PROLEXUS BERHAD

(250857 - T)

Incorporated in Malaysia

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ANNUAL REPORT 2003 LAPORAN TAHUNAN

CONTENTS

NOTICE IS HEREBY GIVEN THAT THE ELEVENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT THE CONFERENCE ROOM, PROLEXUS BERHAD, 6944 JALAN MAK MANDIN, KAWASAN PERUSAHAAN MAK MANDIN, 13400 BUTTERWORTH, PENANG ON 19 DECEMBER 2003 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:-

AGENDA

Ordinary Resolution No. 1
To receive and adopt the Audited Financial Statements for the financial year ended 31 July 2003 together with the Reports of the Directors' and Auditors' thereon.

Ordinary Resolution No. 2
To approve the payment of a first and final dividend of 1 sen per ordinary share of RM1 each less income tax of 28% for the financial year ended 31 July 2003.

Ordinary Resolution No. 3
To approve the payment of Directors' fees for the financial year ended 31 July 2003.

Ordinary Resolution No. 4
To re-elect Mr. Cheah Chin Teong, the Director retiring under the provision of Article 77 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

Ordinary Resolution No. 5
To re-elect Mr. Lin, Cheng-Lang, the Director retiring under the provision of Article 77 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

Ordinary Resolution No. 6
To re-elect Encik Khadmudin Bin Hj. Mohamed Rafik, the Director retiring under the provision of Article 84 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

Ordinary Resolution No. 7
To re-appoint Messrs. JB Lau & Associates as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

Special Business
Ordinary Resolution No. 8
To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:-

"THAT subject always to the Companies Act, 1965, 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 Companies Act, 1965 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, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Kuala Lumpur Stock Exchange for the listing and quotation for the additional shares to be issued."

To transact any other business of which due notice shall have been given.

By Order of the Board,

LEE PENG LOON
Secretary (LS 00405)

Penang
27 November 2003

Explanatory Notes on Special Business

Ordinary Resolution No. 8
The ordinary resolution proposed under Resolution No. 8, if passed, will give the Directors of the Company authority to 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 would be in the best interest of the Company. That 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.

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.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a depositor shall qualify for entitlement to the dividend only in respect of:-

a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 31 December 2003 in respect of transfers;

b. Shares bought on Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.

The dividend, if approved will be paid on 12 January 2004 to shareholders whose names appear in the Register of Depositors of the Company on 31 December 2003.

STATEMENT accompanying Notice of Eleventh Annual General Meeting of the Company pursuant to paragraph 8.28(2) of the Kuala Lumpur Stock Exchange Listing Requirements:-

(1) **DIRECTORS WHO ARE STANDING FOR RE-ELECTION**

The Directors standing for re-election are:-

(a) Mr. Cheah Chin Teong
(b) Mr. Lin, Cheng-Lang
(c) Encik Khadmudin Bin Hj. Mohamed Rafik

(2) **DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS**

A total of six (6) Board Meetings were held during the financial year ended 31 July 2003.

	Name of Directors	Number of Board Meetings Attended
(i)	Ahmad Mustapha Ghazali	4
(ii)	Lau Mong Ying	6
(iii)	Cheah Chin Teong	5
(iv)	Willie Gan Wee Lee	6
(v)	Lau Mong Fah	5
(vi)	Lee Kuan Mang	6
(vii)	Lin, Cheng-Lang	5
(viii)	Khadmudin Bin Hj. Mohamed Rafik (appointed on 9 September 2003)	Not applicable

(3) **PLACE, DATE AND HOUR OF ANNUAL GENERAL MEETING**

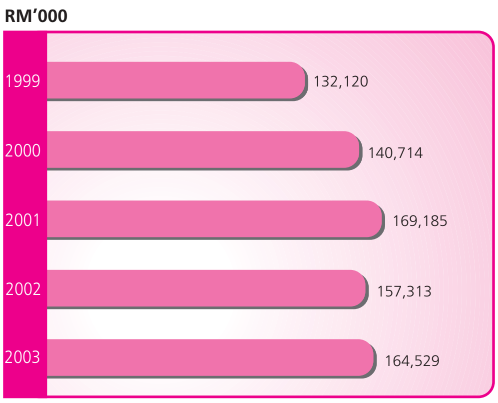
Place	:	The Conference Room of Prolexus Berhad 6944, Jalan Mak Mandin Kawasan Perusahaan Mak Mandin 13400 Butterworth, Penang
Date & Time	:	19 December 2003 at 10.00 a.m.

Corporate Information

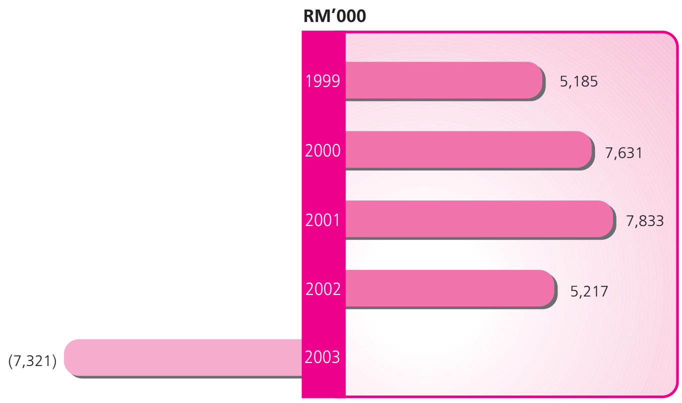
Directors	Ahmad Mustapha Ghazali *(Chairman, Non-Independent Non-Executive Director)* Lau Mong Ying *(Managing Director)* Cheah Chin Teong *(Executive Director)* Willie Gan Wee Lee *(Executive Director)* Lau Mong Fah *(Non-Independent Non-Executive Director)* Lee Kuan Mang *(Independent Non-Executive Director)* Lin, Cheng-Lang *(Independent Non-Executive Director)* Khadmudin Bin Hj. Mohamed Rafik *(Independent Non-Executive Director)*
Company Secretary	Lee Peng Loon
Audit Committee	Lee Kuan Mang *(Chairman, Independent Non-Executive Director)* Ahmad Mustapha Ghazali *(Non-Independent Non-Executive Director)* *(Member of the Malaysian Institute of Accountants)* Lin, Cheng-Lang *(Independent Non-Executive Director)*
Nomination Committee	Lee Kuan Mang *(Chairman, Independent Non-Executive Director)* Ahmad Mustapha Ghazali *(Non-Independent Non-Executive Director)* Lin, Cheng-Lang *(Independent Non-Executive Director)*
Remuneration Committee	Lau Mong Ying *(Chairman, Managing Director)* Lee Kuan Mang *(Independent Non-Executive Director)* Lau Mong Fah *(Non-Independent Non-Executive Director)*
Registered Office	51-21-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel : 04-2276888 Fax : 04-2298118
Business Address	6944 Jalan Mak Mandin Kawasan Perusahaan Mak Mandin 13400 Butterworth Penang Tel : 04-3313907 Fax : 04-3313709
Registrar	Agriteum Share Registration Services Sdn. Bhd. 2nd Floor Wisma Penang Garden 42 Jalan Sultan Ahmad Shah 10050 Penang Tel : 04-2282321 Fax : 04-2272391
Auditors	JB Lau & Associates Chartered Accountants
Bankers	Bumiputra-Commerce Bank Berhad Citibank Berhad Hong Leong Bank Berhad HSBC Bank Malaysia Berhad Malayan Banking Berhad OCBC Bank (Malaysia) Berhad RHB Bank Berhad
Solicitors	Ghazi & Lim Zaid Ibrahim & Co.
Stock Exchange Listing	Second Board Of The Kuala Lumpur Stock Exchange

Financial Highlights

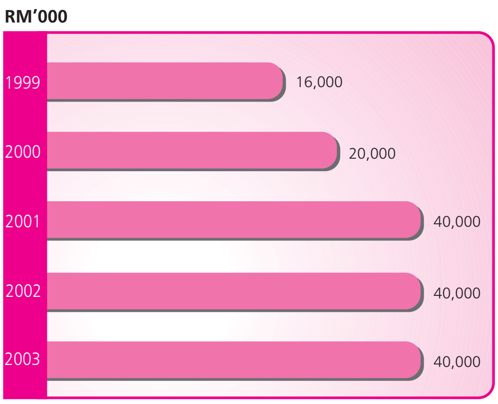
31 July 1999 - 2003	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
TURNOVER	132,120	140,714	169,185	157,313	**164,529**
PROFIT/LOSS BEFORE TAX	5,185	7,631	7,833	5,217	**(7,321)**
PROFIT/LOSS AFTER TAX	5,702	5,500	6,393	3,687	**(7,221)**
PAID-UP CAPITAL	16,000	20,000	40,000	40,000	**40,000**
SHAREHOLDERS' FUNDS	26,683	31,959	58,408	60,420	**53,972**
EARNINGS PER SHARE (sen)	30	20	16	11	**(14)**
DIVIDEND PER SHARE (sen)	0	1	2	3	**1**
NET TANGIBLE ASSET PER SHARE (sen)	158	154	145	143	**127**



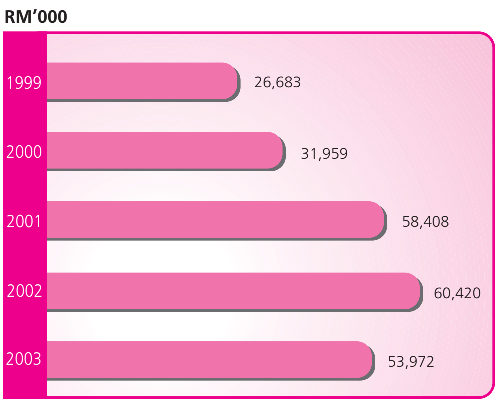
TURNOVER



PROFIT/LOSS BEFORE TAX



PAID-UP CAPITAL



SHAREHOLDERS' FUNDS

On behalf of the Board of Directors, I present the financial results of the Group for the financial year ended 31 July 2003.

REVIEW OF OPERATIONS AND PROSPECTS

Turnover for the year increased to RM164,529,000 from RM157,313,000, an increase of RM7,216,000 or 4.6% over that of the previous financial year. The increase in turnover is mainly contributed by the garment division of RM4,705,000 and the advertising division of RM2,253,000. The advertising division's turnover increased due to the inclusion of a full year's turnover in this year's financial statements when compared to only seven months' turnover in the previous financial year.

Despite the increase in turnover, the Group recorded a loss before tax of RM7,321,000 for the current financial year compared to a profit before tax of RM5,217,000 for the previous financial year. The loss is mainly attributed to the garment division which experienced stiff price competition during the year under review.

The manufacture of garments for the export market continues to be the Group's core business. The prospects of the Group for the coming years are challenging in view of the expected lifting of textile quotas by quota imposing countries on 1 January 2005 in compliance with the World Trade Organization's Agreement on Textiles and Clothing. This will open up competition and provide the Group with opportunities to openly compete in the world market. In this perspective, the Group is discussing with some garment manufacturers in China and Sri Lanka to contract manufacture garments for the Group to benefit from the relatively lower labour costs. Prolexus Lotus Kamal Limited in Bangladesh was disposed on 31 July 2003 as the company has ben recording losses since it started operation in 1998. The revenue of the advertising division has improved during the first few months of the new financial year and is expected to perform better for the rest of the year. Despite the losses recorded during the year under review, the financial position of the Group remains sound.

DIVIDEND

The Board of Directors is pleased to propose the payment of a first and final dividend of 1 sen per ordinary share, less income tax at 28% amounting to RM288,000 for the financial year ended 31 July 2003. This compares to the first and final dividend of 3 sen per ordinary share, less income tax at 28% paid for the financial year ended 31 July 2002.

DIRECTORATE

I wish to welcome Encik Khadmudin Bin Hj. Mohamed Rafik who was appointed to the Board of Directors on 9 September 2003 as an Independent Non-Executive Director.

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 are also extended to our employees for their dedication and invaluable contributions to the performance of the Group.

AHMAD MUSTAPHA GHAZALI
Chairman

1 November 2003

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 before 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.
- The Internal Audit Department was established on 1 June 2001. The Internal Audit Manager reports directly to the Audit Committee Chairman.
- 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 two non-independent non-executive directors. 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 the caliber and experience and minority shareholders are fairly represented. With the appointment, on the proposal of the Nomination Committee, of Encik Khadmudin Bin Hj. Mohamed Rafik as an independent non-executive director on 9 September 2003, the Board balance of not less than one third of its members being independent non-executive directors is maintained.

In accordance to the Company's Articles of Association, all new appointments to the Board are subject to election by shareholders at the first Annual General Meeting of the Company after their appointment. In addition, one third of the remaining directors are required to submit themselves for re-election by rotation at each Annual General Meeting.

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 at the Group's expense. 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 has on 4 November 2002 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 is satisfied with the composition of the Audit Committee and the performance of the Committee collectively and each of its members individually and has resolved to retain the present composition of the Audit Committee.

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

The Board through the Nomination Committee annually review 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 1 November 2003 by the Nomination Committee.

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

The directors' profile are as follows:-

Chairman *(Non-Independent Non-Executive)*

Ahmad Mustapha Ghazali (Malaysian), aged 55, was appointed to the Board on 6 September 1993 and was appointed to the post of Chairman of the Board on 1 October 2002. He is a Fellow of the Chartered Association of Certified Accountants (UK) and a member of both the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants and is currently a partner of an international accounting firm.

Managing Director

Lau Mong Ying (Malaysian), aged 54, 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.

Executive Directors

Cheah Chin Teong (Malaysian), aged 48, was appointed to the Board on 30 January 1993 and is the Executive Director of the Group. He was admitted as a member of the Malaysian Institute of Certified Public Accountants in 1983 and of the Malaysian Institute of Accountants in 1987. He has been involved in the garment industry since 1992.

Willie Gan Wee Lee (Malaysian), aged 47, was appointed to the Board on 23 August 2002 and is the 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 Australian Stock Exchange and which has subsidiary companies involved in contract manufacturing in Malaysia and Europe.

Non-Independent Non-Executive Directors

Lau Mong Fah (Malaysian), aged 49, 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.

Independent Non-Executive Directors

Lee Kuan Mang (Malaysian), aged 61, 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.

Lin, Cheng-Lang (Taiwanese), aged 64, 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.

Khadmudin Bin Hj. Mohamed Rafik (Malaysian), aged 49, was appointed to the Board on 9 September 2003. He obtained his Ausralian 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 of a private owned company specializing in warp knitted fabric.

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 6 meetings between 1 August 2002 and 31 July 2003 and the number of meetings attended by the Directors are as follows:-

Name	Number of meetings attended
Ahmad Mustapha Ghazali	4
Lau Mong Ying	6
Cheah Chin Teong	5
Willie Gan Wee Lee	6
Lau Mong Fah	5
Lee Kuan Mang	6
Lin, Cheng-Lang	5

DIRECTORS REMUNERATION

The remuneration of the executive directors, including fees as recommended by the Remuneration Committee, is 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 car are made available as appropriate. Only executive directors are entitled to share options and these are disclosed in the Directors' report.

The details of the remuneration of the directors of the Company for the financial year ended 31 July 2003 including proposed directors fees are as follows:

	Salary and Allowance RM	Bonus RM	Fees RM	Benefits-in-kind RM	EPF RM	Total 2003 RM	Total 2002 RM
Executives (3)	**872,171**	**132,800**	**525,000**	**55,700**	**153,419**	**1,739,090**	1,732,482
Non-Executives (4)	**-**	**-**	**175,000**	**15,938**	**-**	**190,938**	160,000
Total	**872,171**	**132,800**	**700,000**	**71,638**	**153,419**	**1,930,028**	1,892,482

The Board is of the opinion that it is advisable not to detail each director remuneration.

REMUNERATION COMMITTEE – COMPOSITION AND TERMS OF REFERENCE

Composition and Designation of Remuneration Committee

Lau Mong Ying
Chairman of Remuneration Committee
(Managing Director)

Lee Kuan Mang
Member of Remuneration Committee
(Independent Non-Executive Director)

Lau Mong Fah
Member of Remuneration Committee
(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 should play no part in decisions on their own remuneration. The determination of remuneration packages of non-executive directors, including non-executive chairman should 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

Lee Kuan Mang
Chairman of Nomination Committee
(Independent Non-Executive Director)

Ahmad Mustapha Ghazali
Member of Nomination Committee
(Non-Independent Non-Executive Director)

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

Terms of Reference

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

a. Size and Composition

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

b. Meetings

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

In the absence of the Chairman of the Nomination 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 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.

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 in the process of reviewing the adequacy and integrity of the Group's system of internal controls. The Internal Audit Manager reports directly to the Audit Committee Chairman has been employed on 1 June 2001.

The role of the Audit Committee is stated on pages 15 & 16 and the report of the Audit Committee is shown on page 17.

This Statement Of Corporate Governance is made by the Board of Directors in accordance with a resolution of the Board of Directors dated 1 November 2003.

AHMAD MUSTAPHA GHAZALI
Chairman

LAU MONG YING
Executive Director

Code Of Conduct

Prolexus Berhad and its subsidiaries, will conduct our 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 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, place a premium on integrity and fair dealing in relationships 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 of ethical and professional standards through fair and honest dealings with employees, suppliers, customers, stakeholders and other 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.**

LAU MONG YING
Managing Director

25 June 2002

1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

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

Ahmad Mustapha Ghazali
Member of Audit Committee
(Non-Independent Non-Executive Director)
(Member of The Malaysian Institute of Accountants)

Lin, Cheng-Lang
Member of Audit Committee
(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 Audit Committee shall be appointed by the Board of Directors from amongst its member and shall consist of not fewer than three members of whom majority shall be independent directors of the Company. 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 I of the 1st Schedule of the Accountant Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule. The members of the 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 Kuala Lumpur Stock Exchange are breached, the Board shall, within 3 months of that event, appoint such number of new member as maybe 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.

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 and the Internal Audit Manager may attend the meeting on invitation by the Committee.

The Audit Committee shall meet the External Auditors without the presence of the management at least once a year to consider the final audited financial statements and such other meetings as determined by the Committee and/or as requested by the External Auditors.

The Company 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 the 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 accounting policies, principles and practice, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards and compliance with 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 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 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.
viii. 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.
ix. 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.
x. 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.
xi. Identify and direct any special projects or investigation deemed necessary.
xii. Report any breaches of listing requirements, which have not been satisfactory resolved to the Kuala Lumpur Stock Exchange.

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 in the absence of the executive members of the Committee whenever deemed necessary.

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

In accordance with a resolution of the Board of Directors dated 1 November 2003.

AHMAD MUSTAPHA GHAZALI
Chairman

LAU MONG YING
Managing Director

AUDIT COMMITTEE FUNCTION

The Audit Committee of the Board of Directors is formally constituted with written terms of of reference. The details of the Audit Committee's composition and terms of reference are set out in the preceding 2 pages. The present composition of the Audit Committee was reviewed and retained by the Board of Directors on 4 November 2002.

During the financial year ended 31 July 2003, 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
Ahmad Mustapha Ghazali	4
Lin, Cheng-Lang	5

The Audit Committee has reviewed the annual accounts and quarterly results announcements made to the Kuala Lumpur Stock Exchange and considered selection and the re-appointment and fees of the External Auditors. The Committee, together with the Board and the Internal Auditors have 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. The Internal Auditor 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

1 November 2003

Statement On Internal Control

The Board acknowledges their responsibilities towards the Group's system of internal control and the review of its adequacy and integrity. Such system is designed to manage rather than to eliminate risks of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

In fulfilling their responsibilities, the Board of Directors has considered the procedures necessary to implement the Guidance set out in the "Statement on Internal Control: Guidance for Directors of Listed Companies". The Group has in place an on going process for identifying, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives throughout the period. During the financial year, major subsidiaries of the Group prepared a "Business Risk Profile" and "Internal Control Procedure" which summarises the risks, controls and processes for managing the risks and the means for assuring management that the processes are effective. A full review of significant risks was carried out during the financial year. It is the intention of the Board to review the significant risks on a quarterly basis or earlier, if required. The Board of Directors from time to time, discuss in general, significant changes in business and external environment that affects the operations of the Group and brainstorm on strategies to minimize such effects, if any. The executive directors are responsible to implement the strategies and communicate them to the management of the subsidiaries concerned. The Board is also provided with quarterly financial results for the purpose of monitoring the Group's financial performance. Financial risks, if any, are discussed at the Board meeting.

The Board has an overall responsibility towards the Group's system of internal control that aims to safeguard shareholders' investment and the Group's assets. In fulfilling the responsibility, the executive directors, on behalf of the Board, review and supervise the operations of the Group through regular scheduled meetings with the management team at the respective subsidiaries. The Board has also reviewed quarterly management accounts, authorization limits and considered reports from the External Auditors in matters identified in the course of their statutory audit and the effectiveness of the Group's system of financial reporting.

The day-to-day operations of the two major subsidiaries are guided by the ISO9001:2000 documented procedures that provide a limited scope of internal control, except for the period prior to 22 July 2003 where one of the major subsidiary was guided by the ISO9002:1994 documented procedures until it received the ISO 9001:2000 certificate on that date. Reporting procedures have also been established which provides for a documented and auditable trail of accountability. These procedures are relevant across the Group operations and provide for successive assurance to be given at increasingly high level of management and finally to the Board.

The Internal Auditors, together with the management team at Group level, has assisted the Board in mapping the Group's risks and implementing control procedures. The internal audit department assists the Audit Committee in reviewing the adequacy of internal control procedures implemented by management, compliance to these procedures and system to identify and manage risks and monitoring timely completion of planned corrective actions. The Internal Audit department reports to the Audit Committee on quarterly basis or earlier as appropriate on the weaknesses identified and the recommendation.

This Statement on Internal Control is made by the Board of Directors in accordance with a resolution of the Board of Directors dated 1 November 2003.

AHMAD MUSTAPHA GHAZALI
Chairman

LAU MONG YING
Managing Director

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 Kuala Lumpur Stock Exchange, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provision of the Act.

The Directors consider that in preparing the financial statements for the year ended 31 July 2003 set out on pages 24 to 63, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements 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 1 November 2003.

AHMAD MUSTAPHA GHAZALI
Chairman

LAU MONG YING
Managing Director

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 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiary companies are the manufacturing and sale of garments, investment holding and the provision of advertising services on multimedia boards.

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

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Net (loss)/profit for the financial year	(5,628)	678

DIVIDENDS

Since the end of the previous financial year, the Company had declared and paid a first and final dividend of 3 sen per share less tax of 28% amounting to RM864,000 in respect of the previous financial year.

The directors now recommend a first and final dividend payment of 1 sen per share less tax of 28% amounting to RM288,000 for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the notes to the financial statements.

SHARE CAPITAL

During the financial year, the Company did not issue any shares or debentures. No options were granted to any person to take up unissued shares or debentures of the Company during the financial year other than the share options granted pursuant to the Employee Share Option Scheme.

SHARE OPTIONS

Members of the Company had at the Extraordinary General Meeting held on 22 May 2000 approved the establishment of an Employee Share Option Scheme ('ESOS') for the benefit of all eligible employees of the Company and its subsidiary companies. The ESOS is for a period of five years from the date of the last approval of the relevant authorities subject however to any extension or renewal of the ESOS for another five years only as may be approved by all relevant authorities.

The ESOS became effective on 24 June 2000 and the salient features of the ESOS are as follows:-

(a) eligible employees are those confirmed employees who have served as full-time employees for at least one year in the Group on the date of offer and include executive directors of the Group. Eligible employees also include foreign executive directors of the Company who have been employed on a full time basis for a continuous period of at least three years in the Group,

(b) the total number of shares to be offered under the ESOS shall not exceed 10% of the issued share capital of the Company at any point of time during the duration of the ESOS,

(c) the option is personal to the grantee and is non-assignable,

(d) the exercise price shall be at a discount of not more than 10% from the weighted average market price of the shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five market days preceding the date of offer or the par value of the ordinary shares, whichever is higher, and

(e) the options granted can be exercised on the first five market days of every calendar month in accordance with the limits set in ESOS Bye-law 10.1 by notice in writing to the Company.

The options granted to take up unissued ordinary shares of RM1 each and the exercise price thereof are as follows:-

Date of offer	Exercise price RM	Balance at 1.8.02	Granted	Exercised	Lapsed	Balance at 31.7.03
23.8.00	1.33	1,148,000	-	-	(90,000)	1,058,000
27.11.01	1.00	2,314,000	-	-	(239,000)	2,075,000

DIRECTORS

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

Ahmad Mustapha Ghazali
Lau Mong Ying
Cheah Chin Teong
Lau Mong Fah
Lee Kuan Mang
Lin, Cheng-Lang
Willie Gan Wee Lee
Khadmudin Bin Hj. Mohamed Rafik (appointed on 9.9.03)

In accordance with the Company's Articles of Association, **Messrs Cheah Chin Teong, Lin, Cheng-Lang** and **Encik Khadmudin Bin Hj. Mohamed Rafik** retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the directors in office at the end of the financial year who held shares in the Company and its related corporations are as follows:-

	-------- No. of ordinary shares of RM1 each --------			
	Balance at 1.8.02	**Bought**	**Sold**	**Balance at 31.7.03**
Direct Interest				
Ahmad Mustapha Ghazali	23,000	-	-	23,000
Lau Mong Ying	7,526,134	505,000	(505,000)	7,526,134
Cheah Chin Teong	12,506	-	-	12,506
Lau Mong Fah	20,000	-	-	20,000
Lin, Cheng-Lang	273,374	-	-	273,374
Khadmudin Bin Hj. Mohamed Rafik	38,100 *	-	-	38,100
Deemed Interest				
Ahmad Mustapha Ghazali	2,053,000	-	-	2,053,000

* At date of appointment

Mr. Lau Mong Ying is also deemed to have interests in all the subsidiary companies by virtue of his interests in the Company, to the extent that it has interests.

According to the Register of Directors' Shareholdings, the directors who have interests in the Share Options of the Company are as follows:-

	------ No. of options for ordinary shares of RM1 each ------			
	Balance at 1.8.02	**Granted**	**Exercised**	**Balance at 31.7.03**
Lau Mong Ying	100,000	-	-	100,000
Cheah Chin Teong	100,000	-	-	100,000

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.

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 other than the share options granted to certain directors pursuant to the ESOS.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate allowance has been made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

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, other than those already dealt with in this report and in the relevant financial statements, 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.

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 2003** 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.

AUDITORS

The auditors, **JB LAU & ASSOCIATES**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:-

LAU MONG YING
Managing Director

CHEAH CHIN TEONG
Executive Director

Penang,
1 November 2003

Consolidated Balance Sheet

at 31 July 2003

	NOTE	2003 RM'000	2002 RM'000
PROPERTY, PLANT AND EQUIPMENT	3	**38,971**	42,131
INVESTMENTS	4	**7,698**	*
GOODWILL ON CONSOLIDATION	5	**3,019**	3,167
CURRENT ASSETS			
Inventories	6	**34,704**	22,370
Trade debtors	7	**23,050**	26,361
Other debtors, deposits and prepayments	8	**2,417**	2,227
Tax recoverable		**2,283**	1,130
Fixed deposits with licensed banks	10	**2,020**	7,355
Cash and bank balances		**7,959**	5,472
		72,433	64,915
CURRENT LIABILITIES			
Trade creditors		**11,820**	9,455
Other creditors and accruals	11	**8,036**	9,459
Bank borrowings	12	**10,758**	17,497
Provision for taxation		**-**	1,077
		30,614	37,488
NET CURRENT ASSETS		**41,819**	27,427
		91,507	72,725
FINANCED BY :			
SHARE CAPITAL	13	**40,000**	40,000
RESERVES	14	**13,972**	20,420
SHAREHOLDERS' FUNDS		**53,972**	60,420
MINORITY INTERESTS		**4,026**	6,001
DEFERRED TAXATION	15	**1,999**	2,648
LONG TERM LIABILITIES	16	**31,510**	3,656
		91,507	72,725

* Represents RM1

The notes set out on pages 35 to 63 form an integral part of these financial statements.

Consolidated Income Statement
for the financial year ended 31 July 2003

	NOTE	2003 RM'000	2002 RM'000
REVENUE	17	**164,529**	157,313
COST OF SALES		**(149,079)**	(134,461)
GROSS PROFIT		**15,450**	22,852
OTHER OPERATING INCOME		**3,359**	450
ADMINISTRATIVE EXPENSES		**(14,183)**	(10,707)
SELLING AND DISTRIBUTION EXPENSES		**(8,719)**	(7,351)
EXCEPTIONAL ITEM	18	**-**	1,086
OPERATING (LOSS)/PROFIT		**(4,093)**	6,330
AMORTISATION OF GOODWILL ON CONSOLIDATION		**(630)**	(479)
FINANCE COSTS		**(2,598)**	(633)
SHARE OF LOSS OF AN ASSOCIATED COMPANY		**-**	(1)
(LOSS)/PROFIT BEFORE TAXATION	19	**(7,321)**	5,217
TAXATION	20	**100**	(1,530)
(LOSS)/PROFIT AFTER TAXATION BEFORE MINORITY INTERESTS		**(7,221)**	3,687
MINORITY INTERESTS		**1,593**	767
(LOSS)/NET PROFIT FOR THE FINANCIAL YEAR		**(5,628)**	4,454
DIVIDENDS PER SHARE (SEN)		**1.00**	3.00
(LOSS)/EARNINGS PER SHARE (SEN)	21		
- Basic		**(14.07)**	11.13
- Diluted		**-**	11.09

The notes set out on pages 35 to 63 form an integral part of these financial statements.

	NOTE	SHARE CAPITAL RM'000	----- Non distributable ----- ASSET REVALUATION RESERVE RM'000	CURRENCY TRANSLATION RESERVE RM'000	Distributable RETAINED PROFITS RM'000	TOTAL RM'000
2003						
Balance at beginning						
As previously reported		**40,000**	**2,272**	**(44)**	**19,834**	**62,062**
Prior year adjustments	**27**	**-**	**(817)**	**-**	**(825)**	**(1,642)**
		40,000	**1,455**	**(44)**	**19,009**	**60,420**
Disposal of subsidiary company		**-**	**-**	**44**	**-**	**44**
Loss for the financial year		**-**	**-**	**-**	**(5,628)**	**(5,628)**
Net gains and losses not recognised in the income statement		**-**	**(6)**	**-**	**6**	**-**
Currency translation differences		**-**	**-**	**-**	**-**	**-**
Dividend	**22**	**-**	**-**	**-**	**(864)**	**(864)**
Balance at end		**40,000**	**1,449**	**-**	**12,523**	**53,972**
2002						
Balance at beginning						
As previously reported		40,000	2,272	(46)	16,182	58,408
Prior year adjustments	27	-	(811)	-	(833)	(1,644)
		40,000	1,461	(46)	15,349	56,764
Net profit for the financial year		-	-	-	4,454	4,454
Net gains and losses not recognised in the income statement		-	(6)	-	6	-
Currency translation differences		-	-	2	-	2
Dividend	22	-	-	-	(800)	(800)
Balance at end		40,000	1,455	(44)	19,009	60,420

The notes set out on pages 35 to 63 form an integral part of these financial statements.

Consolidated Cash Flow Statement

for the financial year ended 31 July 2003

		2003 RM'000	2002 RM'000
	CASH FLOWS FROM OPERATING ACTIVITIES		
	(Loss)/Profit before taxation	**(7,321)**	5,217
	Adjustments for :		
	Allowance for doubtful debts	**670**	-
	Amortisation of goodwill on consolidation	**630**	479
	Bad debts	**1,026**	1
	Depreciation	**4,566**	2,886
	Exceptional item	**-**	(1,086)
	Gain on disposal of subsidiary company	**(2,092)**	-
	Gain on disposal of property, plant and equipment	**(11)**	(58)
	Interest expense	**2,598**	633
	Interest income	**(476)**	(236)
	Inventories written off	**31**	-
	Property, plant and equipment written off	**6**	-
	Share of loss of an associated company	**-**	1
	Operating (loss)/profit before working capital changes	**(373)**	7,837
	Inventories	**(12,805)**	(1,445)
	Debtors	**378**	7,693
	Creditors	**4,312**	390
	Cash (used in)/generated from operations	**(8,488)**	14,475
	Income tax paid	**(2,778)**	(1,923)
	Interest paid	**(2,598)**	(633)
	Net cash (used in)/from operating activities	**(13,864)**	11,919
	CASH FLOWS FROM INVESTING ACTIVITIES		
*	Acquisition of property, plant and equipment	**(1,336)**	(4,161)
**	Acquisition of subsidiary company, net of cash acquired	**(865)**	(5,283)
***	Disposal of subsidiary company, net of cash disposed	**270**	-
	Acquisition of shares in an associated company	**-**	(1)
	Interest received	**476**	236
	Purchase of investments	**(7,698)**	-
	Proceeds from disposal of property, plant and equipment	**65**	107
	Withdrawal of fixed deposits	**-**	10
	Net cash used in investing activities	**(9,088)**	(9,092)
	Balance carried forward	**(22,952)**	2,827

The notes set out on pages 35 to 63 form an integral part of these financial statements.

	2003 RM'000	2002 RM'000
Balance brought forward	**(22,952)**	2,827
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from a director of a subsidiary company	**1,887**	150
Advance from a shareholder of a subsidiary company	**9**	100
Bankers' acceptance	**(7,900)**	7,983
Export credit refinancing	**1,182**	(819)
Payment of dividend	**(864)**	(800)
Payment of hire purchase creditors	**(66)**	(8)
Proceeds from term loan	**25,000**	105
Repayment of term loans	**(3,833)**	(1,846)
Trust receipts	**3,841**	(1,003)
Net cash from financing activities	**19,256**	3,862
Effects of exchange rate changes	**44**	5
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(3,652)**	6,694
CASH AND CASH EQUIVALENTS AT BEGINNING	**12,378**	5,684
CASH AND CASH EQUIVALENTS AT END	**8,726**	12,378
Represented by :		
Cash and bank balances	**7,959**	5,472
Bank overdrafts	**(1,248)**	(444)
Fixed deposits with licensed banks	**2,015**	7,350
	8,726	12,378
* **Acquisition of property, plant and equipment**		
Total acquisition cost	**1,586**	4,285
Acquired under hire purchase loan	**(250)**	(124)
Total cash acquisition	**1,336**	4,161

The notes set out on pages 35 to 63 form an integral part of these financial statements.

		2003 RM'000	2002 RM'000
**	**Acquisition of subsidiary company, net of cash acquired**		
	Property, plant and equipment	**-**	19,804
	Debtors	**-**	1,471
	Creditors	**-**	(1,691)
	Hire purchase creditors	**-**	(39)
	Term loans	**-**	(10,112)
	Amount due to a director of a subsidiary company	**-**	(495)
	Cash and bank balances	**-**	189
	Minority interests	**384**	(6,697)
	Share of net assets acquired	**384**	2,430
	Goodwill on consolidation	**481**	3,042
	Total purchase consideration	**865**	5,472
	Less : Cash and bank balances acquired	-	(189)
	Cash flow on acquisition of subsidiary company, net of cash acquired	**865**	5,283
***	**Disposal of subsidiary company, net of cash disposed**		
	Property, plant and equipment	**120**	-
	Inventories	**440**	-
	Debtors	**1,047**	-
	Creditors	**(3,429)**	-
	Bank overdraft	**(270)**	-
	Share of net assets disposed	**(2,092)**	-
	Gain on disposal	**2,092**	-
	Total disposal consideration	#	-
	Add : Bank overdraft disposed	**270**	-
	Cash flow on disposal, net of cash disposed	**270**	-

Represents RM1

The notes set out on pages 35 to 63 form an integral part of these financial statements.

Balance Sheet
at 31 July 2003

	NOTE	2003 RM'000	2002 RM'000
PROPERTY, PLANT AND EQUIPMENT	3	**1,216**	837
INVESTMENTS	4	**27,464**	19,502
CURRENT ASSETS			
Other debtors, deposits and prepayments		**907**	32
Tax recoverable		**741**	666
Amount due from subsidiary companies	9	**33,928**	15,709
Fixed deposits with licensed banks	10	**2,015**	7,350
Cash and bank balances		**5,110**	1,477
		42,701	25,234
CURRENT LIABILITY			
Accruals		**1,401**	584
NET CURRENT ASSETS		**41,300**	24,650
		69,980	44,989
FINANCED BY :			
SHARE CAPITAL	13	**40,000**	40,000
RESERVES	14	**4,803**	4,989
		44,803	44,989
DEFERRED TAXATION	15	**15**	-
LONG TERM LIABILITIES	16	**25,162**	-
		69,980	44,989

The notes set out on pages 35 to 63 form an integral part of these financial statements.

Income Statement
for the financial year ended 31 July 2003

	NOTE	2003 RM'000	2002 RM'000
REVENUE	17	**7,882**	5,826
ADMINISTRATIVE EXPENSES		**(4,725)**	(2,184)
OPERATING PROFIT		**3,157**	3,642
FINANCE COSTS		**(1,429)**	-
PROFIT BEFORE TAXATION	19	**1,728**	3,642
TAXATION	20	**(1,050)**	(724)
NET PROFIT FOR THE FINANCIAL YEAR		**678**	2,918
DIVIDENDS PER SHARE (SEN)		**1.00**	3.00

The notes set out on pages 35 to 63 form an integral part of these financial statements.

Statement Of Changes In Equity

for the financial year ended 31 July 2003

	NOTE	SHARE CAPITAL RM'000	Distributable RETAINED PROFITS RM'000	TOTAL RM'000
2003				
Balance at beginning		**40,000**	**4,989**	**44,989**
Net profit for the financial year		**-**	**678**	**678**
Dividend	22	**-**	**(864)**	**(864)**
Balance at end		**40,000**	**4,803**	**44,803**
2002				
Balance at beginning		40,000	2,871	42,871
Net profit for the financial year		-	2,918	2,918
Dividend	22	-	(800)	(800)
Balance at end		40,000	4,989	44,989

The notes set out on pages 35 to 63 form an integral part of these financial statements.

Cash Flow Statement
for the financial year ended 31 July 2003

	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**1,728**	3,642
Adjustments for :		
Bad debts written off	**1,026**	-
Depreciation	**288**	96
Dividend income	**(6,167)**	(4,776)
Loss on disposal of investment	**601**	-
Interest expense	**1,429**	-
Interest income	**(1,400)**	(975)
Operating loss before working capital changes	**(2,495)**	(2,013)
Debtors	**(1,901)**	27
Creditors	**762**	(38)
Cash used in operations	**(3,634)**	(2,024)
Income tax paid	**(1,110)**	(777)
Interest paid	**(1,429)**	-
Net cash used in operating activities	**(6,173)**	(2,801)
CASH FLOWS FROM INVESTING ACTIVITIES		
* Acquisition of property, plant and equipment	**(417)**	(552)
Purchase of investments	**(7,698)**	-
Dividend received	**6,167**	4,776
Interest received	**1,400**	975
Investment in subsidiary company	**(865)**	(5,472)
Net cash used in investing activities	**(1,413)**	(273)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(864)**	(800)
Proceeds from disposal of investment	#	-
Repayment of hire purchase creditor	**(33)**	-
Subsidiary companies	**(18,219)**	9,254
Term loan	**25,000**	-
Net cash from financing activities	**5,884**	8,454
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS CARRIED FORWARD	**(1,702)**	5,380

The notes set out on pages 35 to 63 form an integral part of these financial statements.

	2003 RM'000	2002 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**(1,702)**	5,380
CASH AND CASH EQUIVALENTS AT BEGINNING	**8,827**	3,447
CASH AND CASH EQUIVALENTS AT END	**7,125**	8,827
Represented by :		
Cash and bank balances	**5,110**	1,477
Fixed deposits with licensed banks	**2,015**	7,350
	7,125	8,827
* **Acquisition of property, plant and equipment**		
Total acquisition cost	**667**	-
Acquired under hire purchase loan	**(250)**	-
Total cash acquisition	**417**	-

Represents RM1

The notes set out on pages 35 to 63 form an integral part of these financial statements.

1. **GENERAL INFORMATION**

General

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on the Second Board of the Kuala Lumpur Stock Exchange.

Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiary companies are the manufacturing and sale of garments, investment holding and the provision of advertising services on multimedia boards.

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

2. **SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in the previous financial years except for the adoption of the following accounting standards for the first time during the financial year:-

i. MASB 22 – Segment Reporting
ii. MASB 23 – Impairment of Assets
iii. MASB 24 – Financial Instruments
iv. MASB 25 – Income Taxes
v. MASB 27 – Borrowing Costs

The adoption of MASB 25 is summarised in the Consolidated Statement of Changes in Equity and further information is disclosed in Note 27 to the financial statements. The adoption of the other MASB Standards did not give rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in the comparative figures.

2.1 **Basis of Accounting**

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 comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

2.2 **Basis of Consolidation**

The financial statements of the Group include the audited financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies 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 therefrom. Subsidiary companies are consolidated using the acquisition method of accounting. The Group adopts both the merger and acquisition method of consolidation.

Certain acquisitions of subsidiary companies were accounted for using merger accounting principles in compliance with Malaysian Accounting Standard No. 2 "Accounting for Acquisitions and Mergers" the generally accepted accounting principles prevailing at that time. The results of the companies being merged are included for the full financial year and the consolidated financial statements are presented as if the companies had been combined throughout the previous financial years. Merger debit arising on consolidation, which represents the excess of the nominal value of shares in subsidiary companies acquired and the nominal value of shares issued for the acquisition is set off against Group reserves.

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The difference of the cost of acquisition over the fair value of the Group's share of the subsidiary companies' identifiable net assets at the date of acquisition is reflected either as goodwill or reserve on consolidation, as appropriate.

Inter-company balances, transactions and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiary companies to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the fair values of the identifiable assets and liabilities of the acquiree company. Separate disclosure is made of minority interest.

2.3 **Property, Plant and Equipment**

Property, plant and equipment are initially stated at cost. Certain land and buildings are subsequently shown at valuation based on valuations by Government Valuers, less subsequent amortisation/depreciation. All other property, plant and equipment are stated at cost less accumulated depreciation.

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties in 1993 were carried out primarily for the purpose of reflecting a fairer value of the properties then and were not intended to effect a change in accounting policy to one of revaluation of properties. It is envisaged that the current market values of the revalued properties are no less than their net book values. In accordance with the transitional provisions of International Accounting Standard 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1993 valuation less accumulated depreciation.

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 charged to the income statement.

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

Short leasehold land	Amortised over the remaining lease period of 43 - 50 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 subsidiary companies adopt both the reducing and straight line methods.

Long leasehold land is in respect of land with unexpired lease in excess of 50 years whilst short leasehold land refers to land lease of less than 50 years determined at balance sheet date.

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

Depreciation on capital expenditure in-progress/computer system project in-progress commences when the assets are ready for their intended use.

2.4 **Hire Purchase**

Property, plant and equipment acquired under hire purchase contracts are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 2.3 above. The corresponding outstanding obligations due under the hire purchase agreements after deducting finance costs are included as liabilities in the financial statements. Finance expenses are charged to the income statement over the period of the respective agreements using the sum-of-digit method.

2.5 **Investments**

Subsidiary companies

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

The policy for the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in 2.14 below.

On disposal of investment in subsidiary companies, the difference between net disposal proceeds and their carrying amount is charged or credited to the income statement.

Associated company

Investment in associated company is stated at cost, less accumulated impairment losses in the Company's financial statements.

The policy for the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in 2.14 below.

Associated company is defined as a company in which the Group holds a long term equity interest of between 20% to 50% and is in a position to exercise significant influence over the management of the associated company through board representation.

Investment in associated company is accounted for in the consolidated financial statements by the equity method of accounting based on audited or management financial statements of the associated company. Under the equity method of accounting, the Group's share of profits less losses of the associated company during the year is included in the consolidated income statement. The Group's interest in associated company is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised profits arising on transactions between the Group and its associated company 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 associated company. 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 associated company exceeds the carrying amount of investment, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Other investments

Other investments are stated at cost less accumulated impairment losses in the financial statements. The policy for the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in 2.14 below.

On disposal of the investments, the difference between net disposal proceeds and their carrying amount is charged or credited to the income statement.

2.6 **Goodwill**

Goodwill on consolidation is stated at cost less accumulated amortisation and amortised from the date of initial recognition over its estimated useful life of not more than ten years. Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

2.7 **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 direct materials, labour and attributable production overheads and is determined on the weighted average basis and first-in first-out basis, whichever is appropriate.

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

Cost of raw materials and trading goods are determined on the first-in first-out basis.

2.8 **Debtors**

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful of collection.

2.9 **Creditors**

Creditors are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.10 **Provisions for Liabilities**

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date 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.

2.11 **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

2.12 **Revenue Recognition**

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

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

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

Interest income and management fee are recognised in the income statement on the accrual basis.

2.13 **Foreign Currency Translations**

Assets and liabilities in foreign currencies at balance sheet date are translated into Ringgit Malaysia at the rates of exchange approximating those ruling at the balance sheet date. Transactions during the year in foreign currencies are converted into Ringgit Malaysia at the rates of exchange approximating those ruling on transaction dates. All exchange gains or losses are included in the income statement.

2.13 **Foreign Currency Translations** (cont'd)

The financial statements of the foreign subsidiary company are translated into Ringgit Malaysia at the approximate rate of exchange ruling at the balance sheet date for balance sheet items 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 currency translation reserve.

The closing rates of exchange of the foreign currencies used in the preparation of the financial statements are as follows:-

	2003 **RM**	2002 RM
1 US Dollar	**3.8000**	3.8000
1 Singapore Dollar	**2.2000**	2.2000
1 Bangladesh Taka	**0.0643**	0.0652

2.14 **Impairment of Assets**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

2.15 **Taxation**

Taxation on the results for the year comprises current and deferred taxation. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred taxation is provided for, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principal, 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 utilized. Deferred taxation is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred taxation is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred taxation is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred taxation is included in the resulting goodwill or reserve on consolidation.

In the previous financial years, deferred taxation was recognised for timing differences except where it is thought reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. This change in accounting policy has been accounted for retrospectively and further information is disclosed in Note 27 to the financial statements.

2.16 **Cash and Cash Equivalents**

Cash comprises cash in hand and balances with banks (including bank overdrafts) while cash equivalents comprise short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 **Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group and the Company have become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of the financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and/or the Company have a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments carried on the balance sheet include investments, cash and bank balances, debtors, creditors and bank borrowings and they are stated at cost which approximates their fair values. The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

3. **PROPERTY, PLANT AND EQUIPMENT**

GROUP
2003

	At Valuation / Cost					
	Balance at 1.8.02 RM'000	Additions RM'000	Disposals RM'000	Disposal of subsidiary company RM'000	Written off RM'000	Balance at 31.7.03 RM'000
At valuation						
Freehold land	1,528	-	-	-	-	1,528
Short leasehold land	942	-	-	-	-	942
Buildings	6,279	-	-	-	-	6,279
At cost						
Short leasehold land	3,174	-	-	-	-	3,174
Buildings	3,304	-	-	-	-	3,304
Multimedia boards	22,654	-	-	-	-	22,654
Plant and machinery	14,867	517	(53)	(321)	(8)	15,002
Equipment and fixtures	8,032	421	(17)	(84)	-	8,352
Motor vehicles	2,908	648	-	-	-	3,556
Capital expenditure in-progress	67	-	-	-	-	67
	63,755	1,586	(70)	(405)	(8)	64,858

	Accumulated Depreciation					
	Balance at 1.8.02 RM'000	Current charge RM'000	Disposals RM'000	Disposal of subsidiary company RM'000	Written off RM'000	Balance at 31.7.03 RM'000
At valuation						
Freehold land	-	-	-	-	-	-
Short leasehold land	175	16	-	-	-	191
Buildings	526	51	-	-	-	577
At cost						
Short leasehold land	137	63	-	-	-	200
Buildings	2,680	204	-	-	-	2,884
Multimedia boards	4,243	2,267	-	-	-	6,510
Plant and machinery	8,296	782	(9)	(221)	(2)	8,846
Equipment and fixtures	4,038	726	(7)	(64)	-	4,693
Motor vehicles	1,529	457	-	-	-	1,986
Capital expenditure in-progress	-	-	-	-	-	-
	21,624	4,566	(16)	(285)	(2)	25,887

	Net book value at 31.7.03 RM'000
At valuation	
Freehold land	1,528
Short leasehold land	751
Buildings	5,702
At cost	
Short leasehold land	2,974
Buildings	420
Multimedia boards	16,144
Plant and machinery	6,156
Equipment and fixtures	3,659
Motor vehicles	1,570
Capital expenditure in-progress	67
	38,971

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

2002

	At Valuation / Cost						
	Balance at 1.8.01 RM'000	Acquisition of subsidiary company RM'000	Additions RM'000	Disposals RM'000	Reclassification RM'000	Foreign currency translations RM'000	Balance at 31.7.02 RM'000
At valuation							
Freehold land	1,528	-	-	-	-	-	1,528
Long leasehold land	801	-	-	-	(801)	-	-
Short leasehold land	141	-	-	-	801	-	942
Buildings	6,279	-	-	-	-	-	6,279
At cost							
Buildings	6,184	-	294	-	-	-	6,478
Multimedia boards	-	22,559	-	-	95	-	22,654
Plant and machinery	12,767	-	2,158	(55)	-	(3)	14,867
Equipment and fixtures	6,344	240	931	-	518	(1)	8,032
Motor vehicles	2,137	80	806	(115)	-	-	2,908
Computer system in-progress	517	67	96	-	(613)	-	67
	36,698	22,946	4,285	(170)	-	(4)	63,755

	Accumulated Depreciation						
	Balance at 1.8.01 RM'000	Acquisition of subsidiary company RM'000	Current charge RM'000	Disposals RM'000	Reclassification RM'000	Foreign currency translations RM'000	Balance at 31.7.02 RM'000
At valuation							
Freehold land	-	-	-	-	-	-	-
Long leasehold land	138	-	13	-	(151)	-	-
Short leasehold land	21	-	3	-	151	-	175
Buildings	470	-	56	-	-	-	526
At cost							
Buildings	2,533	-	284	-	-	-	2,817
Multimedia boards	-	3,006	1,237	-	-	-	4,243
Plant and machinery	7,911	-	409	(23)	-	(1)	8,296
Equipment and fixtures	3,222	101	715	-	-	-	4,038
Motor vehicles	1,423	35	169	(98)	-	-	1,529
Computer system in-progress	-	-	-	-	-	-	-
	15,718	3,142	2,886	(121)	-	(1)	21,624

	Net book value at 31.7.02 RM'000
At valuation	
Freehold land	1,528
Long leasehold land	-
Short leasehold land	767
Buildings	5,753
At cost	
Buildings	3,661
Multimedia boards	18,411
Plant and machinery	6,571
Equipment and fixtures	3,994
Motor vehicles	1,379
Computer system in-progress	67
	42,131

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

GROUP

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 landed properties have not been revalued since they were first revalued in 1993. Subsequent additions are shown at cost while deletions are at valuation or cost as appropriate. The revaluations were not intended to effect a change in the accounting policy on the revaluation of property, plant and equipment. As permitted under the transitional provisions of International Accounting Standards No. 16 (Revised) : Property, Plant and Equipment, these assets continue to be stated at their 1993 valuation less accumulated depreciation.

The historical cost of properties at valuation are as follows:-

	Freehold land RM'000	Short leasehold land RM'000	Buildings RM'000
2003			
Cost	**997**	**530**	**7,879**
Accumulated depreciation	**-**	**(110)**	**(2,753)**
Net book value	**997**	**420**	**5,126**
2002			
Cost	997	530	7,879
Accumulated depreciation	-	(107)	(2,585)
Net book value	997	423	5,294

The net book value of property, plant and equipment pledged as security for banking facilities granted to subsidiary companies are as follows:-

	GROUP	
	2003 RM'000	2002 RM'000
At valuation		
Freehold land	**88**	88
Short leasehold land	**751**	767
Buildings	**2,160**	2,207
	2,999	3,062
At cost		
Multimedia boards	**16,144**	18,411

Included in the property, plant and equipment is net book value of motor vehicles of **RM142,911** (2002 : RM191,975) acquired under hire purchase loans.

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

COMPANY
2003

	At cost			
	Balance at 1.8.02 RM'000	Additions RM'000	Disposals RM'000	Balance at 31.7.03 RM'000
Equipment and fixtures	85	19	-	104
Motor vehicles	938	648	-	1,586
	1,023	667	-	1,690

	Accumulated Depreciation			
	Balance at 1.8.02 RM'000	Current charge RM'000	Disposals RM'000	Balance at 31.7.03 RM'000
Equipment and fixtures	26	9	-	35
Motor vehicles	160	279	-	439
	186	288	-	474

	Net book value at 31.7.03 RM'000
Equipment and fixtures	69
Motor vehicles	1,147
	1,216

2002

	At cost			
	Balance at 1.8.01 RM'000	Additions RM'000	Disposals RM'000	Balance at 31.7.02 RM'000
Equipment and fixtures	77	8	-	85
Motor vehicles	394	544	-	938
	471	552	-	1,023

	Accumulated Depreciation			
	Balance at 1.8.01 RM'000	Current charge RM'000	Disposals RM'000	Balance at 31.7.02 RM'000
Equipment and fixtures	18	8	-	26
Motor vehicles	72	88	-	160
	90	96	-	186

	Net book value at 31.7.02 RM'000
Equipment and fixtures	59
Motor vehicles	778
	837

4. **INVESTMENTS**

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Investment in subsidiary companies				
Unquoted shares, at cost	**-**	-	**21,830**	21,566
Less : Accumulated impairment losses	**-**	-	**(2,064)**	(2,064)
	-	-	**19,766**	19,502
Investment in an associated company				
Unquoted shares, at cost	**1**	1	**-**	-
Share of post-acquisition loss	**(1)**	(1)	**-**	-
	*****	*	**-**	-
Other investments				
Unquoted bonds	**7,698**	-	**7,698**	-
	7,698	*	**27,464**	19,502
Investment in an associated company				
Represented by : Share of net assets	*****	*		

* Represents RM1

The Group has excluded its current year's share of losses after taxation of the associated company amounting to **RM1,802** (2002 : RM874) from the financial statements following the discontinuation of the equity accounting for the results of the associated company as the carrying amount of the investment has reached nil. As at 31 July 2003, the cumulative unrecognised share of losses of the associated company amounted to **RM2,676** (2002 : RM874)

Details of the subsidiary companies and associated company are as follows:-

Name	Country of Incorporation	Effective Equity Interest 2003	Effective Equity Interest 2002	Principal Activities
Subsidiary companies of Prolexus Berhad				
Honsin Apparel Sdn. Bhd.*	Malaysia	**100.00%**	100.00%	Manufacture and sale of garments.
Plas Industries Sdn. Bhd.	Malaysia	**100.00%**	100.00%	Manufacture and sale of garments.
Bixiz Kids Incorporated (M) Sdn. Bhd.	Malaysia	**50.08%**	50.08%	Marketing of all kinds of children's apparels.
Vhpro Sdn. Bhd.	Malaysia	**100.00%**	100.00%	Dormant.
Novel Realty Sdn. Bhd.	Malaysia	**100.00%**	100.00%	Dormant.
Laser Capital Holdings Sdn. Bhd.	Malaysia	**51.91%**	50.96%	Investment holding.
Prolexus-Lotus Kamal Limited*	Bangladesh	**-**	51.00%	Manufacture and sale of garments.

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

Name	Country of Incorporation	Effective Equity Interest 2003	2002	Principal Activities
Subsidiary company of Plas Industries Sdn. Bhd.				
South East Garment Manufacturing Sendirian Berhad	Malaysia	**95.00%**	95.00%	Manufacture and sale of garments.
Subsidiary companies of Bixiz Kids Incorporated (M) Sdn. Bhd.				
BK Wear Sdn. Bhd.	Malaysia	**50.08%**	50.08%	Marketing of all kinds of children's apparels.
Pacific Mission Sdn. Bhd.	Malaysia	**50.08%**	50.08%	Dormant.
Character World Sdn. Bhd.	Malaysia	**50.08%**	50.08%	Dormant.
Subsidiary company of Laser Capital Holdings Sdn. Bhd.				
HiQ Media (Malaysia) Sdn. Bhd.	Malaysia	**32.17%**	26.67%	Provision of advertising services on multimedia boards.
Associated company of HiQ Media (Malaysia) Sdn. Bhd.				
Acube Realty Sdn. Bhd.	Malaysia	**13.34%**	13.34%	Dormant.

* Audited by another firm of auditors

On 30 January 2003 and 30 June 2003, the Company acquired additional equity interest of 0.95% and 5.00% in Laser Capital Holdings Sdn. Bhd. and HiQ Media (Malaysia) Sdn. Bhd. respectively for a total cash consideration of RM0.87 million. The acquisition was accounted for using the acquisition method of accounting. The effect of the acquisition on the financial results of the Group for the financial year ended 31 July 2003 is an increase in the loss after taxation absorbed by the Group from the minority interest of RM0.06 million.

On 31 July 2003, the Company disposed off its entire equity interest in Prolexus-Lotus Kamal Limited for a cash consideration of RM1. The effect of the disposal on the financial results of the Group during the year to the date of disposal is as follows:-

	2003 RM'000	2002 RM'000
Revenue	**2,226**	1,058
Cost of sales	**(3,011)**	(1,456)
Gross loss	**(785)**	(398)
Other operating income	**11**	6
Administrative expenses	**(278)**	(143)
Finance costs	**(16)**	(15)
Loss before taxation	**(1,068)**	(550)
Taxation	**-**	-
Loss after taxation	**(1,068)**	(550)

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

The effect of the disposal on the financial position of the Group as at 31 July 2003, the date of disposal is as follows:-

	RM'000
Property, plant and equipment	121
Inventories	440
Debtors	1,047
Creditors	(3,429)
Bank overdraft	(270)
Net liabilities	(2,091)
Gain on disposal of subsidiary company	2,091
Proceeds from disposal	*

* Represents RM1

On 22 December 2001, the Company acquired 50.96% equity interest in Laser Capital Holdings Sdn. Bhd. with its subsidiary company, HiQ Media (Malaysia) Sdn. Bhd. ("Laser Group") for a cash consideration of RM5.40 million and incidental cost of RM0.07 million. The acquisition was accounted for using the acquisition method of accounting.

The effect of the acquisition of Laser Group on the financial results of the Group for the financial year ended 31 July 2003 is as follows:-

	RM'000
Revenue	4,207
Direct operating cost	(3,363)
Gross profit	844
Other operating income	50
Administrative expenses	(2,100)
Selling and distribution expenses	(50)
Operating loss	(1,256)
Finance costs	(806)
Share of loss of an associated company	-
Loss before taxation	(2,062)
Taxation	-
Loss after taxation before minority interest	(2,062)
Minority interest	981
Decrease in Group's net profit	(1,081)

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

The effect of the acquisition of Laser Group on the financial position of the Group as at 31 July 2003 is as follows:-

	RM'000
Property, plant and equipment	**16,534**
Investment in associated company	*****
Debtors	**1,599**
Cash and bank balances	**29**
Creditors	**(4,915)**
Bank borrowings	**(1,084)**
Minority interests	**(2,837)**
Increase in Group net assets	**9,326**

* Represents RM1

5. **GOODWILL ON CONSOLIDATION**

	GROUP	
	2003 RM'000	2002 RM'000
Arising from the acquisition of subsidiary companies:-		
Balance at beginning	**3,167**	604
Arising from the acquisition of subsidiary companies during the financial year	**481**	3,042
Amortisation for the financial year	**(629)**	(479)
Balance at end	**3,019**	3,167

6. **INVENTORIES**

	GROUP	
	2003 RM'000	2002 RM'000
At cost		
Raw materials	**7,269**	6,297
Work-in-progress	**25,048**	14,615
Finished goods	**591**	646
Trading goods	**1,796**	812
	34,704	22,370

7. TRADE DEBTORS

	GROUP	
	2003	2002
	RM'000	RM'000
Total amount	**24,547**	27,478
Less : Allowance for doubtful debts		
Balance at beginning	**1,117**	1,117
Current year	**380**	-
Balance at end	**(1,497)**	(1,117)
	23,050	26,361

8. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	GROUP	
	2003	2002
	RM'000	RM'000
Total amount	**2,706**	2,227
Less : Allowance for doubtful debts		
Balance at beginning	**-**	51
Current year	**289**	-
Written off	**-**	(51)
Balance at end	**(289)**	-
	2,417	2,227

9. AMOUNT DUE FROM SUBSIDIARY COMPANIES

COMPANY

The amount due from subsidiary companies is non-trade related, unsecured and has no fixed terms of repayment.

It is also interest free, except for an amount of **RM25.53** million (2002 : RM8.32 million) which bears interest at **6.00%** to **7.50%** (2002 : 6.0% to 7.5%) per annum.

10. FIXED DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Pledged to a bank as security for banking facilities granted to a subsidiary company	**5**	5	**-**	-
Unencumbered	**2,015**	7,350	**2,015**	7,350
	2,020	7,355	**2,015**	7,350

The weighted average effective interest rate of fixed deposits for the Group and the Company at balance sheet date is 2.36% (2002 : 2.26%).

11. OTHER CREDITORS AND ACCRUALS

Included herein are the following:-

	GROUP	
	2003	2002
	RM'000	RM'000
Amount due to Mr. Lee Chui Tho, a shareholder of a subsidiary company		
- Interest free	**15**	15

12. BANK BORROWINGS

	GROUP	
	2003	2002
	RM'000	RM'000
Secured		
Bank overdrafts	**921**	342
Trust receipts	**4,773**	932
Term loans (Note 16)	**915**	5,581
Bankers' acceptance	**-**	8,366
Export credit refinancing	**1,182**	-
Unsecured		
Bankers' acceptance	**2,640**	2,174
Bank overdrafts	**327**	102
	10,758	17,497

The bank borrowings are repayable within one year.

The weighted average effective interest rates of bank borrowings (excluding term loans) at balance sheet date are as follows:-

	GROUP	
	2003	2002
	%	%
Secured		
Bank overdrafts	**7.50 – 8.00**	8.40 – 8.90
Trust receipts	**7.50 – 8.00**	8.40 – 8.90
Bankers' acceptance	**-**	4.20
Export credit refinancing	**3.50**	-
Unsecured		
Bankers' acceptance	**4.14**	4.14
Bank overdrafts	**7.90**	7.90

12. **BANK BORROWINGS** (cont'd)

The bank borrowings of the subsidiary companies, other than term loans, are secured by:-

i) Debentures covering first fixed and floating charge over a subsidiary company's assets;
ii) Legal charges over the multimedia boards of a subsidiary company;
iii) Legal charges against certain properties of the subsidiary companies;
iv) Facility agreement;
v) Corporate guarantee of the Company; and
vi) Joint and several guarantees of a director and certain shareholders of a subsidiary company.

The details of security, interest rate and maturity profile for term loans are disclosed in Note 16.

13. **SHARE CAPITAL**

	GROUP AND COMPANY	
	2003	2002
	RM'000	RM'000
Ordinary shares of RM1 each:-		
Authorised	**100,000**	100,000
Issued and fully paid	**40,000**	40,000

The details of options granted under the Company's Employee Share Option Scheme to subscribe for ordinary shares which will expire on 23 June 2005 and are outstanding at 31 July 2003 are as follows:-

------------- Ordinary shares of RM1 each -------------	
Exercise price per share RM	**Number of options over ordinary shares**
1.33	**1,058,000**
1.00	**2,075,000**
	3,133,000

14. **RESERVES**

	GROUP		COMPANY	
		(Restated)		
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Non distributable				
Asset revaluation reserve	**1,449**	1,455	**-**	-
Currency translation reserve	**-**	(44)	**-**	-
	1,449	1,411	**-**	-
Distributable				
Retained profits	**12,523**	19,009	**4,803**	4,989
	13,972	20,420	**4,803**	4,989

COMPANY

The Company has sufficient Section 108 tax credit and tax exempt account under the Income Tax Act, 1967, to frank the payment of dividends out of all its retained profits at balance sheet date.

15. **DEFERRED TAXATION**

	GROUP		COMPANY	
	2003	(Restated) 2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Balance at beginning				
As previously reported/As restated	**1,001**	459	**-**	-
Prior year adjustments (Note 27)	**1,647**	1,649	**-**	-
As restated	**2,648**	2,108	**-**	-
Transfer (to)/from income statement	**(649)**	540	**15**	-
Balance at end	**1,999**	2,648	**15**	-
Represented by:-				
Revalued properties	**745**	747	**-**	-
Excess of capital allowances over depreciation	**1,254**	1,901	**15**	-
	1,999	2,648	**15**	-

There are no material timing differences not accounted for.

16. **LONG TERM LIABILITIES**

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Unsecured loan from a director of a subsidiary company				
- Repayable after twelve months	**2,532**	645	-	-
Unsecured loan from a shareholder of a subsidiary company				
- Repayable after twelve months	**109**	100	**-**	-
Secured term loans				
Total amount repayable	**4,538**	8,371	**-**	-
Less : Repayable within twelve months included under bank borrowings (Note 12)	**(915)**	(5,581)	**-**	-
	3,623	2,790	**-**	-
Balance carried forward	**6,264**	3,535	**-**	-

16. **LONG TERM LIABILITIES** (cont'd)

	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
Balance brought forward	**6,264**	3,535	**-**	-
Unsecured term loan	**25,000**	-	**25,000**	-
Hire purchase creditors				
Net amount payable	**339**	155	**217**	-
Less : Payable within twelve months included under other creditors and accruals	**(93)**	(34)	**(55)**	-
	246	121	**162**	-
	31,510	3,656	**25,162**	-

Maturity of other loans, term loans and hire purchase creditors

	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
Within one year	**1,008**	5,615	**55**	-
More than one year and less than five years	**28,978**	3,656	**25,162**	-
	29,986	9,271	**25,217**	-

The weighted average effective interest rates of other loans, term loans and hire purchase creditors at balance sheet date are as follows:-

	GROUP 2003 %	GROUP 2002 %	COMPANY 2003 %	COMPANY 2002 %
Secured				
Term loans	**6.66**	4.20	**5.68**	-
Hire purchase creditors	**5.74**	2.09	**3.36**	-
Unsecured				
Loan from a director of a subsidiary company	**7.50**	7.50	**-**	-
Loan from a shareholder of a subsidiary company	**7.50**	7.50	**-**	-
Fixed rate term loan	**8.00**	-	**8.00**	-

The term loans of a subsidiary company are secured by:-
i) Debentures covering first fixed and floating charge over a subsidiary company's assets;
ii) Legal charges over the multimedia boards of a subsidiary company;
iii) Corporate guarantee of the Company; and
iv) Joint and several guarantees of a director and certain shareholders of a subsidiary company.

The term loans of the subsidiary company are repayable over 60 equal monthly instalments of RM0.10 million each (2002 : 60 equal monthly instalments of RM0.10 million each and 12 and 13 equal quarterly instalments of RM0.23 million each). During the financial year, certain term loan was fully repaid.

The term loan of the Company is unsecured and is repayable in one lump sum in October 2007 which is five years from the date of the first drawdown.

16. **LONG TERM LIABILITIES** (cont'd)

The repayment terms of the hire purchase arrangements are as follows:-

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	%	%	**%**	%
Within one year	**112**	46	**65**	-
Between two and five years	**286**	139	**193**	-
	398	185	**258**	-
Less : Unexpired interest	**(59)**	(30)	**(41)**	-
	339	155	**217**	-

17. **REVENUE**

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Invoiced value of goods sold less returns and discounts	**159,836**	155,131	**-**	-
Invoiced value of services rendered net of service tax, discounts and agency commission	**4,207**	1,954	**-**	-
Gross dividend income	**-**	-	**6,167**	4,776
Interest income	**486**	228	**1,400**	975
Management fee income	**-**	-	**315**	75
	164,529	157,313	**7,882**	5,826

18. **EXCEPTIONAL ITEM**

GROUP

This was in relation to discounts received on negotiated settlement of debts due to certain trade creditors of a subsidiary company.

19. **(LOSS)/PROFIT BEFORE TAXATION**

This is arrived at:-

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
After charging:-				
Allowance for doubtful debts	**670**	-	**-**	-
Amortisation of goodwill on consolidation	**630**	479	**-**	-
Audit fee				
- current year	**48**	46	**6**	6
- over provision in previous year	**-**	(3)	**-**	-
- other services	**-**	2	**-**	-
Bad debts	**1,026**	1	**1,026**	-

19. **(LOSS)/PROFIT BEFORE TAXATION** (cont'd)

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
After charging:-				
Depreciation				
- current year	**4,566**	3,141	**288**	96
- over provision in prior years	**-**	(255)	**-**	-
Directors' remuneration				
Directors of the Company				
- fees	**700**	1,060	**675**	500
- other emoluments	**1,158**	806	**898**	498
- benefits-in-kind	**72**	27	**72**	27
Directors of subsidiary companies				
- fees	**25**	134	**-**	-
- other emoluments	**261**	286	**-**	-
- benefits-in-kind	**9**	8	**-**	-
Interest expense	**2,598**	633	**1,429**	-
Inventories written off	**31**	-	**-**	-
Litigation settlement	**288**	-	**-**	-
Loss on disposal of subsidiary company	**-**	-	**601**	-
Property, plant and equipment written off	**6**	-	**-**	-
Realised loss on foreign exchange	**-**	1	**-**	-
Rental of advertising site	**484**	234	**-**	-
Rental of machinery and equipment	**60**	65	**4**	-
Rental of premises	**341**	375	**42**	36
* Staff costs (excluding directors)	**20,301**	19,964	**737**	733
And crediting:-				
Bad debts recovered	**-**	13	**-**	-
Gain on disposal of property, plant and equipment	**11**	58	**-**	-
Gain on disposal of subsidiary company	**2,092**	-	**-**	-
Gross dividends from unquoted subsidiary companies	**-**	-	**6,167**	4,776
Interest income	**476**	236	**1,400**	975
Realised gain on foreign exchange	**26**	108	**-**	-
Rental income	**164**	164	**-**	-
* Number of employees at balance sheet date	**1,672**	1,809	**10**	10

20. TAXATION

	GROUP		COMPANY	
		(Restated)		
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Malaysian income tax				
Based on results for the financial year				
- Current taxation	**(399)**	(1,232)	**(1,023)**	(491)
- Transfer to deferred taxation	**(12)**	(540)	**(15)**	-
	(411)	(1,772)	**(1,038)**	(491)
- (Under)/Over provision in prior years				
- Income taxation	**(150)**	242	**(12)**	(233)
- Deferred taxation	**661**	-	**-**	-
	100	(1,530)	**(1,050)**	(724)

The reconciliation of statutory tax rate to effective tax rate is as follows:-

	GROUP		COMPANY	
		(Restated)		
	2003	2002	**2003**	2002
	%	%	**%**	%
Statutory tax rate	**(28)**	28	**28**	28
Income not subject to tax	**-**	(6)	**-**	(55)
Tax rate applicable to expenses not deductible for tax purposes	**11**	20	**32**	40
Utilisation of reinvestment allowance	**-**	(24)	**-**	-
Tax rate applicable to current loss for which the tax effects have not been recognised	**23**	16	**-**	-
Effective tax rate	**6**	34	**60**	13

The amount and future availability of unabsorbed tax losses and capital allowances are as follows:-

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Unabsorbed tax losses	**11,407**	8,558	**-**	158
Unabsorbed capital allowances	**14,263**	11,444	**-**	106
Unabsorbed reinvestment allowance	**465**	455	**-**	-

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

21. (LOSS)/EARNINGS PER SHARE

GROUP

Basic (loss)/earnings per share

Basic earnings per share of the Group is calculated by dividing the loss/net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	2003	(Restated) 2002
(Loss)/Net profit attributable to shareholders (RM'000)	**(5,628)**	4,454
Weighted average number of ordinary shares of RM1 each in issue ('000)	**40,000**	40,000
Basic (loss)/earnings per share (sen)	**(14.07)**	11.13

Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the loss/net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year adjusted to assume conversion of all dilutive potential ordinary shares arising from share options granted to employees calculated as follows:-

	(Restated) 2002
Net profit attributable to shareholders (RM'000)	4,454
Number of ordinary shares as above	40,000
Effect of share options ('000)	155
	40,155
Diluted earnings per share (sen)	11.09

Diluted loss per share for the financial year ended 31 July 2003 has not been computed as the effect of the share options under ESOS is anti-dilutive in nature.

22. DIVIDEND

	GROUP AND COMPANY	
	2003 RM'000	2002 RM'000
Payment of first and final dividend of		
- 3 sen less tax of 28% in respect of the financial year ended 31 July 2002	**864**	-
- 2 sen tax exempt in respect of the financial year ended 31 July 2002	**-**	800
	864	800

At the forthcoming Annual General Meeting, a first and final dividend of 1 sen per share less tax of 28% amounting to RM288,000 based on the 40,000,000 ordinary shares of RM1 each in issue will be proposed for shareholders' approval. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 July 2004.

23. **SEGMENTAL INFORMATION**

Segmental information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is 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. Unallocated items mainly comprise interest earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group comprises the following main business segments:-

i.	Garments	Manufacture and sale of garments and apparels
ii	Advertising	Provision of advertising services on multimedia boards
iii.	Investment holding	Investment holding and the provision of management services

Geographical Segments

The Group's garment business operates in two principal geographical areas, Malaysia and Bangladesh. The other segments only operate in Malaysia.

By business segments

2003

	Garment RM'000	Advertising RM'000	Investment holding RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
External sales	159,836	4,207	-	-	-	164,043
Inter-Segment	-	-	6,482	-	(6,482)	-
Interest income	-	-	1,400	-	(914)	486
Total revenue	159,836	4,207	7,882	-	(7,396)	164,529
Result						
Segment results	(1,570)	(1,251)	1,752	(26)	(4,104)	(5,199)
Interest expense						(2,598)
Interest income						476
Taxation						100
Loss after taxation						(7,221)
Minority interest						1,593
Loss for the year						(5,628)
Other information						
Segment assets	74,818	18,136	69,795	230	(53,120)	109,859
Tax recoverable						2,283
Fixed deposit and cash & bank balances						9,979
Total assets						122,121
Segment liabilities	57,964	12,313	26,597	92	(74,223)	22,743
Provision for taxation and deferred taxation						1,999
Bank borrowings						39,381
Total liabilities						64,123
Capital expenditure	800	119	667	-	-	1,586
Depreciation and amortisation	1,868	2,390	288	19	630	5,195

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

2002

	Garment RM'000	Advertising RM'000	Investment holding RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue						
External sales	155,131	1,954	-	-	-	157,085
Inter-Segment	-	-	4,851	-	(4,851)	-
Interest income	-	-	975	-	(747)	228
Total revenue	155,131	1,954	5,826	-	(5,598)	157,313
Result						
Segment results	4,884	(796)	3,640	(29)	(2,084)	5,615
Interest expense						(633)
Interest income						236
Share of results of associated company	-	-	(1)	-	-	(1)
Taxation						(1,530)
Profit after taxation						3,687
Minority interest						767
Net profit for the year						4,454
Other information						
Segment assets	75,609	20,043	34,388	251	(34,035)	96,256
Tax recoverable						1,130
Fixed deposit and cash & bank balances						12,827
Total assets						110,213
Segment liabilities	27,397	4,630	623	91	(12,961)	19,780
Provision for taxation and deferred taxation						3,725
Bank borrowings						20,287
Total liabilities						43,792
Capital expenditure	3,440	292	553	-	-	4,285
Depreciation and amortisation	1,393	1,376	96	21	479	3,365

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

By geographical segments

	2003		
	Revenue RM'000	**Total assets RM'000**	**Capital expenditure RM'000**
Malaysia	**162,303**	**109,859**	**1,586**
Bangladesh	**2,226**	**-**	**-**
	164,529	**109,859**	**1,586**
Unallocated assets	-	**12,262**	-
	164,529	**122,121**	**1,586**

	2002		
	Revenue RM'000	**Total assets RM'000**	**Capital expenditure RM'000**
Malaysia	156,255	95,180	4,278
Bangladesh	1,058	1,076	7
	157,313	96,256	4,285
Unallocated assets	-	13,957	-
	157,313	110,213	4,285

24. **RELATED PARTY TRANSACTIONS**

	GROUP	
	2003 RM'000	2002 RM'000
Interest expense paid to related parties		
- A director of a subsidiary company	**70**	**-**
- A shareholder of a subsidiary company	**9**	-

	COMPANY	
	2003 RM'000	2002 RM'000
Gross dividend income from subsidiary companies		
- Plas Industries Sdn. Bhd.	**4,167**	2,778
- Honsin Apparel Sdn. Bhd.	**2,000**	1,998
Interest income from subsidiary companies		
- Plas Industries Sdn. Bhd.	**348**	188
- Honsin Apparel Sdn. Bhd.	**331**	547
- HiQ Media (Malaysia) Sdn. Bhd.	**151**	12
- South East Garment Manufacturing Sdn. Bhd.	**84**	-
Management fee income from subsidiary companies		
- Plas Industries Sdn. Bhd.	**150**	38
- Honsin Apparel Sdn. Bhd.	**150**	37
- Bixiz Kids Incorporated (M) Sdn. Bhd.	**15**	-
Rental expense to a subsidiary company		
- Plas Industries Sdn. Bhd.	**36**	36

The directors of the Company are of the opinion that the above transactions were entered into in the normal course of business and the terms of which have been established on a negotiated basis.

25. **CONTINGENT LIABILITIES (UNSECURED)**

GROUP

In the previous financial period ended 31 July 2002, a civil suit has been taken by Cape Elegance Sdn. Bhd. ("the Plaintiff") against a subsidiary company for alleged breaches of contract in respect of an agreement entered into between the subsidiary company and the Plaintiff.

However, during the financial year, the Plaintiff and the subsidiary company have signed a settlement agreement and the subsidiary company has agreed to pay RM288,000 for special damages in the form of various payments allegedly outstanding together with damages.

COMPANY

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiary companies up to a limit of **RM37.00 million** (2002 : RM37.00 million) of which **RM10.36 million** (2002 : RM11.37 million) of the said banking facilities have been utilised at balance sheet date.

26. **FINANCIAL INSTRUMENTS**

Financial risk management objectives and policies

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, interest rate, foreign currency exposure and liquidity 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.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associates to business partners with high creditworthiness. Trade debtors are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

The normal credit terms for trade debtors and creditors are 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Interest rate risk

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a current low interest rate environment and achieve a certain level of protection against interest rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in currency other than Ringgit Malaysia. The currency giving rise to this is primarily the US Dollar.

The Company does not hedge its foreign currency risk as the Ringgit Malaysia has been pegged to the US Dollar at 3.80. Therefore exposure to foreign currency risks is minimised.

26. **FINANCIAL INSTRUMENTS** (cont'd)

The following amounts as at balance sheet date that are denominated in currencies other than RM are as follows:-

	2003 **'000**	2002 '000
Currency		
In debtors		
US Dollar	**5,652**	6,205
Singapore Dollar	**-**	52
Bangladesh Taka	**-**	1,514
In creditors		
US Dollar	**1,554**	594
Singapore Dollar	**76**	52
Bangladesh Taka	**-**	22,388

Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

Fair values

The carrying amounts of financial assets and financial liabilities of the Group and the Company as at balance sheet date approximate their fair values.

The nominal/notional amount and net fair value of contingent liabilities (as disclosed in Note 25) are not recognised in the balance sheet as at 31 July 2003 as it is not practicable to make a reliable estimate due to the uncertainties of timing, costs and eventual outcome.

27. **CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS**

Change in accounting policy and prior year adjustments

Under MASB 25 – Income Taxes, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

The changes in the abovementioned accounting policy have been applied retrospectively and comparative figures have been restated.

27. **CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS** (cont'd)

Comparative figures

The comparative figures have been restated to reflect the abovementioned change in accounting policy as follows:

	GROUP		
	As previously reported RM'000	**Effects of adopting MASB 25 RM'000**	**As restated RM'000**
Consolidated Balance Sheet			
Asset revaluation reserve	2,272	(817)	1,455
Retained profits	19,834	(825)	19,009
Minority interest	6,006	(5)	6,001
Deferred taxation	1,001	1,647	2,648
Consolidated Income Statement			
Taxation	1,532	(2)	1,530
Net profit	4,452	2	4,454

28. **MATERIAL CONTRACT**

The Group and the Company did not enter into any material contract during the financial year.

Directors' Statement

We, **Lau Mong Ying** and **Cheah Chin Teong**, being two of the directors of **Prolexus Berhad** state that in the opinion of the directors, the financial statements set out on pages 24 to 63 are properly drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at **31 July 2003** and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the directors:

LAU MONG YING	**CHEAH CHIN TEONG**

1 November 2003

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 24 to 63 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 1st	)	
day of November 2003	)	
	)	**WILLIE GAN WEE LEE**

Before me,

Commissioner for Oaths

We have audited the financial statements set out on pages 24 to 63. The preparation of these financial statements is the responsibility of the Company's directors. 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. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:

  (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

  (ii) the state of affairs of the Group and of the Company at **31 July 2003** and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiary companies of which we have not acted as auditors, as indicated in Note 4 to the financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under subsection (3) of Section 174 of the Act.

JB LAU & ASSOCIATES
NO. AF : 0042
CHARTERED ACCOUNTANTS

JOHN LAU TIANG HUA
NO. 1107/03/04 (J)

1 November 2003

Location	Description	Land area/ (built-up area)	Existing use	Tenure/ (approximate age of building)	Net book value as at 31 July 2003 RM'000	Year of acquisition/ revaluation
HONSIN APPAREL SDN. BHD.						
Lot 590 (New Lot 2596) Mukim of Simpang Kanan District of Batu Pahat Johor	A knitting factory cum office with storage building	12,146.88 metre² (7,413.65 metre²)	Factory and office	Freehold (10 1/2 years to 14 years)	**5,308**	1993*
Lot PTD 16109 Mukim of Simpang Kanan District of Batu Pahat Johor	A single-storey bungalow	535.96 metre² (211.8 metre²)	Hostel	Freehold (20 years)	**94**	1993*
PLAS INDUSTRIES SDN. BHD.						
Lot No. PT1487 (Plot No. 19) HS (D) 2754 Mk 1 Kawasan Perusahaan Prai Seberang Perai Tengah Pulau Pinang	A factory with office and storage building	1,007.96 metre² (2,204.67 metre²)	Factory and office	Leasehold 60 years expiring on 30.9.2045 (17 years)	**498**	1993*
Lot No. 4122 & 4123 Nibong Tebal Mk. 11 Seberang Perai Selatan Pulau Pinang	Two units of two mid-terraced shop-house	230.02 metre² (465.99 metre²)	Production factory	Freehold (13 years)	**226**	1993*
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 (232.25 metre²)	Hostel	Leasehold 99 years expiring on 22.4.2092 (7 years)	**152**	1997
Taman Pelangi Prai F95, H.S. (D) 3296 No. PT2971 Mk. 11 Seberang Perai Tengah Pulau Pinang	5 continuous units of three bedrooms flats	N/A (325.15 metre²)	Hostel	Leasehold 99 years expiring on 22.4.2092 (7 years)	**205**	1997
SOUTH EAST GARMENT MANUFACTURING SENDIRIAN BERHAD						
Plot No. 255 (iii) Kawasan Perusahaan Mak Mandin, Mukim 14 Seberang Perai Tengah Pulau Pinang	A single-storey factory with an annexed two-storey office block in front	1.70448 acres (2,481.27 metre²)	Factory and office	Leasehold 60 years expiring on 21.2.2052 (11 years)	**2,276**	1993*
PLAS INDUSTRIES SDN. BHD.						
Plot No. 255 (iii) Kawasan Perusahaan Mak Mandin, Mukim 14 Seberang Perai Tengah Pulau Pinang	3 storey factory	(3,617.51 metre²)	Factory and office	Leasehold 60 years expiring on 21.2.2052 (3 years)	**2,616**	2001
					11,375	

* Year of revaluation

Share Capital as at 31 October 2003

Authorised share capital	:	100,000,000 ordinary shares of RM1 each
Issued and fully paid-up	:	40,000,000 ordinary shares of RM1 each
Voting rights	:	One vote per ordinary share (on a poll)

Distribution schedule of shareholdings as at 31 October 2003

Size Of Holdings	No Of Depositors	% Of Depositors	No Of Shares Held	% Of Issued Capital
1 - 99	72	3.1690	1,654	0.0042
100 - 1,000	339	14.9208	295,529	0.7388
1,001 - 10,000	1,551	68.2658	6,310,373	15.7759
10,001 - 100,000	275	12.1039	6,749,574	16.8739
100,001 - 1,999,999	32	1.4085	15,898,184	39.7455
2,000,000 - 40,000,000	3	0.1320	10,744,686	26.8617
Total	2,272	100.0000	40,000,000	100.0000

30 largest shareholders as at 31 October 2003

		No. of shares	% of Issued Capital
1.	Lembaga Tabung Haji	3,974,000	9.9350
2.	Amsec Nominees (Tempatan) Sdn Bhd (Amfinance Berhad for Lau Mong Ying)	3,815,000	9.5375
3.	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lau Mong Ying)	2,955,686	7.3892
4.	BBL Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Narspa Holdings Sdn Bhd)	1,953,000	4.8825
5.	Tan Ching Ching	1,110,000	2.7750
6.	Mayban Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities for Ong Huey Peng)	927,000	2.3175
7.	Tan Han Chuan	919,000	2.2975
8.	Tham Kien Wei	805,000	2.0125
9.	Mayban Nominees (Asing) Sdn Bhd (Pledged Securities Account for Fisco Enterprise Pte Ltd)	804,115	2.0103
10.	Mayfin Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for JE Holdings Sdn Bhd)	690,865	1.7272
11.	JE Holdings Sdn Bhd	665,960	1.6649
12.	TA Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yap Kim Choo)	657,750	1.6444
13.	Chay Yoong Piau	620,750	1.5519
14.	Poo Choo@Ong Poo Choi	593,000	1.4825
15.	Chew Boon Seng	551,900	1.3798
16.	AllianceGroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lau Mong Ying)	540,000	1.3500
17	Tan Boon Kuan	536,084	1.3402
18.	Citicorp Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Hoei Boon)	515,000	1.2875
19.	TCL Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Kua Boon Hwa)	481,900	1.2047
20.	Lim Hoei Boon	435,934	1.0898
21.	Yeoh Swee Kee	395,000	0.9875
22.	Chen Lai Fun	387,500	0.9688
23.	Amsec Nominees (Tempatan) Sdn Bhd (AmFinance Berhad for Lim Cheng Pow)	340,000	0.8500
24.	Lin, Cheng-Lang	273,374	0.6834
25.	Amin Halim	240,000	0.6000
26.	Lau Mong Ying	215,448	0.5386
27.	Ong Chong Jing	190,000	0.4750
28.	Citicorp Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lai Chee Chong)	174,000	0.4350
29.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tiong Kiong Choon)	150,000	0.3750
30.	Lau Mong Seng	142,000	0.3550
	Total	26,059,266	65.1482

Substantial Shareholders (excluding bare trustees) According to the Register of Substantial Shareholders as at 31 October 2003

		No. of ordinary shares of RM 1 each			
No.	**Name of Shareholders**	**Direct Interest**	**%**	**Deemed Interest**	**%**
1.	Lau Mong Ying	7,526,134	18.82	–	–
2.	Lembaga Tabung Haji	3,974,000	9.94	–	–
3.	Narspa Holdings Sdn Bhd	2,053,000	5.13	–	–
4.	Ahmad Mustapha Ghazali	23,000	0.06	2,053,000	5.13
5.	Narimah Mohamed Perai	20,750	0.05	2,053,000	5.13

Directors' shareholdings as at 31 October 2003

		No. of ordinary shares of RM 1 each			
No.	**Name of Shareholders**	**Direct Interest**	**%**	**Deemed Interest**	**%**
1.	Lau Mong Ying	7,526,134	18.82	–	–
2.	Cheah Chin Teong	12,506	0.03	–	–
3.	Ahmad Mustapha Ghazali	23,000	0.06	2,053,000	5.13
4.	Lau Mong Fah	20,000	0.05	–	–
5.	Lin, Cheng-Lang	273,374	0.68	–	–
6.	Lee Kuan Mang	–	–	–	–
7.	Willie Gan Wee Lee	–	–	–	–
8.	Khadmudin Bin Hj. Mohamed Rafik	38,100	0.10	–	–

Note

Note

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 Eleventh Annual General Meeting of the Company to be held at the Conference Room, Prolexus Berhad, 6944 Jalan Mak Mandin, Kawasan Perusahaan Mak Mandin, 13400 Butterworth, Penang on 19 December 2003 at 10.00 a.m. and at any adjournment thereof.

ORDINARY RESOLUTION	1	2	3	4	5	6	7	8
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"	%
		100%

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

No. of Share Held: ________________

____
Signature of shareholder

Dated this ___________ day of _____________ 2003.

* Strike out whichever not desired.

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.*

STAMP

The Company Secretary

Prolexus Berhad

(Company No. 250857-T)

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