmimbi	1,076	642	16
	17,714	8,644	24,724

The trade receivables are non-interest bearing and are generally on **20 to 90 days** (31.7.12: 20 to 90 days; 1.8.11: 20 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Other receivables	1,084	152	2,664
VAT receivables	77	21	445
Deposits **(Note 10.1)**:			
Refundable deposits	776	449	268
Non-refundable deposits	681	-	-
	1,457	449	268
Prepayments **(Note 10.2)**	3,416	2,268	1,675
Less: Impairment loss	-	-	(24)
	3,416	2,268	1,651
	6,034	2,890	5,028

	COMPANY		
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Other receivables	28	50	50
Prepayments	17	13	15
	45	63	65

The currency profile of other receivables, deposits and prepayments is as follows:

	GROUP		
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Ringgit Malaysia	2,941	1,941	2,854
US Dollar	942	-	1,133
Chinese Renmimbi	2,151	949	1,065
	6,034	2,890	5,052

The Company's other receivables and prepayments are denominated in Ringgit Malaysia.

10.1 Included in deposits is **RM857,500** (31.7.12: RM Nil; 1.8.11: RM Nil) paid for the acquisition of freehold land and building. The balance purchase consideration is disclosed as capital commitment in Note 30.

10.2 The Group's movement of impairment loss on prepayments is as follows:

	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Balance at beginning	-	24	-
Current year	-	-	24
Written off	-	(24)	-
Balance at end	-	-	24

11. AMOUNT DUE FROM AN ASSOCIATE

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

12. AMOUNT DUE FROM/TO SUBSIDIARIES

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives held for trading at fair value through profit or loss is as follows:

	GROUP		
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Forward exchange contracts:			
- Nominal value	29,200	35,250	24,239
- (Liabilities)/Assets	(576)	115	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.

14. FIXED DEPOSITS WITH LICENSED BANKS

	GROUP		
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Pledged as security for banking facilities granted to subsidiaries	1,000	1,000	515
Unencumbered	2,061	4,522	7
	3,061	5,522	522

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%** (31.7.12: 2.90% to 3.70%; 1.8.11: 1.20% to 3.60%) per annum and **1 to 12 months** (31.7.12: 1 to 12 months; 1.8.11: 1 to 12 months) respectively.

15. **CASH AND BANK BALANCES**

The currency profile of cash and bank balances is as follows:

	GROUP		
	31.7.13	31.7.12	1.8.11
	RM'000	RM'000	RM'000
Ringgit Malaysia	4,178	7,061	761
US Dollar	20,359	10,937	7,297
Chinese Renmimbi	1,315	138	302
Others	-	2	13
	25,852	18,138	8,373

The Chinese Renminbi is not freely convertible into foreign currencies. Under The PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the China subsidiary is permitted to exchange Chinese Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

The Company's cash and bank balances are denominated in Ringgit Malaysia.

16. **NON-CURRENT ASSETS HELD FOR SALE**

	GROUP		
	31.7.13	31.7.12	1.8.11
	RM'000	RM'000	RM'000
At valuation:			
Balance at beginning	421	196	196
Disposal	(196)	-	-
Reclassified from property, plant and equipment (Note 4)	-	225	-
Balance at end	225	421	196

Non-current assets held for sale comprise:

	GROUP		
	31.7.13	31.7.12	1.8.11
	RM'000	RM'000	RM'000
Leasehold flats	-	196	196
Freehold land and building	225	225	-
	225	421	196

In previous years, a subsidiary of the Company entered into two Sale and Purchase Agreements to dispose of the leasehold flats and freehold land and building of which the disposal of leasehold flats was completed during the financial year ended 31 July 2013. The disposal of freehold land and building has been completed in August 2013.

The non-current assets held for sale are pledged to a licensed bank for banking facilities granted to the subsidiary.

17. **SHARE CAPITAL**

	Number of ordinary shares of RM1 each			Amount		
	31.7.13	31.7.12	1.8.11	**31.7.13**	31.7.12	1.8.11
	'000	'000	'000	**RM'000**	RM'000	RM'000
Authorised	100,000	100,000	100,000	100,000	100,000	100,000
Issued and fully paid	40,000	40,000	40,000	40,000	40,000	40,000

18. **TREASURY SHARES**

The shareholders of the Company, by a 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.

Of the total **40,000,000** (31.7.12: 40,000,000; 1.8.11: 40,000,000) issued and fully paid ordinary shares as at 31 July 2013, **3,132,700** (31.7.12: 3,132,700; 1.8.11: 3,588,800) are held as treasury shares by the Company. As at 31 July 2013, the number of outstanding ordinary shares in issue and fully paid after the set off is therefore **36,867,300** (31.7.12: 36,867,300; 1.8.11: 36,411,200) ordinary shares of **RM1.00** each.

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

19. **RESERVES**

Foreign currency translation reserve

The foreign currency translation reserve is in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiaries.

Statutory reserve

In accordance with the relevant laws and regulations of The PRC, the subsidiaries of the Company established in The PRC are required to transfer 10% of their profits after taxation prepared in accordance with the accounting regulation of The PRC to the statutory reserve until the reserve balance reaches 50% of their respective registered capital. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital.

20. **RETAINED PROFITS**

COMPANY

Subject to agreement by the Inland Revenue Board, the Company has 108 balance and tax exempt account to frank and distribute all of its retained profits as at the end of the reporting period if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining 108 balance as at the end of the reporting period will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

21. BORROWINGS

	31.7.13 RM'000	GROUP 31.7.12 RM'000	1.8.11 RM'000
Non-current liabilities			
Secured:-			
Finance lease liabilities			
Minimum payments:			
Within 1 year	78	46	73
Later than 1 year but not later than 2 years	53	46	46
Later than 2 years but not later than 5 years	100	19	64
Later than 5 years	47	-	-
	278	111	183
Future finance charges	(39)	(15)	(21)
	239	96	162
Amount due within 1 year included under current liabilities	(68)	(40)	(58)
	171	56	104
Term loans			
Total amount payable			
- Secured term loan	-	-	103
- Unsecured term loan	-	-	2,075
	-	-	2,178
Amount due within 1 year included under current liabilities	-	-	(2,178)
	-	-	-
	171	56	104
Current liabilities			
Secured:-			
Bank overdrafts	191	139	312
Bankers acceptance	-	-	2,306
Finance lease liabilities	68	40	58
Foreign currency trade facilities on imports *	-	1,876	2,115
Term loan	-	-	103
Trust receipts *	4,108	1,983	2,402
	4,367	4,038	7,296
Unsecured:-			
Bank overdraft	-	-	25
Export credit refinancing	764	837	4,979
Term loan	-	-	2,075
	5,131	4,875	14,375
Total borrowings	5,302	4,931	14,479

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

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

	GROUP		
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Foreign currency trade facilities on imports	-	1,876	2,115
Trust receipts	4,108	1,983	2,303
	4,108	3,859	4,418

	COMPANY		
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Non-current liability			
Secured:-			
Finance lease liability			
Minimum payments:			
Within 1 year	33	-	-
Later than 1 year but not later than 2 years	33	-	-
Later than 2 years but not later than 5 years	100	-	-
Later than 5 years	47	-	-
	213	-	-
Future finance charges	(30)	-	-
	183	-	-
Amount due within 1 year included under current liabilities	(28)	-	-
	155	-	-
Unsecured:-			
Term loan			
Total amount payable	-	-	2,075
Amount due within 1 year included under current liabilities	-	-	(2,075)
	-	-	-
	155	-	-
Current liabilities			
Secured:-			
Finance lease liability	28	-	-
Unsecured:-			
Term loan	-	-	2,075
	28	-	2,075
Total borrowings	183	-	2,075

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

31.7.12

(i) Secured term loan 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 ended 31 July 2012.

(ii) Unsecured fixed rate term loan of the Company has been fully settled on 20 January 2012 resulting in an interest waiver amounting to RM1,203,699 being recognised in 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,
(vi) Personal guarantee given by a director of a subsidiary, and
(vii) Negative pledge over a subsidiary's assets both present and future.

The finance lease liabilities are secured over the leased assets (Note 4).

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

	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**	**Later than 5 years RM'000**
GROUP						
31.7.13						
Bank overdraft	9.10	191	191	-	-	-
Export credit refinancing	4.25	764	764	-	-	-
Finance lease liabilities	2.25 to 2.33	239	68	44	86	41
Trust receipts	3.35 to 3.41	4,108	4,108	-	-	-
31.7.12						
Bank overdraft	8.35	139	139	-	-	-
Export credit refinancing	4.25	837	837	-	-	-
Finance lease liabilities	2.55	96	40	40	16	-
Foreign currency trade facilities on imports	1.55 to 2.43	1,876	1,876	-	-	-
Trust receipts	5.06 to 5.54	1,983	1,983	-	-	-
1.8.11						
Bank overdrafts	8.35 to 9.10	337	337	-	-	-
Bankers acceptance	4.91 to 5.05	2,306	2,306	-	-	-
Export credit refinancing	4.00	4,979	4,979	-	-	-
Finance lease liabilities	2.25 to 4.03	162	58	31	73	-
Foreign currency trade facilities on imports	2.90	2,115	2,115	-	-	-
Term loans	7.85 to 8.00	2,178	2,178	-	-	-
Trust receipts	4.50 to 8.35	2,402	2,402	-	-	-

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

COMPANY	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	Later than 5 years RM'000
31.7.13						
Finance lease liability	2.33	183	28	28	86	41
1.8.11						
Term loan	8.00	2,075	2,075	-	-	-

22. **DEFERRED TAX LIABILITIES**

	GROUP		
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Revaluation surplus			
Balance at beginning	1,602	1,653	1,837
Realisation of revaluation surplus upon disposal of properties	(61)	-	(133)
Transfer to profit or loss	(51)	(51)	(51)
Balance at end	1,490	1,602	1,653
Temporary differences on property, plant and equipment			
Balance at beginning	-	799	890
Transfer from/(to) profit or loss	910	-	(91)
Over provision in prior year	-	(799)	-
Balance at end	910	-	799
	2,400	1,602	2,452

23. **TRADE PAYABLES**

The currency profile of trade payables is as follows:

	GROUP		
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Ringgit Malaysia	3,289	2,305	5,127
US Dollar	6,765	6,053	5,030
Chinese Renmimbi	900	449	416
Others	13	18	17
	10,967	8,825	10,590

The trade payables are non-interest bearing and are normally settled within **30 to 90 days** (31.7.12: 30 to 90 days; 1.8.11: 30 to 90 days) terms.

24. OTHER PAYABLES AND ACCRUALS

	GROUP		
	31.7.13	31.7.12	1.8.11
	RM'000	RM'000	RM'000
Other payables	2,524	2,104	3,059
Advance billings to customers	480	208	760
Accruals	10,870	7,987	10,852
	13,874	10,299	14,671

	COMPANY		
	31.7.13	31.7.12	1.8.11
	RM'000	RM'000	RM'000
Other payables	78	92	25
Accruals	1,583	1,194	2,231
	1,661	1,286	2,256

The currency profile of other payables and accruals is as follows:

	GROUP		
	31.7.13	31.7.12	1.8.11
	RM'000	RM'000	RM'000
Ringgit Malaysia	11,090	8,823	13,754
Chinese Renmimbi	2,741	1,367	899
US Dollar	43	109	18
	13,874	10,299	14,671

The Company's other payables and accruals are denominated in Ringgit Malaysia.

25. REVENUE

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Gross dividend from subsidiaries	-	-	5,600	3,806
Management fee income	-	-	1,438	1,391
Invoiced value of goods sold less returns and discounts	228,878	182,913	-	-
Invoiced value of advertisement space sold net of service tax, discounts and agency commission	6,667	6,585	-	-
	235,545	189,498	7,038	5,197

26. **PROFIT BEFORE TAXATION**

This is arrived at:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
After charging:				
Amortisation of land use rights	13	4	-	-
Audit fees				
- Company's auditors				
- statutory audit				
- current year	122	100	19	12
- under provision in prior year	5	3	4	-
- Other auditors				
- statutory audit	10	11	-	-
Bad debts	17	155	-	-
Depreciation	2,887	2,751	41	7
* Directors' remuneration for non-executive directors				
- Fees	161	180	161	180
- Emoluments	19	-	19	-
Fair value changes on derivative financial instruments	691	665	-	-
Interest expense on:				
- Bank overdrafts	2	17	-	-
- Bankers acceptance	-	79	-	-
- Export credit refinancing	35	74	-	-
- Finance lease	9	7	3	-
- Term loans	-	314	-	280
- Trust receipts	85	154	-	-
Loss on disposal of non-current assets held for sale	6	-	-	-
Loss on disposal of property, plant and equipment	150	91	-	-
Property, plant and equipment written off	7	28	-	-
Realised loss on foreign exchange	1,066	1,021	-	-
Rental of advertising sites	726	815	-	-
Rental of machinery and equipment	29	29	-	-
Rental of premises	343	440	-	-
** Staff costs	43,816	35,923	1,302	988
After crediting:				
Gain on disposal of property, plant and equipment	-	-	59	-
Gross dividend from subsidiaries	-	-	5,600	3,806
Interest income	337	79	-	-
Interest waived	-	1,204	-	1,204
Rental income	6	69	-	-
Unrealised gain on foreign exchange	1,890	1,067	-	-

* Directors' remuneration for non-executive directors are analysed as:				
Present directors	159	180	159	180
Past director	21	-	21	-
	180	180	180	180

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

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
** **Staff costs**				
- Wages, salaries, incentives, overtime, allowance, casual labour and bonus	40,048	33,617	1,120	847
- EPF	3,626	2,160	179	138
- SOCSO	142	146	3	3
	43,816	35,923	1,302	988

Directors' remuneration

Included in the staff costs of the Group and of the Company is directors' remuneration as shown below:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Executive directors of the Company:				
Directors' emoluments				
- Salaries	1,097	979	710	511
- EPF	206	159	135	97
	1,303	1,138	845	608
Directors' fee				
- Current year	1,400	1,000	1,400	1,000
- Under provision in prior year	-	168	-	168
	1,400	1,168	1,400	1,168
	2,703	2,306	2,245	1,776
Benefits-in-kind	40	24	22	7
	2,743	2,330	2,267	1,783
Executive directors of subsidiaries:				
Directors' emoluments				
- Salaries and bonus	555	145	-	-
- EPF	38	17	-	-
	593	162	-	-
Directors' fee	24	24	-	-
	617	186	-	-
Total executive directors' remuneration	3,360	2,516	2,267	1,783

27. TAXATION

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
In Malaysia				
Current year	(905)	(298)	-	(355)
(Under)/Over provision in prior year				
- Current tax	(251)	(284)	(240)	(220)
- Deferred tax	-	799	-	-
Deferred tax liabilities recognised in profit or loss	(910)	-	-	-
Realisation of deferred tax upon:				
- Disposal of revalued assets	61	-	-	-
- Depreciation of revalued assets	51	51	-	-
	(1,954)	268	(240)	(575)
Outside Malaysia				
Current year	(288)	-	-	-
	(2,242)	268	(240)	(575)

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

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Profit before taxation	19,404	10,568	3,863	3,451
Income tax at Malaysian statutory tax rate of 25%	(4,851)	(2,642)	(966)	(863)
Tax rates differences in foreign jurisdictions	23	(19)	-	-
Income tax incentive from a local government of The PRC	192	-	-	-
Income not subject to tax	530	483	1,413	548
Double deduction of expenses for tax purposes	23	8	-	-
Expenses not deductible for tax purposes	(494)	(436)	(52)	(38)
Annual crystallisation of deferred tax on revaluation surplus	51	51	-	-
Realisation of deferred tax upon disposal of revalued assets	61	-	-	-
Utilisation of unabsorbed allowance for increase in export	1,094	1,336	-	-
Utilisation of unabsorbed tax losses and capital allowances	1,953	841	-	-
Deferred tax movements not recognised	(573)	131	(395)	(2)
	(1,991)	(247)	-	(355)
(Under)/Over provision in prior years	(251)	515	(240)	(220)
	(2,242)	268	(240)	(575)

27. **TAXATION** (cont'd)

The amount and future availability of unabsorbed tax losses, capital allowances, reinvestment allowance and allowance for increase in export at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Unabsorbed tax losses	22,311	24,506	2,320	749
Unabsorbed capital allowances	3,477	6,865	20	-
Unabsorbed reinvestment allowance	1,250	1,250	-	-
Unabsorbed allowance for increase in export	-	7,413	-	-

These unabsorbed allowances are available to be carried forward for set off against future assessable income of the Company and its subsidiaries.

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

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Property, plant and equipment	3,297	6,396	29	20
Unabsorbed tax losses	(22,311)	(24,506)	(2,320)	(749)
Unabsorbed capital allowances	(3,477)	(6,865)	(20)	-
Unabsorbed reinvestment allowance	(1,250)	(1,250)	-	-
Unabsorbed allowance for increase in export	-	(7,413)	-	-
	(23,741)	(33,638)	(2,311)	(729)

Deferred tax assets have not been recognised on the above temporary differences as it is not probable that taxable profit will be available in the foreseeable future to the extent that the above deductible temporary differences can be utilised.

28. **EARNINGS PER SHARE**

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

	GROUP	
	2013	2012
Profit attributable to owners of the parent (RM'000)	15,449	9,961
Weighted average number of ordinary shares of RM1 each ('000)	36,867	36,603
Basic earnings per share (sen)	42	27

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at 31 July 2013.

29. **DIVIDEND**

	COMPANY	
	2013	2012
	RM'000	RM'000
In respect of financial year ended 31 July 2012:		
- A first and final dividend of 3 sen per share less 25% tax	830	-

At the forthcoming Annual General Meeting a first and final dividend of 2 sen per share less 25% tax amounting to RM1,106,019 and a special tax exempt dividend of 1 sen per share amounting to RM737,346 in respect of the current financial year ended 31 July 2013 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2014.

30. **CAPITAL COMMITMENT/CONTINGENT LIABILITIES (UNSECURED)**

		GROUP	
	31.7.13	31.7.12	1.8.11
	RM'000	RM'000	RM'000
(i) **Capital commitment**			
Approved and contracted for			
- Property, plant and equipment	6,559	-	-
(ii) **Contingent liabilities (Unsecured)**			
Corporate guarantee for banking facilities given to subsidiaries			
- Limit	53,650	51,340	48,310
- Amount utilised	960	2,710	7,750

31. **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.

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

By business segments

	Garments		**Advertising**		**Investment holding**		**Elimination**			**Total**	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000	**2013 RM'000**	2012 RM'000	**2013 RM'000**	2012 RM'000	**Note**	**2013 RM'000**	2012 RM'000
Revenue											
External sales	228,878	182,913	6,667	6,585	-	-	-	-		235,545	189,498
Inter-segment sales	-	-	-	-	7,038	5,197	(7,038)	(5,197)	A	-	-
Total revenue	228,878	182,913	6,667	6,585	7,038	5,197	(7,038)	(5,197)		235,545	189,498
Results											
Segment results	18,948	10,035	1,795	1,585	(1,545)	(1,690)	-	-		19,198	9,930
Interest expense	(128)	(362)	-	(2)	(3)	(281)	-	-		(131)	(645)
Interest income	295	79	42	-	-	-	-	-		337	79
Interest waiver	-	-	-	-	-	1,204	-	-		-	1,204
Taxation	(1,998)	205	(11)	(5)	(233)	68	-	-		(2,242)	268
Profit/(Loss) for the year	17,117	9,957	1,826	1,578	(1,781)	(699)	-	-		17,162	10,836
Assets											
Segment assets	92,665	73,081	5,034	3,881	52,706	45,774	(64,377)	(56,258)		86,028	66,478
Tax (payable)/recoverable	-	(25)	-	-	39	279	-	-		39	254
Derivative financial assets	-	115	-	-	-	-	-	-		-	115
Fixed deposits with licensed banks	1,545	4,507	1,516	1,015	-	-	-	-		3,061	5,522
Cash and bank balances	23,941	15,710	1,129	1,910	782	518	-	-		25,852	18,138
Total assets	118,151	93,388	7,679	6,806	53,527	46,571	(64,377)	(56,258)		114,980	90,507
Liabilities											
Segment liabilities	50,512	41,141	1,377	1,133	10,075	6,148	(37,123)	(29,298)		24,841	19,124
Borrowings	5,119	4,931	-	-	183	-	-	-		5,302	4,931
Deferred tax liabilities	2,073	1,268	-	-	327	334	-	-		2,400	1,602
Derivative financial liabilities	576	-	-	-	-	-	-	-		576	-
Tax payable	604	-	8	-	-	-	-	-		612	-
Total liabilities	58,884	47,340	1,385	1,133	10,585	6,482	(37,123)	(29,298)		33,731	25,657
Other information											
Additions to non-current assets	2,520	2,151	986	23	3,518	1,333	-	-	B	7,024	3,507
Depreciation and amortisation	2,385	2,365	381	308	134	82	-	-		2,900	2,755
Non-cash expenses/(income) other than depreciation and amortisation	(977)	(130)	17	2	(59)	(1,204)	-	-	C	(1,019)	(1,332)

31. **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/(income) consist of the following items:

	2013 RM'000	2012 RM'000
Bad debts	17	155
Fair value changes on derivative financial assets	691	665
Interest waived	-	(1,204)
Loss on disposal of non-current asset held for sale	6	-
Loss on disposal of property, plant and equipment	150	91
Property, plant and equipment written off	7	28
Unrealised gain on foreign exchange	(1,890)	(1,067)
	(1,019)	(1,332)

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-current assets**	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Malaysia	7,217	6,906	32,408	29,861
China	4,292	5,368	9,032	7,385
United States of America	167,259	136,182	-	-
European countries	34,022	22,501	-	-
Other countries	22,755	18,541	-	-
	235,545	189,498	41,440	37,246

Major Customers

There are two major customers which individually contributed more than ten percent of the Group's revenue amounting to **RM204,601,955** (2012: RM169,248,078).

32. **RELATED PARTY DISCLOSURES**

	COMPANY	
	2013 RM'000	2012 RM'000
(i) **Related party transactions**		
Gross dividend from subsidiaries	5,600	3,806
Management fee from subsidiaries	1,438	1,391

(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 26.

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.

33. **CATEGORIES OF FINANCIAL INSTRUMENTS**

The table below provides an analysis of financial instruments categorised as:
(i) Loans and receivables ("L&R");
(ii) Financial liabilities measured at amortised cost ("FL"); and
(iii) Fair value through profit or loss ("FVTPL").

	Carrying amount RM'000	**L&R RM'000**	**FL RM'000**	**FVTPL RM'000**
GROUP				
31.7.13				
Financial assets				
Trade receivables (Note 9)	17,714	17,714	-	-
Other receivables and refundable deposits (Note 10)	1,937	1,937	-	-
Fixed deposits with licensed banks (Note 14)	3,061	3,061	-	-
Cash and bank balances (Note 15)	25,852	25,852	-	-
	48,564	48,564	-	-
Financial liabilities				
Trade payables (Note 23)	10,967	-	10,967	-
Other payables and accruals (Note 24)	13,394	-	13,394	-
Derivative financial instruments (Note 13)	576	-	-	576
Borrowings (Note 21)	5,302	-	5,302	-
	30,239	-	29,663	576

33. **CATEGORIES OF FINANCIAL INSTRUMENTS** (cont'd)

	Carrying amount RM'000	L&R RM'000	FL RM'000	FVTPL RM'000
GROUP				
31.7.12				
Financial assets				
Trade receivables (Note 9)	8,644	8,644	-	-
Other receivables and refundable deposits (Note 10)	622	622	-	-
Derivative financial instruments (Note 13)	115	-	-	115
Fixed deposits with licensed banks (Note 14)	5,522	5,522	-	-
Cash and bank balances (Note 15)	18,138	18,138	-	-
	33,041	32,926	-	115
Financial liabilities				
Trade payables (Note 23)	8,825	-	8,825	-
Other payables and accruals (Note 24)	10,091	-	10,091	-
Borrowings (Note 21)	4,931	-	4,931	-
	23,847	-	23,847	-
1.8.11				
Financial assets				
Trade receivables (Note 9)	24,724	24,724	-	-
Other receivables and refundable deposits (Note 10)	3,377	3,377	-	-
Amount due from an associate (Note 11)	22	22	-	-
Derivative financial instruments (Note 13)	780	-	-	780
Fixed deposits with licensed banks (Note 14)	522	522	-	-
Cash and bank balances (Note 15)	8,373	8,373	-	-
	37,798	37,018	-	780
Financial liabilities				
Trade payables (Note 23)	10,590	-	10,590	-
Other payables and accruals (Note 24)	13,911	-	13,911	-
Borrowings (Note 21)	14,479	-	14,479	-
	38,980	-	38,980	-
COMPANY				
31.7.13				
Financial assets				
Other receivables and refundable deposits (Note 10)	28	28	-	-
Amount due from subsidiaries (Note 12)	22,263	22,263	-	-
Cash and bank balances (Note 15)	327	327	-	-
	22,618	22,618	-	-

33. **CATEGORIES OF FINANCIAL INSTRUMENTS** (cont'd)

	Carrying amount RM'000	L&R RM'000	FL RM'000	FVTPL RM'000
COMPANY				
31.7.13				
Financial liabilities				
Other payables and accruals (Note 24)	1,661	-	1,661	-
Amount due to subsidiaries (Note 12)	1,377	-	1,377	-
Borrowings (Note 21)	183	-	183	-
	3,221	-	3,221	-
31.7.12				
Financial assets				
Other receivables and refundable deposits (Note 10)	50	50	-	-
Amount due from subsidiaries (Note 12)	19,306	19,306	-	-
Cash and bank balances (Note 15)	348	348	-	-
	19,704	19,704	-	-
Financial liabilities				
Other payables and accruals (Note 24)	1,286	-	1,286	-
Amount due to subsidiaries (Note 12)	1,428	-	1,428	-
	2,714	-	2,714	-
1.8.11				
Financial assets				
Other receivables and refundable deposits (Note 10)	50	50	-	-
Amount due from subsidiaries (Note 12)	19,033	19,033	-	-
Cash and bank balances (Note 15)	195	195	-	-
	19,278	19,278	-	-
Financial liabilities				
Other payables and accruals (Note 24)	2,256	-	2,256	-
Amount due to subsidiaries (Note 12)	1,007	-	1,007	-
Borrowings (Note 21)	2,075	-	2,075	-
	5,338	-	5,338	-

34. 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.

34.1 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.

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

	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Not past due	9,310	6,463	16,706
Past due 1 - 30 days	4,824	1,037	5,843
Past due 31 - 60 days	2,739	352	1,016
Past due 61 to 90 days	552	491	549
Past due more than 90 days	289	301	610
	8,404	2,181	8,018
	17,714	8,644	24,724

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the 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 **RM8,404,524** (31.7.12: RM2,181,676; 1.8.11: 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** (31.7.12: 2; 1.8.11: 2) customers representing **86%** (31.7.12: 61%; 1.8.11: 86%) of the total trade receivables.

34.1.2 Intercompany balances

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

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.

34. **FINANCIAL RISK MANAGEMENT** (cont'd)

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

34.1.3 **Financial guarantees**

The Company has issued unsecured financial guarantees to banks for banking facilities granted to subsidiaries up to a limit of **RM53.65 million** (31.7.12: RM 51.34 million; 1.8.11: RM48.31 million) of which the maximum exposure of credit risk amounted to **RM0.96 million** (31.7.12: RM2.71 million; 1.8.11: RM7.75 million), representing the outstanding balance of the subsidiaries' banking facilities 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 is no indication that any of the subsidiaries would default on repayment.

34.2 **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 their 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	More than 5 years RM'000
31.7.13						
Interest bearing borrowings	5,302	5,341	5,141	53	100	47
Trade payables	10,967	10,967	10,967	-	-	-
Other payables and accruals	13,394	13,394	13,394	-	-	-
	29,663	29,702	29,502	53	100	47
31.7.12						
Interest bearing borrowings	4,931	4,946	4,881	46	19	-
Trade payables	8,825	8,825	8,825	-	-	-
Other payables and accruals	10,091	10,091	10,091	-	-	-
	23,847	23,862	23,797	46	19	-
1.8.11						
Interest bearing borrowings	14,479	14,500	14,390	46	64	-
Trade payables	10,590	10,590	10,590	-	-	-
Other payables and accruals	13,911	13,911	13,911	-	-	-
	38,980	39,001	38,891	46	64	-

34. **FINANCIAL RISK MANAGEMENT** (cont'd)

34.2 **Liquidity risk** (cont'd)

COMPANY	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	More than 5 years RM'000
31.7.13						
Interest bearing borrowings	183	213	33	33	100	47
Other payables and accruals	1,661	1,661	1,661	-	-	-
Amount due to subsidiaries	1,377	1,377	1,377	-	-	-
	3,221	3,251	3,071	33	100	47
31.7.12						
Other payables and accruals	1,286	1,286	1,286	-	-	-
Amount due to subsidiaries	1,428	1,428	1,428	-	-	-
	2,714	2,714	2,714	-	-	-
1.8.11						
Interest bearing borrowings	2,075	2,075	2,075	-	-	-
Other payables and accruals	2,256	2,256	2,256	-	-	-
Amount due to subsidiaries	1,007	1,007	1,007	-	-	-
	5,338	5,338	5,338	-	-	-

34.3 **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:

		GROUP	
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Fixed rate instruments			
Financial assets	3,119	5,522	522
Financial liabilities	5,111	4,792	14,040
Floating rate instruments			
Financial liabilities	191	139	439

34. **FINANCIAL RISK MANAGEMENT** (cont'd)

34.3 **Interest rate risk** (cont'd

	COMPANY		
	31.7.13 RM'000	31.7.12 RM'000	1.8.11 RM'000
Fixed rate instruments			
Financial liabilities	183	-	2,075

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 **RM55** (2012: RM457) 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.

34.4 **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 currency giving rise to this risk is primarily US Dollar ("USD").

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	**OTHERS RM'000**
GROUP		
31.7.13		
Trade receivables	14,342	-
Other receivables	942	-
Cash and bank balances	20,359	-
Borrowings	(4,108)	-
Trade payables	(6,765)	(13)
Other payables	(43)	-
Net exposure	24,727	(13)

34. **FINANCIAL RISK MANAGEMENT** (cont'd)

34.4 **Foreign currency risk** (cont'd)

GROUP	USD RM'000	OTHERS RM'000
31.7.12		
Trade receivables	6,493	-
Cash and bank balances	10,937	2
Borrowings	(3,859)	-
Trade payables	(6,053)	(18)
Other payables	(109)	-
Net exposure	7,409	(16)
1.8.11		
Trade receivables	21,937	-
Other receivables	1,133	-
Cash and bank balances	7,297	13
Borrowings	(4,418)	-
Trade payables	(5,030)	(17)
Other payables	(18)	-
Net exposure	20,901	(4)

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 decreased profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect.

	GROUP	
	2013 RM'000	2012 RM'000
USD	(2,473)	(741)
Others	1	2
Decrease in profit before taxation	(2,472)	(739)

34.5 **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.

35. **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.

35.1 **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).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
GROUP				
31.7.13				
Financial liabilities				
Forward exchange contracts	-	576	-	576
31.7.12				
Financial assets				
Forward exchange contracts	-	115	-	115
1.8.11				
Financial assets				
Forward exchange contracts	-	780	-	780

36. **SIGNIFICANT EVENTS**

On 30 July 2013, the Company announced that it proposes to undertake the following exercises of which approval has been obtained from Bursa Malaysia Securities Berhad and its shareholders at an Extraordinary General Meeting on 5 August 2013 and 3 September 2013 respectively.

(i) **Proposed Share Split**

The Proposed Share Split entails the subdivision of every one (1) existing ordinary share of RM1 each in the Company into two (2) ordinary shares of RM0.50 each ("Subdivided Prolexus Shares").

36. **SIGNIFICANT EVENTS** (cont'd)

(ii) **Proposed Amendments**

Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the subdivision of par value of the existing ordinary shares of RM1 each in the Company to RM0.50 each and the alteration of the authorised share capital of the Company of RM100,000,000 comprising 100,000,000 ordinary shares into RM100,000,000 comprising 200,000,000 Subdivided Prolexus Shares.

(iii) **Proposed Establishment of Employees' Share Option Scheme (ESOS)**

Establishment of ESOS for eligible directors and employees of the Company and its subsidiaries (excluding dormant companies).

The Company has implemented the ESOS with effect from 12 September 2013 and the Share Split and Amendments were completed on 20 September 2013 following the listing and quotation of the Subdivided Prolexus Shares on the Main Market of Bursa Malaysia Securities Berhad.

37. **EVENT AFTER THE REPORTING PERIOD**

The Group entered into two Sale and Purchase Agreements to purchase freehold land and building for a total consideration of RM8,322,683 and RM335,000 on 2 September 2013 and 3 September 2013 respectively.

38. **EXPLANATION OF TRANSITION TO MFRSs**

As stated in Note 2.4 to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The transition to MFRSs does not have any financial impact to the financial statements of the Company.

In preparing the opening consolidated statement of financial position at 1 August 2011, the Group has adjusted certain amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial statements is set out as follows:

(i) **Property, plant and equipment - Deemed cost exemption**

Under FRSs, the Group measured its land and buildings at valuation. The last valuation was carried out in July 2010. Upon transition to MFRSs, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRSs, the Group elected to apply the optional exemption to use the previous revaluation of the said assets, adjusted for depreciation, if any, as deemed cost under MFRSs.

(ii) **Foreign currency translation differences**

Under FRSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity.

Upon transition to MFRSs, the Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

(iii) **Land use rights**

The management has reassessed the risks and reward associated with the land in The PRC and concluded that it is an operating lease instead of a finance lease. Consequently, such land has been reclassified from property, plant and equipment to land use rights.

38. **EXPLANATION OF TRANSITION TO MFRSs** (cont'd)

The impact arising from the change is summarised as follows:

	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Consolidated statement of financial position			
At 1 August 2011			
Non-current assets			
Property, plant and equipment	36,452	(544)	35,908
Land use rights	-	544	544
Equity			
Revaluation reserve	7,991	(7,991)	-
Foreign currency translation reserve	(273)	273	-
Retained profits	2,347	7,718	10,065
Consolidated statement of financial position			
At 31 July 2012			
Non-current assets			
Property, plant and equipment	37,246	(575)	36,671
Land use rights	-	575	575
Equity			
Revaluation reserve	7,835	(7,835)	-
Foreign currency translation reserve	52	273	325
Retained profits	12,651	7,562	20,213

39. **DISCLOSURE OF REALISED AND UNREALISED PROFITS**

The breakdown of retained profits of the Group and of the Company 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	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Total retained profits of the Company and its subsidiaries				
- Realised	43,658	27,176	3,630	837
- Unrealised	(1,201)	(420)	-	-
	42,457	26,756	3,630	837
Less: Consolidation adjustments	(7,797)	(6,543)	-	-
	34,660	20,213	3,630	837

Properties held by the Group

Location	Description	Land area/ (built-up area)	Existing use	Tenure/ (approximate age of building)	Carrying amount as at 31 July 2013 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 metre² (7,413.65 metre²)	Factory and office	Freehold (14-1/2 years to 18 years)	10,466	2010*
Lot PTD 16109 Mukim of Simpang Kanan District of Batu Pahat Johor	A single-storey bungalow	535.96 metre² (211.8 metre²)	Vacant	Freehold (22 years)	232	2010*
Lot PTD 33261 No. 28, Jalan Damai Utama Taman Industri Damai Plus District of Batu Pahat Johor	A one and a half storey terrace factory	244.05 metre² (355.5 metre²)	Vacant	Freehold (15 years)	464	2012
HONWAYS APPAREL (SHUYANG) LIMITED						
Land Certification No. 27141 Property Certification No. 0101524, Shuyang Development Zone, Jiangsu, China.	A factory with 13 units of Buildings	26,667.00 metre² (12,089.19 metre²)	Factory, Office, Hostel, Canteen, Warehouse	Leasehold 50 years expiring on 16.11.2055 (7 years)	3,676	2010
PLAS INDUSTRIES SDN. BHD.						
Lot No. 4122 Nibong Tebal Mk. 11 Seberang Perai Selatan Pulau Pinang	A one unit shop-house	228 metre² (453.74 metre²)	Vacant	Freehold (17 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 metre²)	Factory and office	Leasehold 60 years expiring on 21.2.2052 (13 years)	3,166	2010*
SOUTH EAST GARMENT MANUFACTURING SENDIRIAN BERHAD						
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 metre²)	Factory and office	Leasehold 60 years expiring on 21.2.2052 (21 years)	2,902	2010*

Location	Description	Land area/ (built-up area)	Existing use	Tenure/ (approximate age of building)	Carrying amount as at 31 July 2013 RM'000	Year of acquisition/ revaluation
NOVEL REALTY SDN. BHD.						
Lot 20304 Mukim Simpang Kanan District of Batu Pahat Johor	Freehold land	892 metre²	Vacant	Freehold	254	2012
Lot 20315 Mukim Simpang Kanan District of Batu Pahat Johor	A double-storey bungalow house	794.45 metre² (418.07 metre²)	Vacant	Freehold (17 years)	847	2012
Lot 20327 Mukim Simpang Kanan District of Batu Pahat Johor	Vacant land	794 metre²	Vacant	Freehold	250	2012
Lot 2937 Mukim Simpang Kanan District of Batu Pahat Johor	Vacant land	16,169 metre²	Vacant	Freehold	3,149	2013
					25,631	

Note:-
Classified as non-current assets held for sale.
* Year of revaluation

Analysis of Shareholdings
– as at 31 October 2013

Share Capital as at 31 October 2013

Authorised share capital	:	200,000,000 ordinary shares of RM0.50 each
Issued and fully paid-up	:	73,984,000 ordinary shares of RM0.50 each (excluding 6,265,400 treasury shares)
Voting rights	:	One vote per ordinary share (on a poll)

Distribution schedule of shareholdings as at 31 October 2013

Size of Holdings		No. of Depositors	No. of Shares Held	% of Issued Capital
Less than 100		73	1,338	0.00
100	- 1,000	177	68,992	0.09
1,001	- 10,000	1,314	7,164,364	9.68
10,001	- 100,000	624	18,952,336	25.62
100,001	- 3,699,199	93	39,004,970	52.72
3,699,200	- 80,249,400	2	8,792,000	11.88
	TOTAL	2,283	73,984,000	100.00

30 Largest Shareholders as at 31 October 2013

		NORMAL HOLDINGS	HOLDINGS %
1	LAU MONG SENG	4,666,800	6.31
2	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LAU MONG YING	4,125,200	5.58
3	NARSPA HOLDINGS SDN BHD	3,100,000	4.19
4	JE HOLDINGS SDN BHD	3,032,520	4.10
5	METRO CAPITAL ASSET MANAGEMENT SDN BHD	2,585,400	3.49
6	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NARSPA HOLDINGS SDN BHD (TERM)	1,992,200	2.69
7	LIM HOEI BOON	1,381,872	1.87
8	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KIM CHOO	1,315,500	1.78
9	LIM HENG LOONG	990,600	1.34
10	WONG FOCK WAH	981,000	1.33
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU MONG YING (100188)	734,800	0.99
12	GOH MING CHOO	714,000	0.97
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NA, SINGAPORE (JULIUS BAER)	695,800	0.94
14	SANG BEE YIAN	674,000	0.91
15	LIN, CHENG-LANG	606,748	0.82

30 Largest Shareholders as at 31 October 2013 (cont'd)

		NORMAL HOLDINGS	HOLDINGS %
16	TAN HOON CHENG	600,000	0.81
17	CHONG TECK SENG	568,400	0.77
18	DO HOCK KWONG	535,800	0.72
19	TEE AH SWEE	535,000	0.72
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JE HOLDINGS SDN BHD (KULS)	499,930	0.68
21	AMIN HALIM	480,000	0.65
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KIN CHONG @ OUI KIN CHONG (8063257)	472,800	0.64
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI SHIAK CHAI (470810)	450,000	0.61
24	TAN KIN SENG	441,200	0.60
25	LOW HING NOI	440,000	0.59
26	YAN MOI YANG	430,000	0.58
27	AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHU CHEE LEONG (CHU0198C)	412,000	0.56
28	YIP YUEN KUAN	409,800	0.55
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	400,000	0.54
30	TAI HOOI LIN	400,000	0.54
		34,671,370	46.87

1. Directors' shareholdings as at 31 October 2013

		No. of ordinary shares of RM0.50 each			
		Direct	%	Deemed	%
i	Ahmad Mustapha Ghazali	146,400	0.20%	7,719,100 (1)	10.43%
ii	Lau Mong Ying	4,891,068	6.61%	-	-
iii	Willie Gan Wee Lee	-	-	16,000 (2)	0.02%
iv	Lau Mong Fah	330,000	0.45%	-	-
v	Khadmudin Bin Mohamed Rafik	372,000	0.50%	-	-
vi	Lin, Cheng-Lang	606,748	0.82%	-	-
vii	Chin Chew Mun	-	-	-	-

(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

2. Substantial Shareholders (excluding bare trustees) according to the Register of Substantial Shareholders as at 31 October 2013

		No. of ordinary shares of RM0.50 each			
		Direct	**%**	**Deemed**	**%**
i	Lau Mong Seng	4,666,800	6.31%	-	-
ii	Lau Mong Ying	4,891,068	6.61%	-	-
iii	Narspa Holdings Sdn. Bhd.	5,092,200	6.88%	-	-
iv	Ahmad Mustapha Ghazali	96,000	0.13%	7,677,600 (1)	10.38%
v	Lau Boon Hwa	380,000	0.51%	3,532,450 (2)	4.77%

(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

(1) Deemed interested by virtue of his interest in JE Holdings Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

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PROXY FORM

PROLEXUS BERHAD
(250857 - T)
Incorporated in Malaysia

*I/We ______________________________ (*I/C No. / Passport No. / Company No. ____________) of ______________________________
______________________________ being a *member/members of the abovenamed Company, hereby appoint ______________________________ (*I/C No. / Passport No. ____________) of ______________________________
______________________________ or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Twenty-First Annual General Meeting of the Company to be held at the Conference Room of Honsin Apparel Sdn. Bhd., 531 2½ Miles, Jalan Kluang, 83000 Batu Pahat, Johor on Monday, 09 December 2013 at 10.00 a.m., and at any adjournment thereof.

	RESOLUTION	FOR	AGAINST
1.	To approve the increase and payment of Directors' fees for the financial year ended 31 July 2013.		
2.	To re-elect Lau Mong Ying as a Director of the Company.		
3.	To re-elect Lau Mong Fah as a Director of the Company.		
4.	To re-appoint Lin, Cheng-Lang as a director of the Company.		
5.	To approve the payment of a First and Final Franked Dividend & Special Tax Exempt Dividend for the financial year ended 31 July 2013.		
6.	To re-appoint Messrs. Grant Thornton as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
7.	To retain Khadmudin Bin Mohamed Rafik as an Independent Non-Executive Director of the Company.		
8	To retain Lin, Cheng-Lang as an Independent Non-Executive Director of the Company.		
9.	Authority under Section 132D of the Companies Act, 1965 for the Directors to Allot and Issue Shares.		
10.	To amend the Articles of Association of the Company.		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed this ________day of ____________________ ,2013.

No. of shares held

____
Signature(s)/Common Seal of member(s)

For appointment of two(2) proxies, percentage of shareholdings to be represented by the proxies :

	No. of Shares	%
Proxy 1		
Proxy 2		
		100

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, 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 shareholdings 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 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.

strike out whichever is not desired.

STAMP

The Company Secretary

Prolexus Berhad

(Company No. 250857-T)

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