



PROLEXUS BERHAD

(250857 - T)

Incorporated in Malaysia

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of the Company will be held at the Conference Room of Honsin Apparel Sdn. Bhd., 531 2½ Miles, Jalan Kluang, 83000 Batu Pahat, Johor on Friday, 16 December 2011 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 2011 together with the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Note 6 on Ordinary Business |
| 2. To approve the increase and payment of Directors' fees for the financial year ended 31 July 2011. | 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) Encik Ahmad Mustapha Ghazali
ii) Mr. Lee Kuan Mang | Resolution 2
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 re-appoint Messrs. Grant Thornton as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 5 |

As Special Business:

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

- | | |
|--|---------------------|
| 6. Authority under Section 132D of the Companies Act, 1965 for the Directors to Allot and 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 6 |
| 7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965. | |

By Order of the Board,

LEE PENG LOON (MACS 01258)

Company Secretary

Penang

Date: 24 November 2011

Notice of Annual General Meeting (cont'd)

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, the proxy form duly completed, must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

EXPLANATORY NOTES ON ORDINARY BUSINESS

6. *Agenda 1 (Audited Financial Statements)*
The Audited Financial Statements for the year ended 31 July 2011 is meant for discussion only as the provisions of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders of the Company and hence Agenda 1 is not put forward for voting..

EXPLANATORY NOTES ON SPECIAL BUSINESS

7. *Agenda 6 (Resolution pursuant to Section 132D of the Companies Act, 1965)*
The proposed Ordinary Resolution 7, 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.

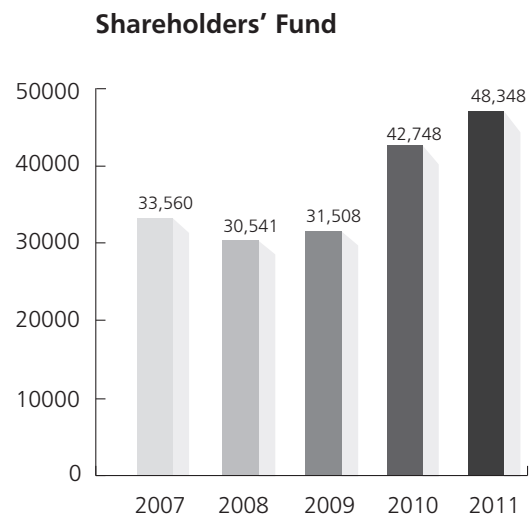
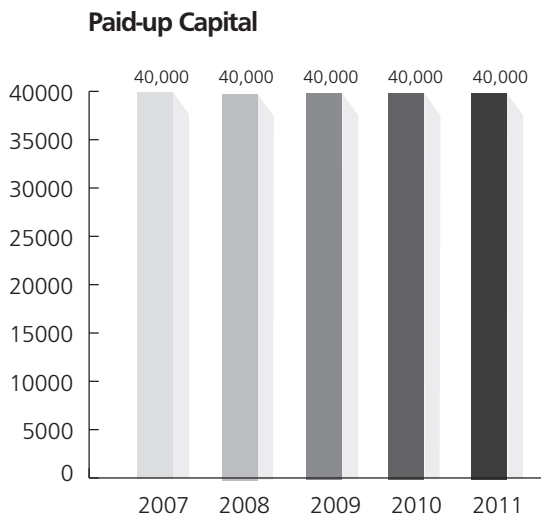
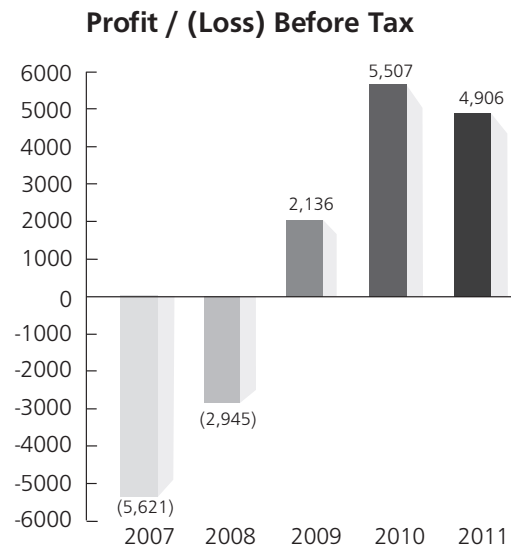
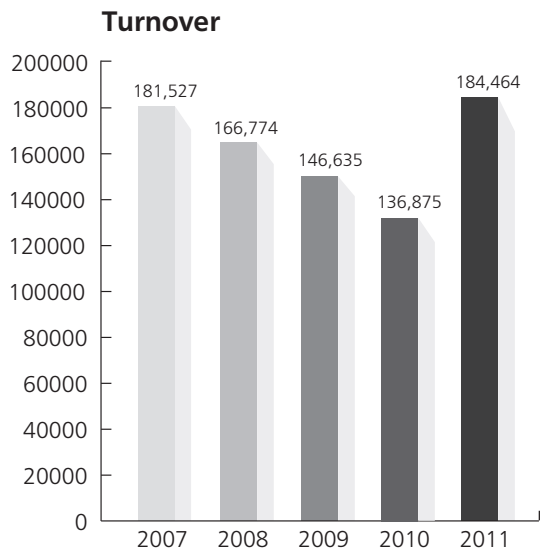
The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

Corporate Information

Directors	Ahmad Mustapha Ghazali (<i>Executive Chairman</i>) Lau Mong Ying (<i>Managing Director</i>) Willie Gan Wee Lee (<i>Executive Director</i>) Lau Mong Fah (<i>Non-Independent Non-Executive Director</i>) Lee Kuan Mang (<i>Independent Non-Executive Director</i>) Lin, Cheng-Lang (<i>Independent Non-Executive Director</i>) Khadmudin Bin Mohamed Rafik (<i>Independent Non-Executive Director</i>)	
Company Secretary	Lee Peng Loon (MACS 01258)	
Audit Committee	Lee Kuan Mang (<i>Chairman, Independent Non-Executive Director</i>) Lin, Cheng-Lang (<i>Independent Non-Executive Director</i>) Khadmudin Bin Mohamed Rafik (<i>Independent Non-Executive Director</i>) Lau Mong Fah (<i>Non-Independent Non-Executive Director</i>)	
Nomination Committee	Khadmudin Bin Mohamed Rafik (<i>Chairman, Independent Non-Executive Director</i>) Lee Kuan Mang (<i>Independent Non-Executive Director</i>) Lin, Cheng-Lang (<i>Independent Non-Executive Director</i>)	
Remuneration Committee	Lau Mong Ying (<i>Chairman, Managing Director</i>) Lee Kuan Mang (<i>Independent Non-Executive Director</i>) Lau Mong Fah (<i>Non-Independent Non-Executive Director</i>)	
Registered Office	51-21-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel : 04-2108833 Fax : 04-2108831	
Business Address	531, Batu 2 ½, Jalan Kluang, 83000 Batu Pahat Johor Tel : 07-431 8388 Fax : 07-431 0133	6944 Jalan Mak Mandin Kawasan Perusahaan Mak Mandin 13400 Butterworth Penang Tel : 04-3319608 Fax : 04-3319610
	E-Mail : enquiries@prolexus.com.my Website : www.prolexus.com.my	
Share Registrar	Bina Management (M) Sdn. Bhd. Lot 10 The Highway Centre, Jalan 51/205 46050 Petaling Jaya Selangor Darul Ehsan Tel : 03-7784 3922 Fax : 03-7784 1988	
Auditors	Grant Thornton Chartered Accountants	
Principal Bankers	HSBC Bank Malaysia Berhad Malayan Banking Berhad RHB Bank Berhad Hong Leong Bank Berhad Standard Chartered Bank Malaysia Berhad Industrial and Commercial Bank of China	
Solicitors	Murad & Yee	
Stock Exchange Listing	Main Market of Bursa Malaysia Securities Berhad	
Stock Code	8966	
Stock Name	PRLEXUS	

Financial Highlights

	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Turnover	181,527	166,774	146,635	136,875	184,464
Profit / (Loss) Before Tax	(5,621)	(2,945)	2,136	5,507	4,906
Profit / (Loss) After Tax	(5,869)	(2,892)	262	3,403	5,236
Paid-up Capital	40,000	40,000	40,000	40,000	40,000
Shareholders' Funds	33,560	30,541	31,508	42,748	48,348
Earnings / (Loss) Per Share (sen)	(17)	(8)	3	11	16
Dividend Per Share (sen)	-	-	-	-	-
Net Tangible Asset Per Share (sen)	81	76	79	110	125



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 July 2011.

REVIEW OF OPERATIONS AND FINANCIAL PERFORMANCE

The financial year ended 31 July 2011 saw an increase in the Group's revenue.

- Revenue for the current financial year of RM 184.5 million is higher by 34.8% when compared with the previous financial year's of RM 136.9 million. The increase in revenue is attributed to higher sales orders received by the garment manufacturing division including sales orders received by the China plant which commenced operations in October 2010.
- Profit for the current financial year of RM 5,236 million is higher by 53.8% compared with the previous financial year's of RM 3,403 million. The increase in profit is attributable to the lower tax charge arising from the availability of tax incentive for increase in export sales offset by the start-up cost incurred at the China plant.
- Earnings Per Share has increased from 11 sen to 16 sen per Share.
- Net Tangible Asset Per Share has increased from 110 sen to 125 sen per Share.

CORPORATE DEVELOPMENT

As reported in my Statement last year, the Group incorporated Honway Apparel Shuyang Limited, China in July 2010. The China plant commenced operations in October 2010 with 160 employees which has increased to 520 employees currently and is planned to increase to 770 employees in 2012. The China plant contributed RM7.9 million of revenue towards the Group revenue of RM184.5 million for the current financial year and the revenue contribution is expected to increase in the coming years.

CORPORATE GOVERNANCE

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

DIVIDEND

No dividend has been recommended for the financial year ended 31 July 2011.

PROSPECTS

Barring unforeseen circumstances, the Group expects to improve its performance in the 2012 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 and our valued shareholders 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

25 October 2011

Statement on Corporate Governance

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

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

In pursuance of such applications and/or compliance:-

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

DIRECTORS

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

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

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

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

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

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

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

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

Statement on Corporate Governance (cont'd)

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

The Board through the Nomination Committee annually reviews the qualities (including skills and experience) of the Non-Executive Directors and also assesses the Board as a whole, its committees, and the contribution of each director. Such a review and an assessment were carried out on 23 September 2011 by the Nomination Committee.

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

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

The directors' profiles are as follows:

Ahmad Mustapha Ghazali **Executive Chairman**

Ahmad Mustapha Ghazali, a Malaysian aged 63, 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 62, was appointed to the Board on 27 August 1993 and until 1 October 2002 is both the Chairman and Managing Director of the Group. On 1 October 2002, he relinquished the post of Chairman to Ahmad Mustapha Ghazali and retained the post of Managing Director. He graduated with a Bachelor of Commerce in Economics from Nanyang University of Singapore in 1973 and has been involved in the garment industry since 1973.

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

Willie Gan Wee Lee **Executive Director**

Willie Gan Wee Lee, a Malaysian aged 55, was appointed to the Board on 23 August 2002 and is an Executive Director – Finance primarily responsible for the financial management of the Group. He was admitted as a member of the Institute of Chartered Accountants in England and Wales in 1980 and of the Malaysian Institute of Accountants in 1982. He joined the Group as its Financial Controller in 2001. Prior to joining the Group, he was attached to international accounting firms from 1976 to 1992 and thereafter as the Vice President – Corporate and Finance of a company listed on the Singapore Stock Exchange and which has subsidiary companies involved in contract manufacturing in Malaysia and Europe.

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

Statement on Corporate Governance (cont'd)

Lau Mong Fah ***Non-Independent Non-Executive Director***

Lau Mong Fah, a Malaysian aged 57, was appointed to the Board on 3 September 1998. He is a Fellow Member of the Association of International Accountants, London since 1988. He is currently attached to a professional firm providing tax advisory and consulting services, and corporate secretarial and share registration services.

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

Lee Kuan Mang ***Independent Non-Executive Director***

Lee Kuan Mang, a Malaysian aged 69, was appointed to the Board on 2 May 2000. He is a Barrister-at-law (England) and an Advocate & Solicitor of the High Court, States of Malaya. He has previously served on the Board of several public listed companies, including one in Australia.

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

Lin, Cheng-Lang ***Independent Non-Executive Director***

Lin, Cheng-Lang, a Taiwanese aged 72, was appointed to the Board on 10 September 1998. He graduated from Taiwan University in 1962 and has extensive experience in the garment industry having served as a managing director with various textile companies in Taiwan until his retirement in 1994.

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

Khadmudin Bin Mohamed Rafik ***Independent Non-Executive Director***

Khadmudin Bin Mohamed Rafik, a Malaysian aged 57, was appointed to the Board on 9 September 2003. He obtained his Australian Matriculation Certificate in 1973 and Inspectors Certificate in 1976. He joined the Royal Malaysian Police Force as Senior Police Officer from 1976 to 1995. His last position before optional retirement was the Assistant Superintendent of Police performing the duties of "Head of Prosecution Department". He is presently the managing director and owner of a private limited company specializing in knitted fabric.

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

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

The Board held 5 meetings between 1 August 2010 and 31 July 2011 and the number of meetings attended by the Directors are as follows:

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

Statement on Corporate Governance (cont'd)

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, bonus 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 2011 including proposed directors fees are as follows:

	Salary and allowance	Bonus	Fees	Benefits-in-kind	EPF	Total 2011	Total 2010
	RM	RM	RM	RM	RM	RM	RM
Executives (3)	1,065,576	-	550,000	34,625	175,104	1,825,305	1,389,352
Non-Executives (4)	-	-	163,000	-	-	163,000	140,000
Total	1,065,576	-	713,000	34,625	175,104	1,988,305	1,529,352

The remuneration band of the directors as follows:

Amount	Executive	Non-Executive
RM 1 – RM 50,000		3
RM 50,001 – RM 100,000		1
RM 300,001 – RM 350,000	1	
RM 350,001 – RM 400,000	1	
RM 1,000,001 – RM 1,050,000	1	

REMUNERATION COMMITTEE – COMPOSITION AND TERMS OF REFERENCE

Composition and Designation of Remuneration Committee

Lau Mong Ying
Chairman
(Managing Director)

Lee Kuan Mang
Member
(Independent Non-Executive Director)

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

Terms of Reference

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

a. Size and Composition

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

b. Meetings

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

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

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

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

c. Duties and Responsibilities

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

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

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

d. Authority

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

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

NOMINATION COMMITTEE – COMPOSITION AND TERMS OF REFERENCE

Composition and Designation of Nomination Committee

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

Lee Kuan Mang
Member
(Independent Non-Executive Director)

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

Statement on Corporate Governance (cont'd)

Terms of Reference

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

a. Size and Composition

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

b. Meetings

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

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

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

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

c. Duties and Responsibilities

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

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

- i) to make appropriate recommendations to the Board on matters of renewal or extension of directors appointment and reappointment of retiring directors.
- ii) to annually review and assess performance of non-executive directors on annual basis; based on skills, experience and core competencies save and except where such review and assessment is in respect of any member or members of the committee.
- iii) to recommend to the Board, directors to fill the seats on Board committees
- 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 Nomination Committee is authorized by the Board to investigate any activity within its Terms of Reference. It shall be provided with the resources to perform its duties and full and unrestricted access to information pertaining to the Company and the Group.

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

Statement on Corporate Governance (cont'd)

SHAREHOLDERS

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

ACCOUNTABILITY AND AUDIT

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

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

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

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

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

The role of the Audit Committee is stated on pages 15 to 17 and the report of the Audit Committee is shown on page 18.

This Statement Of Corporate Governance is made by the Board of Directors in accordance with a resolution of the Board of Directors dated 25 October 2011.

AHMAD MUSTAPHA GHAZALI
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.**

Audit Committee – Composition and Terms of Reference

1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

Lee Kuan Mang
Chairman
(Independent Non-Executive Director)

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

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

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

2. TERMS OF REFERENCE

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

a. Objectives

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

In addition, the Audit Committee shall:

- 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 least 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.

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

- (ix) Ascertain the adequacy of the Group's risk assessment and management framework in identifying and considering principal business risks and ensure the implementation of appropriate systems to manage these risks.
- (x) Keep under review the effectiveness of internal control systems and in particular to review and monitor the implementation of recommendation of the External Auditors' management letter and management's 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 and full and unrestricted access to information pertaining to the Company and the Group. The Committee shall also have direct communication channels with both the Internal and External Auditors and senior management of the Company and the Group including convening meetings with the External Auditors, the Internal Auditors or both, in the absence of other directors and employees of the Company, whenever deemed necessary.

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

In accordance with a resolution of the Board of Directors dated 25 October 2011.

Audit Committee Report

AUDIT COMMITTEE FUNCTION

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

During the financial year ended 31 July 2011, the Committee has met five times to discuss matters relating to the accounting and reporting practices of the Company and its subsidiary companies. The summary of attendance of Audit Committee is as follows:-

Name	No. of meetings attended
Lee Kuan Mang, Chairman	5
Lin, Cheng-Lang	4
Khadmudin Bin Mohamed Rafik	5
Lau Mong Fah	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 also considered reports from External Auditors on matters identified in the course of their statutory audit.

INTERNAL AUDIT FUNCTION

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

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

Signed on behalf of the Audit Committee

LEE KUAN MANG

Chairman, Audit Committee

25 October 2011

Statement on Internal Control

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

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

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

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

RISK MANAGEMENT

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

INTERNAL AUDIT

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

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

Statement on Internal Control (cont'd)

INTERNAL CONTROL

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

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

Based on the internal auditors' reports, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. 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.

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 25 October 2011.

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 31st July 2011 set out on pages 28 to 72, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Company and the Group keep accounting records which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 25 October 2011.

Corporate Social Responsibility Statement

The Group recognize 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 directors employment contracts and those related party transactions as disclosed in Note 26, there are no other material contracts involving the Directors and major shareholders with the Company and its subsidiaries.

Directors' Report for the financial year ended 31 July 2011

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 2011**.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit after taxation for the year	5,236	30
Attributable to:		
Owners of the parent	5,774	30
Non-controlling interests	(538)	-
	5,236	30

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 2011** 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.

DIVIDENDS

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

The directors do not recommend any dividend payment for the financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any 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 2011, 3,588,800 are held as treasury shares by the Company. As at 31 July 2011, the number of outstanding ordinary shares in issue and fully paid is therefore 36,411,200 ordinary shares of RM1 each.

Further relevant details are disclosed in Note 15 to the financial statements.

Directors' Report

for the financial year ended 31 July 2011 (cont'd)

DIRECTORS

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

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

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM1 each			
	Balance at 1.8.10	Bought	Sold	Balance at 31.7.11
Direct Interest:				
Ahmad Mustapha Ghazali	30,000	-	-	30,000
Lau Mong Ying	2,445,534	-	-	2,445,534
Lau Mong Fah	115,000	-	-	115,000
Lin, Cheng-Lang	293,374	-	-	293,374
Khadmudin Bin Mohamed Rafik	305,200	-	-	305,200
Deemed Interest:				
Ahmad Mustapha Ghazali	3,186,750	95,100	-	3,281,850
Willie Gan Wee Lee	8,000	-	-	8,000
Khadmudin Bin Mohamed Rafik	4,000	-	-	4,000

DIRECTORS' BENEFITS

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

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

Directors' Report

for the financial year ended 31 July 2011 (cont'd)

OTHER STATUTORY INFORMATION

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

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

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

- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, 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, or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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

AUDITORS

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

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

Lau Mong Ying
Managing Director

Willie Gan Wee Lee
Executive Director

Date : 25 October 2011

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 28 to 72 are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 July 2011** and of their financial performance and cash flows for the financial year then ended.

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

Lau Mong Ying

Willie Gan Wee Lee

Date : 25 October 2011

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 28 to 72 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 **25th**)
day of **October 2011**.)

Willie Gan Wee Lee

Before me,

Goh Suan Bee
No: P125
Commissioner for Oaths

Independent Auditors' Report to the Members of Prolexus Berhad

Report on the Financial Statements

We have audited the financial statements of **Prolexus Berhad**, which comprise the statements of financial position as at **31 July 2011** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 72.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 July 2011** and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

Independent Auditors' Report to the Members of Prolexus Berhad (cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 32 on page 73 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Grant Thornton
No. AF : 0042
Chartered Accountants

Penang

Date : 25 October 2011

Dato' N. K. Jasani
No. 708/03/12 (J/PH)
Chartered Accountant

Statements of Financial Position as at 31 July 2011

	NOTE	GROUP		COMPANY	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	36,452	32,200	26	33
Investments	4	-	-	22,043	22,043
Goodwill on consolidation	5	2,712	2,712	-	-
		39,164	34,912	22,069	22,076
Current assets					
Inventories	6	16,216	11,753	-	-
Trade receivables	7	24,724	21,861	-	-
Other receivables, deposits and prepayments	8	5,028	4,082	65	78
Amount due from an associate	9	22	18	-	-
Amount due from subsidiaries	10	-	-	19,033	20,768
Tax recoverable		446	-	220	405
Derivative financial instruments	11	780	-	-	-
Cash and cash equivalents	12	8,895	13,083	195	19
		56,111	50,797	19,513	21,270
Non-current assets held for sale	13	196	150	-	-
		56,307	50,947	19,513	21,270
TOTAL ASSETS		95,471	85,859	41,582	43,346
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	40,000	40,000	40,000	40,000
Treasury shares	15	(1,717)	(1,717)	(1,717)	(1,717)
Reserves	16	7,718	8,588	-	-
Retained profits/(Accumulated losses)		2,347	(4,123)	(2,039)	(2,069)
		48,348	42,748	36,244	36,214
Non-controlling interests		4,931	5,568	-	-
Total equity		53,279	48,316	36,244	36,214
Non-current liabilities					
Borrowings	17	104	3,724	-	3,150
Deferred tax liabilities	18	2,452	2,728	-	-
		2,556	6,452	-	3,150
Current liabilities					
Trade payables	19	10,590	9,918	-	-
Other payables and accruals	20	14,671	10,154	2,256	1,431
Amount due to subsidiaries	10	-	-	1,007	751
Borrowings	17	14,375	10,265	2,075	1,800
Provision for taxation		-	754	-	-
		39,636	31,091	5,338	3,982
Total liabilities		42,192	37,543	5,338	7,132
TOTAL EQUITY AND LIABILITIES		95,471	85,859	41,582	43,346

The notes set out on pages 35 to 72 form an integral part of these financial statements.

Statements of Comprehensive Income for the financial year ended 31 July 2011

	NOTE	GROUP		COMPANY	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	21	184,464	136,875	3,844	5,239
Cost of sales		(160,267)	(116,359)	-	-
Gross profit		24,197	20,516	3,844	5,239
Other income		2,699	301	-	80
Administrative expenses		(11,549)	(9,260)	(2,869)	(1,780)
Selling and distribution expenses		(9,461)	(4,808)	-	-
Operating profit		5,886	6,749	975	3,539
Finance costs		(980)	(1,242)	(480)	(480)
Profit before taxation	22	4,906	5,507	495	3,059
Taxation	23	330	(2,104)	(465)	(645)
Profit for the year		5,236	3,403	30	2,414
Other comprehensive income :					
Foreign currency translation differences for foreign operations		(273)	-	-	-
Realisation of revaluation surplus upon depreciation		156	19	-	-
Realisation of revaluation surplus upon disposal		441	-	-	-
Revaluation surplus		-	7,194	-	-
Transfer of reserve to retained profits/ (accumulated losses)		(597)	(19)	-	-
Other comprehensive (loss)/income for the year		(273)	7,194	-	-
Total comprehensive income for the year		4,963	10,597	30	2,414

The notes set out on pages 35 to 72 form an integral part of these financial statements.

Statements of Comprehensive Income for the financial year ended 31 July 2011 (cont'd)

	NOTE	GROUP		COMPANY	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit attributable to :					
Owners of the parent		5,774	4,046	30	2,414
Non-controlling interests		(538)	(643)	-	-
		5,236	3,403	30	2,414
Total comprehensive income attributable to :					
Owners of the parent		5,600	11,240	30	2,414
Non-controlling interests		(637)	(643)	-	-
		4,963	10,597	30	2,414
Basic earnings per share attributable to owners of the parent (sen)	24	16	11		

The notes set out on pages 35 to 72 form an integral part of these financial statements.

Consolidated Statement of Changes In Equity for the financial year ended 31 July 2011

	Attributable to Owners of the Parent				Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	— Non-distributable —		Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Reserves RM'000	Retained Profits/ (Accumulated Losses) RM'000			
2011							
Balance at beginning	40,000	(1,717)	8,588	(4,123)	42,748	5,568	48,316
Total comprehensive income for the year	-	-	(870)	6,470	5,600	(637)	4,963
Balance at end	40,000	(1,717)	7,718	2,347	48,348	4,931	53,279
2010							
Balance at beginning	40,000	(1,717)	1,413	(8,188)	31,508	2,755	34,263
Total comprehensive income for the year	-	-	7,175	4,065	11,240	(643)	10,597
Acquisition of investment in subsidiaries	-	-	-	-	-	3,456	3,456
Balance at end	40,000	(1,717)	8,588	(4,123)	42,748	5,568	48,316

The notes set out on pages 35 to 72 form an integral part of these financial statements.

Statement of Changes In Equity for the financial year ended 31 July 2011

	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Accumulated Losses RM'000	Total Equity RM'000
2011				
Balance at beginning	40,000	(1,717)	(2,069)	36,214
Total comprehensive income for the year	-	-	30	30
Balance at end	<u>40,000</u>	<u>(1,717)</u>	<u>(2,039)</u>	<u>36,244</u>
2010				
Balance at beginning	40,000	(1,717)	(4,483)	33,800
Total comprehensive income for the year	-	-	2,414	2,414
Balance at end	<u>40,000</u>	<u>(1,717)</u>	<u>(2,069)</u>	<u>36,214</u>

The notes set out on pages 35 to 72 form an integral part of these financial statements.

Statements of Cash Flows for the financial year ended 31 July 2011

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	4,906	5,507	495	3,059
Adjustments for :				
Bad debts	185	317	683	178
Depreciation	3,106	4,169	7	7
Dividend income	-	-	(2,667)	(4,200)
Fair value gain on derivative financial instruments	(780)	-	-	-
Impairment loss on prepayment	24	-	-	-
Impairment loss on trade receivables no longer required	(16)	-	-	-
Interest expense	980	1,242	480	480
Interest income	(60)	(149)	-	-
Gain on disposal of non-current assets held for sale	(115)	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	80	(90)	-	(80)
Property, plant and equipment written off	56	342	-	-
Unrealised gain on foreign exchange	(1,259)	(18)	-	-
Operating profit/(loss) before working capital changes	7,107	11,320	(1,002)	(556)
(Increase)/Decrease in inventories	(4,464)	3,101	-	-
(Increase)/Decrease in receivables	(2,531)	(7,204)	13	(75)
Increase/(Decrease) in payables	4,618	1,830	345	(97)
Cash generated from/(used in) operations	4,730	9,047	(644)	(728)
Dividend received	-	-	2,000	3,150
Income tax paid	(1,534)	(2,145)	-	-
Income tax refund	387	-	387	-
Interest paid	(500)	(762)	-	-
Net cash from operating activities	3,083	6,140	1,743	2,422
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash flow from acquisition of equity interests in a new subsidiary	-	3,456	-	-
Interest received	60	149	-	-
Proceeds from disposal of non-current assets held for sale	265	-	-	-
Proceeds from disposal of property, plant and equipment	1,090	200	-	80
Purchase of property, plant and equipment	(8,777)	(1,294)	-	-
Net cash (used in)/from investing activities	(7,362)	2,511	-	80
Balance carried forward	(4,279)	8,651	1,743	2,502

The notes set out on pages 35 to 72 form an integral part of these financial statements.

Statements of Cash Flows

for the financial year ended 31 July 2011 (cont'd)

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Balance brought forward	(4,279)	8,651	1,743	2,502
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown/(Repayment) of trust receipts	1,096	(2,293)	-	-
Net change in associate's balance	(2)	(2)	-	-
Net change in director's balance	(2)	(25)	-	-
Net change in subsidiaries' balances	-	-	1,308	(1,570)
Net proceeds from export credit refinancing	2,166	142	-	-
Net proceeds from foreign currency loan	1,994	-	-	-
Payment of finance lease liabilities	(133)	(146)	-	-
Repayment of term loans	(3,460)	(1,470)	(2,875)	(950)
(Repayment of)/Net proceeds from bankers acceptance	(1,363)	2,186	-	-
Withdrawal of fixed deposits	2,350	-	-	-
Net cash from/(used in) financing activities	2,646	(1,608)	(1,567)	(2,520)
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,633)	7,043	176	(18)
Effects of changes in exchange rates on cash and cash equivalents	(275)	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING	9,950	2,907	19	37
CASH AND CASH EQUIVALENTS AT END	8,042	9,950	195	19
Represented by :				
Fixed deposits with licensed banks	7	7	-	-
Cash and bank balances	8,372	10,211	195	19
Bank overdrafts	(337)	(268)	-	-
	8,042	9,950	195	19

The notes set out on pages 35 to 72 form an integral part of these financial statements.

Notes to the Financial Statements

- 31 July 2011

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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 October 2011.

Principal Activities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

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

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

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

2.2 Significant Accounting Estimates and Judgements

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

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

2.2.1 Judgements made in applying accounting policies

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

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Significant Accounting Estimates and Judgements (cont'd)

2.2.2 Key sources of estimation uncertainty

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

(i) Useful lives of depreciable assets

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

(ii) Inventories

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

(iii) Impairment of loans and receivables

The Group 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.

The management reviews for bad and doubtful debts based on an assessment of the recoverability of receivables. Bad debts are written off and allowance for doubtful debts are made to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

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

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

New FRSs

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 139	Financial Instruments : Recognition and Measurement

Revised FRSs

FRS 1	First-time adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment - Vesting Conditions and Cancellations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Reporting Period
FRS 116	Property, Plant and Equipment
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosures of Government Assistance
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate
FRS 128	Investments in Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 11	FRS 2 - Group and Treasury Share Transactions
IC Int 12	Services Concession Arrangements
IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners

Amendments to IC Int

IC Int 9	Reassessment of Embedded Derivatives
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Initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Group and of the Company except for the following.

FRS 3 Business Combination (Revised) and Amendments to FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

FRS 7 Financial Instruments : Disclosures

Prior to 1 August 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments : Disclosure and Presentation. FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of qualitative and quantitative information about the significance of financial instruments for the Group's and for the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 31 July 2011.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and by the Company.

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The Group and the Company shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group and the Company have adopted this as a prospective change in accounting policy.

FRS 139 Financial Instruments : Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 July 2010 in accordance with the transitional provisions. The details of the changes in accounting policies arising from the adoption of FRS 139 are discussed below :

- **Impairment of trade receivables**

Prior to 1 August 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Adoption of New and Revised FRSs, Amendments/Improvements to FRSs, IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

FRS 139 Financial Instruments : Recognition and Measurement (cont'd)

● Financial guarantee contracts

During the current period and prior years, the Company provided financial guarantees to banks in connection with bank borrowings granted to certain subsidiaries. Prior to 1 August 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 August 2010.

2.4 Standards Issued But Not Yet Effective

The following are revised FRS, amendments/improvements to FRSs, IC Int and amendments to IC Int which are not yet effective and have not been early adopted by the Group and by the Company :

<u>Revised FRS</u>	Effective for financial periods beginning on or after
FRS 124 Related Party Disclosures	1 January 2012
<u>Amendments/Improvements to FRSs</u>	
FRS 1 Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
FRS 2 Group Cash-settled Share-based Payment Transactions	1 January 2011
FRS 3 Business Combinations	1 January 2011
FRS 7 Improving Disclosures about Financial Instruments	1 January 2011
FRS 101 Presentation of Financial Statements	1 January 2011
FRS 121 The Effects of Changes in Foreign Exchange Rates	1 January 2011
FRS 128 Investments in Associates	1 January 2011
FRS 131 Interests in Joint Ventures	1 January 2011
FRS 132 Financial Instruments : Presentation	1 January 2011
FRS 134 Interim Financial Reporting	1 January 2011
FRS 139 Financial Instruments : Recognition and Measurement	1 January 2011
<u>IC Int</u>	
IC Int 4 Determining Whether an Arrangement contains a Lease	1 January 2011
IC Int 15 Agreements for the Construction of Real Estate	1 January 2012
IC Int 18 Transfers of Assets from Customers	1 January 2011
IC Int 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
<u>Amendments to IC Int</u>	
IC Int 13 Customer Loyalty Programmes	1 January 2011
IC Int 14 Prepayments of a Minimum Funding Requirement	1 July 2011

The directors anticipate that the adoption of these revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int will have no material impact on the financial statements of the Group and of the Company in the period for initial application.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

FRS 124 Related Party Disclosures (Revised)

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group and the Company because the Group and the Company are not government-related entities. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

2.5 Subsidiaries and Basis of Consolidation

Subsidiaries

Subsidiaries are those companies in which the Group 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 separate financial statements.

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

Basis of Consolidation

The financial statements of the Group include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

Acquisition of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination and the amount of non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

2.7 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill is disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Leases

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

(i) Finance lease

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

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

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

(ii) Operating leases

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

Operating lease income or operating lease rentals are recognised in profit or loss on a straight line basis over the period of the lease.

2.9 Investment in An Associate

An associate is defined as one in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements by the equity method of accounting based on audited or management financial statements of the associate. Under the equity method of accounting, the Group's share of profits/losses of the associate during the year is included in the consolidated statement of comprehensive income. The Group's interest in associate is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate.

Unrealised profits arising on transactions between the Group and its associate which are included in the carrying amount of the related assets and liabilities are eliminated to the extent of the Group's interests in the associate. Unrealised losses on such transactions are also eliminated unless cost cannot be recovered.

The equity method of accounting is discontinued when the Group's share of losses of the associate exceeds the carrying amount of investment, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

In the Company's separate financial statements, investment in associate is stated at cost less accumulated impairment losses.

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

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Impairment of Non-Financial Assets

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

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

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

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

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

2.11 Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and categorise their financial assets as loans and receivables. All derivative financial instruments which are not designated as hedging instruments are accounted for at fair value through profit or loss.

A financial asset is derecognised when the contractual right to achieve cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's cash and cash equivalents, trade and most other receivables, as well as intercompany balances fall into this category of financial instruments.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial Assets (cont'd)

Loans and receivables (cont'd)

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.

2.12 Impairment of Financial Assets

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default in receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.13 Cash and Cash Equivalents

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

2.14 Inventories

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

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

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

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

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Non-current Assets Held for Sale

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

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

2.16 Provisions

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

2.17 Financial Liabilities

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classified their financial liabilities as other financial liabilities.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, intercompany balances as well as loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2.18 Income Recognition

- (i) Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.
- (ii) Revenue arising from provision of services is recognised on the dates the services are rendered and completed.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.18 Income Recognition (cont'd)

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

2.19 Employee Benefits

Short term benefits

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

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

2.20 Borrowing costs

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

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

2.21 Income Tax

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

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

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

2.22 Foreign Currency Translations

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

Notes to the Financial Statements

- 31 July 2011 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Foreign Currency Translations (cont'd)

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 on the exchange rates ruling at that date. All exchange gains or losses are included in profit or loss.

The financial statements of the foreign subsidiaries are translated into RM 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 exchange translation reserve.

2.23 Derivative Financial Instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures.

Forward exchange contracts used are accounted for on equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

Foreign currency forward contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains or losses on contracts are recognised when settled at which time they are included in the measurement of the transaction hedged.

The fair value of foreign currency forward contracts is determined using forward exchange market rates at the reporting date.

2.24 Share Capital and Share Issuance Expenses

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

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

2.25 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 is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2.26 Contingencies

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

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

Notes to the Financial Statements

- 31 July 2011 (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

GROUP 2011

	At valuation/cost						
	Balance at beginning RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassified to non-current assets held for sale RM'000	Foreign currency translation RM'000	Balance at end RM'000
At valuation :							
Freehold land	4,300	-	-	-	-	-	4,300
Short leasehold land	1,980	-	(380)	-	-	-	1,600
Buildings	13,510	53	(520)	-	(200)	-	12,843
At cost :							
Short leasehold land	-	553	-	-	-	-	553
Building	-	2,994	-	-	-	-	2,994
Multimedia boards	24,998	51	-	-	-	-	25,049
Plant and machinery	15,999	4,021	(752)	(118)	-	-	19,150
Equipment and fixtures	9,824	758	(394)	(134)	-	-	10,054
Motor vehicles	2,808	347	(164)	-	-	-	2,991
	73,419	8,777	(2,210)	(252)	(200)	-	79,534

	Accumulated depreciation						
	Balance at beginning RM'000	Current charge RM'000	Disposals RM'000	Written off RM'000	Reclassified to non-current assets held for sale RM'000	Foreign currency translation RM'000	Balance at end RM'000
At valuation :							
Freehold land	-	-	-	-	-	-	-
Short leasehold land	5	44	(8)	-	-	-	41
Buildings	40	493	(11)	-	(4)	-	518
At cost :							
Short leasehold land	-	9	-	-	-	-	9
Building	-	108	-	-	-	(1)	107
Multimedia boards	22,634	772	-	-	-	-	23,406
Plant and machinery	9,301	971	(627)	(99)	-	(1)	9,545
Equipment and fixtures	7,275	446	(230)	(98)	-	-	7,393
Motor vehicles	1,964	263	(164)	-	-	-	2,063
	41,219	3,106	(1,040)	(197)	(4)	(2)	43,082

	Carrying amount at end RM'000
At valuation :	
Freehold land	4,300
Short leasehold land	1,559
Buildings	12,325
At cost :	
Short leasehold land	544
Building	2,887
Multimedia boards	1,643
Plant and machinery	9,605
Equipment and fixtures	2,661
Motor vehicles	928
	36,452

Notes to the Financial Statements

- 31 July 2011 (cont'd)

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

GROUP
2010

	At valuation/cost					Reclassified to non-current assets held for sale RM'000	Balance at end RM'000
	Balance at beginning RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Revaluation RM'000		
At valuation:							
Freehold land	1,528	-	-	-	2,772	-	4,300
Short leasehold land	141	-	-	-	1,839	-	1,980
Buildings	6,279	14	-	-	7,217	-	13,510
At cost:							
Short leasehold land	801	-	-	-	(801)	-	-
Buildings	8,794	-	-	-	(8,586)	(208)	-
Multimedia boards	24,851	147	-	-	-	-	24,998
Plant and machinery	16,581	542	(176)	(948)	-	-	15,999
Equipment and fixtures	9,796	188	-	(160)	-	-	9,824
Motor vehicles	3,127	403	(722)	-	-	-	2,808
	<u>71,898</u>	<u>1,294</u>	<u>(898)</u>	<u>(1,108)</u>	<u>2,441</u>	<u>(208)</u>	<u>73,419</u>

	Accumulated depreciation					Reclassified to non-current assets held for sale RM'000	Balance at end RM'000
	Balance at beginning RM'000	Current charge RM'000	Disposals RM'000	Written off RM'000	Revaluation RM'000		
At valuation:							
Freehold land	-	-	-	-	-	-	-
Short leasehold land	44	6	-	-	(45)	-	5
Buildings	867	80	-	-	(907)	-	40
At cost:							
Short leasehold land	237	11	-	-	(248)	-	-
Buildings	4,801	284	-	-	(5,027)	(58)	-
Multimedia boards	20,397	2,237	-	-	-	-	22,634
Plant and machinery	9,162	877	(100)	(638)	-	-	9,301
Equipment and fixtures	6,960	443	-	(128)	-	-	7,275
Motor vehicles	2,421	231	(688)	-	-	-	1,964
	<u>44,889</u>	<u>4,169</u>	<u>(788)</u>	<u>(766)</u>	<u>(6,227)</u>	<u>(58)</u>	<u>41,219</u>

	Carrying amount at end RM'000
At valuation :	
Freehold land	4,300
Short leasehold land	1,975
Buildings	13,470
At cost:	
Short leasehold buildings	-
Buildings	-
Multimedia boards	2,364
Plant and machinery	6,698
Equipment and fixtures	2,549
Motor vehicles	844
	<u>32,200</u>

Notes to the Financial Statements

- 31 July 2011 (cont'd)

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

GROUP

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

The historical cost of the revalued properties are as follows :

	Short leasehold land RM'000	Freehold land RM'000	Buildings RM'000
2011			
At cost	801	997	12,513
Accumulated depreciation	(260)	-	(6,995)
Carrying amount	<u>541</u>	<u>997</u>	<u>5,518</u>
2010			
At cost	942	997	13,161
Accumulated depreciation	(293)	-	(5,088)
Carrying amount	<u>649</u>	<u>997</u>	<u>8,073</u>

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

	2011 RM'000	2010 RM'000
At valuation :		
Short leasehold land	1,559	1,975
Freehold land	200	200
Buildings	5,029	5,850
	<u>6,788</u>	<u>8,025</u>
At cost :		
Short leasehold land	544	-
Building	2,887	-
Multimedia boards	1,641	2,362
	<u>5,072</u>	<u>2,362</u>

Notes to the Financial Statements

- 31 July 2011 (cont'd)

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

- (iii) Motor vehicles with carrying amount of RM160,186 (2010 : RM370,901) were acquired under finance lease. The leased assets are pledged as security for the related finance lease liabilities (Note 17).

COMPANY	Equipment and fixtures RM'000	Motor vehicles RM'000	Total RM'000
2011			
At cost			
Balance at beginning/end	79	648	727
Accumulated depreciation			
Balance at beginning	46	648	694
Current charge	7	-	7
Balance at end	53	648	701
Carrying amount	26	-	26
2010			
At cost			
Balance at beginning	79	1,042	1,121
Disposals	-	(394)	(394)
	79	648	727
Accumulated depreciation			
Balance at beginning	39	1,042	1,081
Current charge	7	-	7
Disposals	-	(394)	(394)
Balance at end	46	648	694
Carrying amount	33	-	33

Notes to the Financial Statements

- 31 July 2011 (cont'd)

4. INVESTMENTS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Investment in subsidiaries				
Unquoted shares, at cost	-	-	24,109	24,109
Less : Accumulated impairment losses	-	-	(2,066)	(2,066)
	-	-	22,043	22,043
Investment in an associate				
Unquoted shares, at cost	1	1	-	-
Share of post-acquisition losses	(1)	(1)	-	-
	-	-	-	-
Total	-	-	22,043	22,043

The Group does not recognise further losses of the associate amounting to **RM865** (2010 : RM1,498) as the Group's share of losses exceeds its interest in the associate. As at 31 July 2011, the cumulative unrecognised share of losses of the associate amounted to **RM10,853** (2010 : RM9,988).

Details of the subsidiaries and associate are as follows :

Name	Country of Incorporation	Effective Equity Interest		Principal Activities
		2011	2010	
Subsidiaries of Prolexus Berhad				
Plas Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacture of garments.
Honsin Apparel Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of garments.
Prolexus Marketing Sdn. Bhd.	Malaysia	100%	100%	Marketing agent for all kinds of apparels and garments. However, the company did not undertake such business activity during the financial year.
Novel Realty Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Laser Capital Holdings Sdn. Bhd.	Malaysia	57.64%	57.64%	Investment holding.
Bixiz Kids Incorporated (M) Sdn. Bhd.	Malaysia	50.08%	50.08%	Marketing of all kinds of children's apparels.
Subsidiary of Plas Industries Sdn. Bhd.				
South East Garment Manufacturing Sendirian Berhad	Malaysia	95%	95%	Manufacture and sale of garments. However, the company did not undertake such business activity during the financial year.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

4. INVESTMENTS (cont'd)

Name	Country of Incorporation	Effective Equity Interest		Principal Activities
		2011	2010	
Subsidiaries of Bixiz Kids Incorporated (M) Sdn. Bhd.				
BE Elementz Sdn. Bhd.	Malaysia	50.08%	50.08%	Marketing of apparels.
Pacific Mission Sdn. Bhd.	Malaysia	50.08%	50.08%	Dormant.
Character World Sdn. Bhd.	Malaysia	50.08%	50.08%	Dormant.
Subsidiary of Laser Capital Holdings Sdn. Bhd.				
HiQ Media (Malaysia) Sdn. Bhd.	Malaysia	47.75%	47.75%	Provision of advertising services on multimedia boards.
Subsidiary of Honsin Apparel Sdn. Bhd.				
Honways International Limited * #	Hong Kong	64.00%	64.00%	Investment holding.
Subsidiary of Honways International Limited				
Honways Apparel Shuyang Limited *	China	64.00%	64.00%	Manufacture and sale of garments.
Associate of HiQ Media (Malaysia) Sdn. Bhd.				
Acube Realty Sdn. Bhd. *	Malaysia	13.34%	13.34%	Dormant.

* Not audited by Grant Thornton.

Auditors not appointed yet.

2010

- (i) On 3 June 2010, a wholly-owned subsidiary of the Company, Honsin Apparel Sdn. Bhd. ("Honsin") has acquired 1 share representing the entire equity interest of Honways International Limited ("HIL") for a total cash consideration of USD1. On 9 July 2010, Honsin further invested in HIL by the subscription of 1,919,999 new ordinary shares of USD1 each for a cash consideration of USD1,919,999.
- (ii) On 27 July 2010, HIL incorporated a subsidiary, Honways Apparel Shuyang Limited ("HAL") with an authorised registered share capital of USD3,000,000 of which USD2,050,000 was duly paid-up. HAL intends to gradually increase its paid-up registered capital to USD3,000,000 where HIL shall participate and maintain its 100% equity.
- (iii) The above acquisition did not have a material effect on the Group financial results for the year ended 31 July 2010.

5. GOODWILL ON CONSOLIDATION

	GROUP	
	2011 RM'000	2010 RM'000
Arising from the acquisition of a subsidiary :		
Balance at beginning/end	2,712	2,712

Notes to the Financial Statements

- 31 July 2011 (cont'd)

5. GOODWILL ON CONSOLIDATION (cont'd)

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.

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) Discount rate
The discount rate of **6.60%** (2010 : 6.30%) is applied to the cash-flow projections.
- (ii) Cash flow projections and growth rate
Cash flow projections are based on five years financial budget and projections approved by management. The growth rates used are consistent with the long-term average growth rate for the industry.

6. INVENTORIES

	GROUP	
	2011	2010
	RM'000	RM'000
At cost :		
Raw materials	5,369	2,921
Work-in-progress	9,533	8,467
Finished goods	1,270	-
Trading goods	44	365
	16,216	11,753
Analysis by currencies :		
Ringgit Malaysia	13,996	11,753
Chinese Renmimbi	2,220	-
	16,216	11,753

7. TRADE RECEIVABLES

	GROUP	
	2011	2010
	RM'000	RM'000
Total amount	24,724	21,877
Less : Allowance for impairment		
Balance at beginning	16	844
Written off	(16)	(828)
Balance at end	-	(16)
	24,724	21,861
Analysis by currencies :		
Ringgit Malaysia	2,771	1,880
US Dollar	21,937	19,997
Chinese Renminbi	16	-
	24,724	21,877

The trade receivables are non-interest bearing and are generally on **20 to 90 days** (2010 : 21 to 90 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other receivables	3,109	2,686	50	64
Deposits and prepayments	1,943	1,396	15	14
Less : Allowance for impairment	(24)	-	-	-
	1,919	1,396	15	14
	5,028	4,082	65	78
Analysis by currencies :				
Ringgit Malaysia	2,854	1,863	65	78
US Dollar	1,133	2,219	-	-
Chinese Renminbi	1,065	-	-	-
	5,052	4,082	65	78

9. AMOUNT DUE FROM AN ASSOCIATE

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

10. AMOUNT DUE FROM/TO SUBSIDIARIES

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

11. DERIVATIVE FINANCIAL INSTRUMENTS

GROUP	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
2011				
Current				
Non-hedging derivatives :				
Forward currency contract	24,239	24,239	23,459	780

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge a subsidiary's sales denominated in US Dollar for which firm commitments existed at the end of the reporting period, extending to May 2012.

During the financial year, the Group recognises a gain of **RM779,690** (2010 : RM Nil) arising from fair value of changes of derivative assets. The fair value changes are attributable to changes in foreign exchange forward rate.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fixed deposits with licensed banks :				
- Pledged to banks as security for banking facilities granted to subsidiaries	515	2,865	-	-
- Unencumbered	7	7	-	-
Cash and bank balances	8,373	10,211	195	19
	8,895	13,083	195	19
Analysis by currencies :				
Ringgit Malaysia	1,283	4,323	194	18
US Dollar	7,297	8,737	-	-
Chinese Renminbi	302	-	-	-
Others	13	23	1	1
	8,895	13,083	195	19

The effective interest rates per annum and maturities of fixed deposits as at the end of the reporting period range from **1.20% to 2.60%** (2010 : 1.20% to 3.70%) per annum and **30 to 365 days** (2010 : 30 to 365 days) respectively.

13. NON-CURRENT ASSETS HELD FOR SALE

	2011 RM'000	2010 RM'000
Leasehold flats		
- At valuation	196	-
- At cost	-	150
	196	150

Non-current assets held for sale comprise five units of leasehold flats of a subsidiary. On 13 June 2011, the subsidiary has entered into a Sale and Purchase Agreement with a third party for the sale of the leasehold flats. This transaction is due to be completed in the next financial year.

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

14. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised	100,000	100,000	100,000	100,000
Issued and fully paid	40,000	40,000	40,000	40,000

Notes to the Financial Statements

- 31 July 2011 (cont'd)

15. TREASURY SHARES

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale.

The shareholders of the Company, by special resolution passed at the Extraordinary General Meeting held 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.

Out of the total **40,000,000** (2010 : 40,000,000) issued and fully paid ordinary shares as at 31 July 2011, **3,588,800** (2010 : 3,588,800) are held as treasury shares by the Company. As at 31 July 2011, the number of outstanding ordinary shares in issue and fully paid is therefore **36,411,200** (2010 : 36,411,200) ordinary shares of RM1 each.

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

16. RESERVES

	GROUP	
	2011	2010
	RM'000	RM'000
Non-distributable :		
<u>Asset revaluation reserve</u>		
Balance at beginning	8,588	1,413
Revaluation surplus	-	7,194
Current year realisation	(156)	(19)
Realisation upon disposal	(441)	-
	<hr/> 7,991	<hr/> 8,588
<u>Exchange fluctuation reserve</u>		
Translation of net assets of foreign subsidiaries		
Current year exchange fluctuation	(273)	-
	<hr/> 7,718	<hr/> 8,588

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

Notes to the Financial Statements

- 31 July 2011 (cont'd)

17. BORROWINGS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current liabilities				
Term loan :				
Total amount payable				
- Term loan I	103	688	-	-
- Term loan II	2,075	4,950	2,075	4,950
	2,178	5,638	2,075	4,950
Amount due within one year included under current liabilities	(2,178)	(2,084)	(2,075)	(1,800)
	-	3,554	-	3,150
Finance lease liabilities :				
Total amount payable	183	332	-	-
Finance charges	(21)	(37)	-	-
	162	295	-	-
Amount due within one year included under current liabilities	(58)	(125)	-	-
	104	170	-	-
	104	3,724	-	3,150
Current liabilities				
Secured :				
Bank overdrafts	337	268	-	-
Bankers acceptance	2,306	3,669	-	-
Export credit refinancing	4,979	2,812	-	-
Finance lease liabilities	58	125	-	-
* Foreign currency loans on imports	2,115	-	-	-
Term loan	103	284	-	-
* Trust receipts	2,402	1,307	-	-
Unsecured :				
Term loan	2,075	1,800	2,075	1,800
	14,375	10,265	2,075	1,800

Included herein are borrowings which are denominated in US Dollar :

	GROUP	
	2011 RM'000	2010 RM'000
Foreign currency loan imports	2,115	-
Trust receipts	2,303	-
	4,418	-

- (i) Term loan I is a secured term loan of a subsidiary which is repayable over 60 equal monthly instalments of RM27,191 each commencing in December 2008.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

17. BORROWINGS (cont'd)

- (ii) Term loan II is an unsecured fixed rate term loan.

The lender has assigned and transferred all its right, title and interest to the loan to Aegis One Bhd. ("Issuer") pursuant to a primary collateralised loan obligations transaction. The Issuer in turn has issued Bonds to fund this purchase.

In an adjourned Extraordinary General Meeting of the Bondholders on 20 May 2011, the Bondholders have agreed and have given their consent to the Company's proposal to repay the principal amount of the outstanding facility in 6 monthly installments beginning May 2011 and interest settlement of RM250,000 being the final and full settlement.

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 against certain properties of certain subsidiaries,
- (iii) Facility agreement,
- (iv) Corporate guarantee of the Company,
- (v) Pledged of fixed deposits of its subsidiaries, and
- (vi) Joint and several guarantees of a director and certain shareholders of a subsidiary.

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
GROUP					
2011					
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 loans against 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	-	-
2010					
Bank overdrafts	8.05	268	268	-	-
Bankers acceptance	2.80 to 4.82	3,669	3,669	-	-
Export credit refinancing	3.50 to 3.60	2,812	2,812	-	-
Finance lease liabilities	2.25 to 4.03	295	125	170	-
Term loans	7.05 to 8.00	5,638	2,084	2,107	1,447
Trust receipts	8.05	1,307	1,307	-	-
COMPANY					
2011					
Term loan	8.00	2,075	2,075	-	-
2010					
Term loan	8.00	4,950	1,800	1,800	1,350

Notes to the Financial Statements

- 31 July 2011 (cont'd)

18. DEFERRED TAX LIABILITIES

	2011 RM'000	2010 RM'000
Revaluation surplus		
Balance at beginning	1,837	370
Addition during the year	-	1,474
Realisation of revaluation surplus upon disposal of properties	(133)	-
Transfer to profit or loss	(51)	(7)
Balance at end	1,653	1,837
Excess of capital allowances over depreciation on property, plant and equipment		
Balance at beginning	890	750
Transfer (to)/from profit or loss	(91)	141
Balance at end	799	891
	2,452	2,728

19. TRADE PAYABLES

	2011 RM'000	2010 RM'000
Analysis by currencies :		
Ringgit Malaysia	5,127	6,019
US Dollar	5,030	3,887
Chinese Renminbi	416	-
Others	17	12
	10,590	9,918

The trade payables are non-interest bearing and are normally settled within **30 to 90 days** (2010 : 30 to 90 days) terms.

20. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other payables	3,819	1,091	25	60
Accruals	10,852	9,063	2,231	1,371
	14,671	10,154	2,256	1,431
Analysis by currencies :				
Ringgit Malaysia	13,754	9,951	2,256	1,431
US Dollar	917	203	-	-
	14,671	10,154	2,256	1,431

Notes to the Financial Statements

- 31 July 2011 (cont'd)

21. REVENUE

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Gross dividend from a subsidiary	-	-	2,667	4,200
Invoiced value of goods sold less returns and discounts	179,629	132,523	-	-
Invoiced value of services rendered net of service tax, discounts and agency commission	4,835	4,352	-	-
Management fee income	-	-	1,177	1,039
	184,464	136,875	3,844	5,239

22. PROFIT BEFORE TAXATION

This is arrived at :

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
After charging :				
Audit fee				
- statutory - current year	73	71	14	14
- over provision in prior year	(2)	-	(2)	-
- other service	25	-	-	-
Bad debts	185	317	683	178
Depreciation	3,106	4,169	7	7
Directors' fee for non-executive directors				
- current year	163	-	163	-
- under provision in prior year	193	215	193	215
Impairment loss on prepayment	24	-	-	-
Interest expense	980	1,242	480	480
Loss on disposal of property, plant and equipment	80	4	-	-
Property, plant and equipment written off	55	342	-	-
Realised loss on foreign exchange	-	29	-	-
Rental of advertising site	733	437	-	-
Rental of machinery and equipment	401	126	-	-
Rental of premises	758	716	-	-
* Staff costs	28,326	25,105	992	1,272
And crediting :				
Fair value gain on derivative financial instruments	780	-	-	-
Gain on disposal of non-current assets held for sale	115	-	-	-
Gain on disposal of property, plant and equipment	-	94	-	80
Gross dividend from a subsidiary	-	-	2,667	4,200
Impairment loss on trade receivables no longer required	16	-	-	-
Interest income	60	149	-	-
Realised gain on foreign exchange	81	-	-	-
Rental income	15	17	-	-
Unrealised gain on foreign exchange	1,259	18	-	-

Notes to the Financial Statements

- 31 July 2011 (cont'd)

22. PROFIT BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
* Staff costs				
- Wages, salaries, incentives, overtime, allowance, casual labour and bonus	26,739	23,533	846	1,114
- EPF	1,432	1,410	143	155
- SOCSO	155	162	3	3
	28,326	25,105	992	1,272

Directors' emoluments

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Executive directors of the Company :				
Directors' emoluments				
- Salaries	1,066	875	598	635
- EPF	175	155	113	121
	1,241	1,030	711	756
Directors' fee	550	-	555	-
	1,791	1,030	1,266	756
Benefits-in-kind	35	29	17	29
	1,826	1,059	1,283	785
Executive director of a subsidiary :				
Directors' emoluments				
- Salaries	201	80	-	-
- EPF	10	10	-	-
	211	90	-	-
Directors' fee	24	24	-	-
	235	114	-	-
Total executive directors' remuneration	2,061	1,173	1,283	785
Represented by :				
- Present directors	2,061	997	1,283	609
- Past director	-	176	-	176
	2,061	1,173	1,283	785

Notes to the Financial Statements

- 31 July 2011 (cont'd)

23. TAXATION

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysian income tax :				
Based on results for the year				
- Current tax	(354)	(1,865)	(447)	(645)
- Deferred tax relating to the origination and reversal of temporary differences	275	(134)	-	-
	(79)	(1,999)	(447)	(645)
Over/(Under) provision of current tax in prior years	409	(105)	(18)	-
	330	(2,104)	(465)	(645)

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation	4,906	5,507	495	3,059
Income tax at Malaysian statutory tax rate of 25%	(1,227)	(1,377)	(124)	(765)
Income not subject to tax	615	22	-	17
Double deduction of expenses for tax purposes	19	18	-	-
Expenses not deductible for tax purposes	(858)	(514)	(322)	(180)
Annual crystallisation of deferred tax on revaluation surplus	51	7	-	-
Realisation of deferred tax upon disposal of property, plant and equipment	133	-	-	-
Unabsorbed allowance for increased export	1,450	-	-	-
Utilisation of previously unabsorbed tax losses and capital allowances	3	557	1	285
Effect of different tax rate in other country	14	-	-	-
Deferred tax movements not recognised	(279)	(712)	(2)	(2)
	(79)	(1,999)	(447)	(645)
Over/(Under) provision in prior years	409	(105)	(18)	-
	330	(2,104)	(465)	(645)

The amount and future availability of tax losses, capital allowances and reinvestment allowance are as follows :

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unabsorbed tax losses	23,879	23,512	-	-
Unabsorbed capital allowances	9,554	9,441	-	6
Unabsorbed reinvestment allowance	1,250	1,259	-	-

Notes to the Financial Statements

- 31 July 2011 (cont'd)

23. TAXATION (cont'd)

These unabsorbed tax losses and allowances are available to be carried forward for set off against future assessable income of the Company and its subsidiaries of a nature and amount sufficient for the tax losses and allowances to be utilised.

The net deferred tax (assets)/liabilities which have not been recognised are represented by temporary differences arising from :

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Excess of capital allowances over depreciation of property, plant and equipment	836	990	6	7
Unabsorbed tax losses	(5,972)	(5,876)	-	-
Unabsorbed capital allowances	(2,389)	(2,360)	-	(1)
Unabsorbed reinvestment allowance	(312)	(312)	-	-
	<u>(7,837)</u>	<u>(7,558)</u>	<u>6</u>	<u>6</u>

24. EARNINGS PER SHARE

GROUP

Basic earnings per share

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

	GROUP	
	2011	2010
Profit attributable to owners of the parent (RM'000)	<u>5,774</u>	<u>4,046</u>
Weighted average number of ordinary shares of RM1 each in issue excluding treasury shares ('000)	<u>36,411</u>	<u>36,411</u>
Basic earnings per share (sen)	<u>15.86</u>	<u>11.11</u>

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at 31 July 2011.

25. 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.

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

By business segments

	Garments		Advertising		Investment holding		Elimination		Note	Total	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000		2011 RM'000	2010 RM'000
Revenue											
External sales	179,629	132,523	4,835	4,352	-	-	-	-		184,464	136,875
Inter-segment sales	-	-	-	-	3,844	5,239	(3,844)	(5,239)	A	-	-
Total revenue	179,629	132,523	4,835	4,352	3,844	5,239	(3,844)	(5,239)		184,464	136,875
Results											
Segment results	8,590	9,466	108	(1,161)	(2,873)	(1,705)	-	-		5,825	6,600
Interest expense	(466)	(688)	(33)	(74)	(480)	(480)	-	-		(979)	(1,242)
Interest income	53	149	7	-	-	-	-	-		60	149
Taxation	(276)	(2,104)	-	-	(465)	(645)	1,071	645		330	(2,104)
Profit/(Loss) for the year	7,901	6,823	82	(1,235)	(3,818)	(2,830)	1,071	645		5,236	3,403
Assets											
Segment assets	60,917	76,505	5,459	4,220	41,957	52,954	(22,203)	(60,903)		86,130	72,776
Tax recoverable	226	-	-	-	220	-	-	-		446	-
Cash and cash equivalents	8,329	11,859	371	1,189	195	35	-	-		8,895	13,083
Total assets	69,472	88,364	5,830	5,409	42,372	52,989	(22,203)	(60,903)		95,471	85,859
Liabilities											
Segment liabilities	42,825	36,146	653	653	6,493	7,983	(24,710)	(24,710)		25,261	20,072
Deferred tax liabilities	2,452	2,728	-	-	-	-	-	-		2,452	2,728
Borrowings	12,275	8,286	129	753	2,075	4,950	-	-		14,479	13,989
Provision for taxation	-	754	-	-	-	-	-	-		-	754
Total liabilities	57,552	47,914	782	1,406	8,568	12,933	(24,710)	(24,710)		42,192	37,543
Other information											
Addition to non-current assets	8,711	1,134	66	160	-	-	-	-	B	8,777	1,294
Depreciation	2,236	1,826	863	2,336	7	7	-	-		3,106	4,169
Non-cash expenses other than depreciation	(1,811)	453	(15)	-	-	98	-	-	C	(1,826)	551

Notes to the Financial Statements

- 31 July 2011 (cont'd)

25. SEGMENTAL INFORMATION (cont'd)

Notes to segment information :

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consists of :

	2011 RM'000	2010 RM'000
Property, plant and equipment	8,777	1,294

C Other material non-cash expenses consist of the following items:

	2011 RM'000	2010 RM'000
Bad debts	185	317
Fair value gain on derivative financial instruments	(780)	-
Impairment loss on prepayment	24	-
Impairment loss on trade receivables no longer required	(16)	-
Gain on disposal of non-current assets held for sale	(115)	-
Loss/(Gain) on disposal of property, plant and equipment	80	(90)
Property, plant and equipment written off	55	342
Unrealised gain on foreign exchange	(1,259)	(18)
	(1,826)	551

Geographical Segments

The Group's location of its customers is in the principal geographical regions, namely Malaysia, United States and 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysia	5,597	5,538	29,921	32,200
China	2,022	-	6,531	-
United States	143,531	105,538	-	-
European countries	17,116	10,911	-	-
Other countries	16,198	14,888	-	-
	184,464	136,875	36,452	32,200

Major Customers

There were two major customers which contributed more than ten percent of the Group's revenue amounting to **RM156,568,006** (2010 : RM111,872,879).

Notes to the Financial Statements

- 31 July 2011 (cont'd)

26. RELATED PARTY DISCLOSURES

	COMPANY	
	2011 RM'000	2010 RM'000
(i) Related party transactions		
Gross dividend from a subsidiary	2,667	4,200
Management fee from subsidiaries	1,177	1,039
(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 22.

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.

27. COMMITMENTS

	GROUP	
	2011 RM'000	2010 RM'000
(i) Capital commitment		
Authorised but not provided for :		
- Property, plant and equipment	61	3,680
(ii) Rental commitment payable		
The rental commitment are as follows :		
- Within one year	1,052	802
- More than one year and less than two years	642	575
- More than 2 years and less than 5 years	606	-
- More than 5 years	75	-
	2,375	1,377

28. CONTINGENT LIABILITIES (UNSECURED)

COMPANY

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to a limit of **RM48.31 million** (2010 : RM46.31 million) of which **RM7.75 million** (2010 : RM7.31 million) of the said banking facilities have been utilised as at the end of the reporting period.

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

Notes to the Financial Statements

- 31 July 2011 (cont'd)

29. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	Carrying amount RM'000	L&R RM'000	AC RM'000	FVTPL RM'000
2011				
GROUP				
Financial assets				
Trade receivables (Note 7)	24,724	24,724	-	-
Other receivables and refundable deposits (Note 8)	2,918	2,918	-	-
Amount due from an associate (Note 9)	42	42	-	-
Derivative financial instruments (Note 11)	780	-	-	780
Cash and cash equivalents (Note 12)	8,895	8,895	-	-
	37,359	36,579	-	780
Financial liabilities				
Trade payables (Note 11)	10,590	-	10,590	-
Other payables and accruals (Note 20)	14,671	-	14,671	-
Borrowings (Note 17)	14,479	-	14,479	-
	39,740	-	39,740	-
COMPANY				
Financial assets				
Other receivables and refundable deposits (Note 8)	50	50	-	-
Amount due from subsidiaries (Note 10)	19,033	19,033	-	-
Cash and cash equivalents (Note 12)	195	195	-	-
	19,278	19,278	-	-
Financial liabilities				
Other payables and accruals (Note 20)	2,256	-	2,256	-
Amount due to subsidiaries (Note 10)	1,007	-	1,007	-
Borrowings (Note 17)	2,075	-	2,075	-
	5,338	-	5,338	-

Comparative figures have not been presented for 31 July 2010 by virtue of the exemption given in paragraph 44AA of FRS 7.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

30. FINANCIAL RISK MANAGEMENT

The Group's financial risk management policy seeks to ensure that adequate resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate and foreign currency risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

30.1 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.

30.1.1 Trade receivables

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

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

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

	2011 RM'000
Not past due	16,706
1 to 30 days past due	5,843
31 to 60 days past due	1,016
61 to 90 days past due	549
91 to 120 days past due	150
Past due more than 120 days	460
	8,018
	24,724

The Group has trade receivables amounting to RM8,017,633 that are past due as at the end of the reporting period but not impaired as the management is of the view that these past due amounts will be collected in due course.

The Group has significant exposure of credit risk on two customers which represent 86% of the total amount of trade receivables.

30.1.2 Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

30. FINANCIAL RISK MANAGEMENT (cont'd)

30.1 Credit risk (cont'd)

30.1.3 Intercompany balances

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

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

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

30.2 Liquidity risk

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

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

	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
GROUP					
2011					
Interest bearing borrowings	14,479	14,500	14,115	321	64
Trade payables	10,590	10,590	10,590	-	-
Other payables and accruals	14,671	14,671	14,671	-	-
	39,740	39,761	39,376	321	64
COMPANY					
2011					
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	-	-

30.3 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.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

30. FINANCIAL RISK MANAGEMENT (cont'd)

30.3 Interest rate risk (cont'd)

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 RM'000	COMPANY RM'000
Fixed rate instruments		
Financial assets	522	-
Financial liabilities	14,039	2,075
Floating rate instruments		
Financial liabilities	440	-

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

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

30.4 Foreign currency risk

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

The Group hedges its trade receivables and anticipated sales by entering into forward foreign exchange contracts of which maturity is within one year.

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

	-----Denominated in -----		
	USD RM'000	SGD RM'000	Others RM'000
2011			
GROUP			
Trade receivables	21,937	-	-
Other receivables	1,133	-	-
Cash and bank balances	7,297	12	1
Borrowings	(4,418)	-	-
Trade payables	(5,030)	(15)	(2)
Other payables	(917)	-	-
Net exposure	20,002	(3)	(1)

Notes to the Financial Statements

- 31 July 2011 (cont'd)

30. FINANCIAL RISK MANAGEMENT (cont'd)

30.4 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

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

	RM'000
USD	2,000
SGD	*
Others	*
	<hr/>
Decrease in profit before taxation	2,000
	<hr/>

* Amount less than RM1,000.

30.5 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.

31. 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 as 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.

Notes to the Financial Statements

- 31 July 2011 (cont'd)

32. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

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

The breakdown of accumulated losses 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 RM'000	COMPANY RM'000
2011		
Total retained profits/(accumulated losses) of the Company and its subsidiaries :		
- Realised	8,325	(2,039)
- Unrealised	(413)	-
	7,912	(2,039)
Less : Consolidation adjustments	(5,565)	-
Total retained profits/(accumulated losses) as per statements of financial position	2,347	(2,039)

Properties held by the Group

Location	Description	Land area/ (built-up area)	Existing use	Tenure/ (approximate age of building)	Net carrying amount as at 31 July 2011 RM'000	Year of acquisition/ revaluation
HONSIN APPAREL SDN. BHD.						
Lot 590 (New Lot 2596) Mukim of Simpang Kanan District of Batu Pahat Johor	A knitting factory cum office with storage building	12,146.88 metre ² (7,413.65 metre ²)	Factory and office	Freehold (11-1/2 years to 15 years)	11,153	2010*
Lot PTD 16109 Mukim of Simpang Kanan District of Batu Pahat Johor	A single-storey bungalow	535.96 metre ² (211.8 metre ²)	Hostel	Freehold (21 years)	242	2010*
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 metre ² (12,089.19 metre ²)	Factory, Office, Hostel, Canteen, Warehouse	Leasehold 50 years expiring on 16.11.2055 (6 years)	3,431	2010
PLAS INDUSTRIES SDN. BHD.						
Lot No. 4122 & 4123 Nibong Tebal Mk. 11 Seberang Perai Selatan Pulau Pinang	Two units of two mid-terraced shop-house	228 metre ² (453.74 metre ²)	Production factory	Freehold (14 years)	460	2010*
Taman Pelangi Prai F95, H.S. (D) 3296 No. PT2971 Mk. 11 Seberang Perai Tengah Pulau Pinang	5 continuous units of two bedrooms flats	N/A (235 metre ²)	Hostel	Leasehold 99 years expiring on 22.4.2092 (8 years)	196	2010*
Plot No. 255 (iii) Kawasan Perusahaan Mak Mandin, Mukim 14 Seberang Perai Tengah Pulau Pinang	3 storey factory	N/A (3,861 metre ²)	Factory and office	Leasehold 60 years expiring on 21.2.2052 (10 years)	3,302	2010*
SOUTH EAST GARMENT MANUFACTURING SDN. BHD.						
Plot No. 255 (iii) Kawasan Perusahaan Mak Mandin, Mukim 14 Seberang Perai Tengah Pulau Pinang	A single-storey factory with an annexed two-storey office block in front	1.70448 acres (2,506.7 metre ²)	Factory and office	Leasehold 60 years expiring on 21.2.2052 (18 years)	3,027	2010*
					21,811	

* Year of revaluation

Note:-

The 5 continuous unit of two bedrooms flats have been reclassified as non-current assets held for sale as at balance sheet date of 31 July 2011.

Analysis of Shareholdings – as at 31 October 2011

Share Capital as at 31 October 2011

Authorised share capital	:	100,000,000 ordinary shares of RM1 each
Issued and fully paid-up	:	36,411,200 ordinary shares of RM1 each (excluding 3,588,800 treasury shares)
Voting rights	:	One vote per ordinary share (on a poll)

Distribution schedule of shareholdings as at 31 October 2011

Size of Holdings	No. of Depositors	No. of Shares Held	% of Issued Capital
Less than 100	155	5,367	0.01
100 - 1,000	188	145,963	0.40
1,001 - 10,000	976	4,086,031	11.22
10,001 - 100,000	268	7,580,656	20.82
100,001 - 1,820,559	43	19,791,983	54.36
1,820,560 - 40,000,000	2	4,801,200	13.19
TOTAL	1,632	36,411,200	100.00

30 Largest Shareholders as at 31 October 2011

NAME	NORMAL HOLDINGS	HOLDINGS %
1 LAU MONG SENG	2,738,600	7.52
2 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LAU MONG YING	2,062,600	5.66
3 NARSPA HOLDINGS SDN BHD	1,550,000	4.26
4 JE HOLDINGS SDN BHD	1,516,260	4.16
5 TAI HOOI LIN	1,515,000	4.16
6 METRO CAPITAL ASSET MANAGEMENT SDN BHD	1,167,300	3.21
7 TAN CHING CHING	1,110,000	3.05
8 SONG KIM LEE	964,000	2.65
9 TAN HAN CHUAN	919,000	2.52
10 MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG HUEY PENG (REM 650)	773,900	2.13
11 LIM HOEI BOON	720,936	1.98
12 TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KIM CHOO	657,750	1.81
13 CHEW BOON SENG	648,500	1.78
14 DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR HORIAON GROWTH FUND N.V.	628,000	1.72
15 POO CHOO @ ONG POO CHOI	593,000	1.63

Analysis of Shareholdings

– as at 31 October 2011 (cont'd)

30 Largest Shareholders as at 31 October 2011 (cont'd)

NAME	NORMAL HOLDINGS	HOLDINGS %
16 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NARSPA HOLDINGS SDN BHD (TERM)	566,000	1.55
17 PUBLIC NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KOK THYE	400,500	1.10
18 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU MONG YING (100188)	367,400	1.01
19 SANG BEE YIAN	345,000	0.95
20 PAMELA KOH LI LIAN	340,600	0.94
21 MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JE HOLDINGS SDN BHD (KULS)	337,685	0.93
22 A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP HON KEONG	300,000	0.82
23 LIN, CHENG-LANG	293,374	0.81
24 SONG KIM NAI	286,000	0.79
25 KHADMUDIN BIN MOHAMED RAFIK	267,100	0.73
26 TEO PENG BOON	257,100	0.71
27 TEO PENG BOON	253,300	0.70
28 AMIN HALIM	240,000	0.66
29 LOW HING NOI	220,000	0.60
30 CHONG TECK SENG	205,200	0.56
	22,244,105	61.09

1. Directors' shareholdings as at 31 October 2011

No. of ordinary shares of RM1 each

	Direct Interest	%	Deemed Interest	%
i. Ahmad Mustapha Ghazali	30,000	0.08	3,281,850 ⁽¹⁾	9.04
ii. Lau Mong Ying	2,445,534	6.72	-	-
iii. Lau Mong Fah	115,000	0.32	-	-
iv. Lin, Cheng-Lang	293,374	0.81	-	-
v. Lee Kuan Mang	-	-	-	-
vi. Willie Gan Wee Lee	-	-	8,000 ⁽²⁾	0.02
vii. Khadmudin Bin Mohamed Rafik	305,200	0.84	4,000 ⁽³⁾	0.01

Analysis of Shareholdings

– as at 31 October 2011 (cont'd)

2. Substantial Shareholders (excluding bare trustees) according to the Register of Substantial Shareholders as at 31 October 2011

		No. of ordinary shares of RM1 each			
		Direct Interest	%	Deemed Interest	%
i.	Lau Mong Seng	2,738,600	7.52	-	-
ii.	Lau Mong Ying	2,445,534	6.72	-	-
iii.	Narspa Holdings Sdn. Bhd.	2,116,000	5.81	-	-
iv.	Ahmad Mustapha Ghazali	30,000	0.08	3,261,100 ⁽⁴⁾	8.98
v.	Narimah Mohamed Perai	20,750	0.06	2,116,000 ⁽⁵⁾	5.81
vi.	JE Holdings Sdn Bhd	1,854,125	5.09	-	-
vii.	Lau Boon Hwa	193,000	0.53	1,854,125 ⁽⁶⁾	5.09
viii.	Lau Boon Puh	11,000	0.03	1,854,125 ⁽⁷⁾	5.09

(1) Deemed interested by virtual 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

(3) Shares in the Company held by his spouse pursuant to Section 134(12)(c) of the Companies Act, 1965

(4) Deemed interested by virtual of his interest in Narspa Holdings Sdn. Bhd. and Metro Capital Asset Management Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

(5) Deemed interested by virtual of her interest in Narspa Holdings Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

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

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

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PROXY FORM

* I/We _____
(Full Name in Block Letters)

of _____
(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 Eighteenth Annual General Meeting of the Company to be held at the Conference Room of Honsin Apparel Sdn. Bhd., 531, 2 ½ Miles Jalan Kluang, 83000 Batu Pahat, Johor on Friday, 16 December 2011 at 10.00 a.m. and at any adjournment thereof.

RESOLUTION	ORDINARY					
	1	2	3	4	5	6
FOR						
AGAINST						

Please indicate with an "X" in the appropriate box provided 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.

The proportion of my holding to be represented by my proxies are as follows:-

First proxy	"A"	%
Second proxy	"B"	%
		<u>100%</u>

In case of vote taken by a show of hand *first proxy "A"/*second proxy "B" shall vote on my behalf.

No. of shares held: _____

Signature of member

Dated this _____ day of _____ 2011

* *Strike out whichever is not applicable.*

Notes:-

1. 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.
2. To be valid, the proxy form duly completed must be deposited at the Registered Office of the Company, No. 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time 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 proportion of his holdings to be represented by each proxy.
5. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.



The Company Secretary

Prolexus Berhad

(Company No. 250857-T)

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

STAMP

