



**PROLEXUS BERHAD**

(250857 - T)

Incorporated in Malaysia

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## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth 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 Wednesday, 30 November 2005 at 10.00 a.m. for the following purposes:-

### AGENDA

- |                                                                                                                                                                                       |                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 July 2005 together with the Reports of the Directors and Auditors thereon.                             | Ordinary Resolution 1 |
| 2. To approve the payment of a first and final dividend of 1 sen per share less income tax of 28% for the financial year ended 31 July 2005.                                          | Ordinary Resolution 2 |
| 3. To approve the payment of Directors' fees for the financial year ended 31 July 2005.                                                                                               | Ordinary Resolution 3 |
| 4. To re-elect Mr. Lee Kuan Mang, the Director retiring pursuant to Article 77 of the Company's Articles of Association and who, being eligible, offers himself for re-election.      | Ordinary Resolution 4 |
| 5. To re-elect Mr. Willie Gan Wee Lee, the Director retiring pursuant to Article 77 of the Company's Articles of Association and who, being eligible, offers himself for re-election. | Ordinary Resolution 5 |
| 6. 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.                                | Ordinary Resolution 6 |

### As Special Business :

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

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 7. AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES<br><br>"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government and/or 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, deemed 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 Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Ordinary Resolution 7 |
| 8. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY<br><br>That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed 10% of its issued and paid-up share capital and the 10% shall always take into account any shares bought back and retained as treasury shares and that amount allocated by the Company for the Proposed Share Buy-Back is backed by an equivalent amount of audited retained profits of the Company as at 31 July 2005 amounting to RM5,215,000. Upon purchase by the Company of its own shares, the purchased shares will be cancelled or retained as treasury shares or both and/or dealt with in accordance with the relevant prevailing statutory provisions and guidelines.<br><br>That, the Directors be and are hereby empowered to do all acts and things to give effect to the Proposed Share Buy-Back and to be dealt with in accordance with Bursa Securities' Listing Requirements and Companies Act, 1965.<br><br>That, such authority shall commence immediately upon passing of this resolution until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held or revoked or varied by ordinary resolution passed by shareholders in general meeting, whichever occurs first, but so as not to prejudice the completion of a purchase made before such expiry date. | Ordinary Resolution 8 |

## Notice of Annual General Meeting (cont'd)

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

### BY ORDER OF THE BOARD,

**LEE PENG LOON** (LS 00405)  
Secretary

Penang  
8 November 2005

### EXPLANATORY NOTES ON SPECIAL BUSINESS

#### Ordinary Resolution 7

The ordinary resolution proposed under Resolution No. 7, 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. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

#### Ordinary Resolution 8

The ordinary resolution proposed under Resolution No. 8, if passed, will give the Directors of the Company authority to purchase its own shares up to 10% of the issued and paid-up share capital of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

### 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 2005 in respect of transfers; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

The dividend, if approved, will be paid on 18 January 2006 to depositors who are registered in the Record of Depositors of the Company on 31 December 2005.

## Statement Accompanying Notice Of Annual General Meeting

STATEMENT accompanying Notice of Thirteenth Annual General Meeting of the Company pursuant to paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad:-

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

The Directors standing for re-election are:-

- (a) Mr. Lee Kuan Mang
- (b) Mr. Willie Gan Wee Lee

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

A total of five (5) Board Meetings were held during the financial year ended 31 July 2005.

Name of Directors	Number of Board Meetings Attended
(a) Ahmad Mustapha Ghazali	5
(b) Lau Mong Ying	5
(c) Cheah Chin Teong	4
(d) Willie Gan Wee Lee	5
(e) Lau Mong Fah	5
(f) Lee Kuan Mang	5
(g) Lin, Cheng-Lang	3
(h) Khadmudin Bin Hj Mohamed Rafik	5

### (3) PLACE, DATE AND TIME OF THIRTEENTH ANNUAL GENERAL MEETING

Place	:	The Conference Room of Prolexus Berhad 6944, Jalan Mak Mandin Kawasan Perusahaan Mak Mandin 13400 Butterworth, Penang
Date & Time	:	Wednesday, 30 November 2005 at 10.00 a.m.

## Statement of Proposed Renewal of Authority to Purchase Its Own Shares

### 1. INTRODUCTION

#### 1.1 Renewal Of Authority For Prolexus Berhad (“PROLEXUS” or “the Company”) To Purchase Its Own Shares

At the Company’s Twelfth Annual General Meeting held on 30 November 2004, the Board of Directors had obtained shareholders’ approval for the Directors to purchase shares on Bursa Securities not exceeding ten (10%) per centum of the issued and fully paid-up share capital of the Company.

The authority obtained by the Board of Directors for purchasing the Company’s own shares in accordance with Bursa Securities’ Listing Requirements governing share buy-back by listed companies, lapses at the conclusion of the forthcoming Annual General Meeting (“AGM”) unless a new mandate is obtained from shareholders to authorise the Directors of the Company to purchase its own shares.

It is the intention of PROLEXUS to renew the authority to purchase its own shares in the aggregate up to ten (10%) per centum of its issued and paid-up share capital and the ten (10%) per centum shall always take into account any shares bought back and retained as treasury shares in accordance with Section 67A of the Act and the requirements of Bursa Securities and/or any other relevant authorities (“Proposed Share Buy-Back” or “the Proposal”). Consequently, on 29 September 2005, the Company announced that the Board of Directors proposes to seek a fresh mandate from the shareholders for the Company to purchase its own shares on Bursa Securities through its appointed stockbroker, Hwang-DBS Securities Berhad previously approved by Bursa Securities. Such authority, if so approved, commences immediately upon obtaining the shareholders’ approval in this forthcoming AGM until the conclusion of the next AGM. (“Proposed Authorised Period”). As at 30 September 2005, the issued and paid up share capital of the Company is RM40,000,000 comprising 40,000,000 ordinary shares of RM1.00 each which is inclusive of 1,827,200 treasury shares held by the Company.

Upon purchase by the Company of its own shares, the purchased shares will be retained as treasury shares. The Company would have the opportunity to distribute those shares as share dividends, thus benefiting the shareholders. The treasury shares may also be resold on the open market of Bursa Securities at a price higher than the purchase price, thereby realizing a potential gain for PROLEXUS without affecting the Company’s issued and paid-up share capital.

#### 1.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Share Buy-Back and to seek your approval for the ordinary resolution which is to give effect to the Proposed Share Buy-Back to be tabled at the forthcoming AGM. A notice of the AGM together with the Proxy Form are set out in pages 2, 3 and 79 respectively.

### 2. RATIONALE FOR THE PROPOSED RENEWAL OF AUTHORITY FOR PROLEXUS TO PURCHASE ITS OWN SHARES

The Directors of the Company are of the opinion that empowering the Company to undertake the Proposed Share Buy-Back is in response to the government’s call to help stabilise the stock market and in the best interest of the Company. It is to be carried out when the share price is transacted at levels which does not reflect the potential earning capability of the Group. The Proposed Share Buy-Back is expected to have the effect of stabilising the supply and demand as well as the price of the shares of the Company on Bursa Securities which may in turn have a favourable impact on the share price of the Company.

## Statement of Proposed Renewal of Authority to Purchase Its Own Shares (cont'd)

### 3. EVALUATION OF THE PROPOSED RENEWAL OF AUTHORITY FOR PROLEXUS TO PURCHASE ITS OWN SHARES

#### 3.1 Advantages

The potential advantages of the Proposed Share Buy-Back are as follows:

- allows the Company to take preventive measures against excessive speculation in particular, when the Company's shares are undervalued;
- allows the Company more flexibility in fine-tuning its capital structure;
- to stabilise a downward trend of the market price of the Company's shares;
- treasury shares can be treated as long term investments. It makes business sense to invest in our own Company as the Board of Directors are confident of PROLEXUS's future prospects and performance in the long term;
- resale of treasury shares at prices higher than the purchase prices when the market price picks up will be realised and as a result increase the working capital and net tangible assets of the Company; and
- in the event that the treasury shares are distributed as dividend by the Company, it may then serve to reward the shareholders of the Company.

#### 3.2 Disadvantages

The potential disadvantages of the Proposed Share Buy-Back are as follows:-

- the purchases can only be made out of distributable reserves, resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders; and
- the purchases of existing shares involve cash outflow from the Company which may otherwise be retained in the business to generate further profits.

### 4. PARTICULARS OF THE PROPOSED RENEWAL OF AUTHORITY FOR PROLEXUS TO PURCHASE ITS OWN SHARES

#### Funding

The Proposed Share Buy-Back will allow the Directors to purchase PROLEXUS's shares at any time within the Proposed Authorised Period. The proposed purchase by the Company of its own shares must be made wholly out of its retained profits. There are no restrictions on the types of funds which can be utilised so long as the buy-back is backed by an equivalent amount of retained profits. Based on the audited financial statements as at 31 July 2005, the Company's retained profits is RM5,215,000.

The Proposed Share Buy-Back shall be financed from internally generated funds and/or bank borrowings. The amount of bank borrowings to be used for the Proposed Share Buy-Back would depend on the prevailing interest rates and the repayment capabilities.

### 5. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR PROLEXUS TO PURCHASE ITS OWN SHARES

#### 5.1 Share Capital

There will be no effect on the current issued and paid-up share capital of PROLEXUS if the shares so purchased are retained in treasury but the rights attaching to the treasury shares as to voting, dividends and participation in other distribution or otherwise will be suspended. While the PROLEXUS's shares purchased remain as treasury shares, the Act prohibits the taking into account of such shares in calculating the number or percentage of shares in the Company for any purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings and the result of votes on resolutions.

## Statement of Proposed Renewal of Authority to Purchase Its Own Shares (cont'd)

### 5.2 Net Tangible Assets (“NTA”)

The Proposed Share Buy-Back is likely to reduce the NTA per share of the Company and the Group if the purchase price exceeds the audited NTA per share of the Group at the time of purchase and will increase the NTA per share of the Company and the Group if the purchase price is less than the audited NTA per share of the Group at the time of purchase.

For shares bought back which are kept as treasury shares, upon resale of such shares, the NTA of the Group will increase assuming that a gain has been realized. The quantum of the increase in NTA will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

### 5.3 Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Group, the quantum of which is dependent on actual number of shares bought back and actual purchase prices of the PROLEXUS's shares. However, in the opinion of the Directors, the Proposed Share Buy-Back whether cancelled or kept as treasury shares is not expected to have a significant effect on the working capital of the Company.

### 5.4 Earnings

The effect of the Proposed Share Buy-Back on the earnings of the Group will depend on the actual purchase prices of PROLEXUS's shares, the number of shares purchased and the effective funding cost of the purchases. Generally, a lesser share capital subsequent to the cancellation of the shares bought back or either kept as treasury shares will have a positive impact, all else being equal, on the Group's Earnings Per Share.

## 6. OTHER DISCLOSURES IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR PROLEXUS TO PURCHASE ITS OWN SHARES

### 6.1 Public Shareholding Spread

PROLEXUS's public shareholding spread and the public shareholders as at 30 September 2005 being the latest practicable date is approximately 69.63% and 1,948 respectively. The public shareholding spread is expected to be reduced to 67.78% assuming the Proposed Share Buy-Back is implemented in full with the purchases from the market.

### 6.2 Malaysian Code On Take-Overs And Mergers 1998

Assuming the shareholdings of the substantial shareholders and/or parties acting in concert as at 30 September 2005 remain unchanged, none of the substantial shareholders' and/or parties acting in concert's shareholdings will exceed 33% in the event that the Proposed Share Buy-Back is carried out in full. Hence, the Proposed Share Buy-Back is not expected to trigger the Malaysia Code on Take-Overs and Mergers 1998.

### 6.3 Purchase of Shares

The purchases of shares made during the financial year ended 31 July 2005 are set out in pages 60 and 61, under the heading of “Treasury Shares”.

Subsequent to the financial year 31 July 2005, as at 30 September 2005 being the latest practicable date, Prolexus had bought back additional 709,700 ordinary shares of RM1.00 each for approximately RM341,365 at an average price of RM0.48 per share.



## Statement of Proposed Renewal of Authority to Purchase Its Own Shares (cont'd)

### 6.4 Resale/Cancellation of Treasury Shares

There were no resale/cancellation of treasury shares during the period from 1 December 2004 (upon approval by shareholders in the immediate prior 12th AGM held on 30 November 2004) until the latest practical date.

### 7. DIRECTORS', SUBSTANTIAL SHAREHOLDERS', PERSONS CONNECTED WITH DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors, Substantial Shareholders, persons connected with the Directors and Substantial Shareholders have any interest, direct or indirect, in the Proposed Share Buy-Back and resale of treasury shares of the Company.

### 8. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Share Buy-Back, are of the opinion that the Proposed Share Buy-Back is in the best interest of the Group. Accordingly, they recommend that you vote in favour of the ordinary resolution for the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

### 9. BURSA SECURITIES

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or reliance upon the whole or any part of the contents of this Statement.

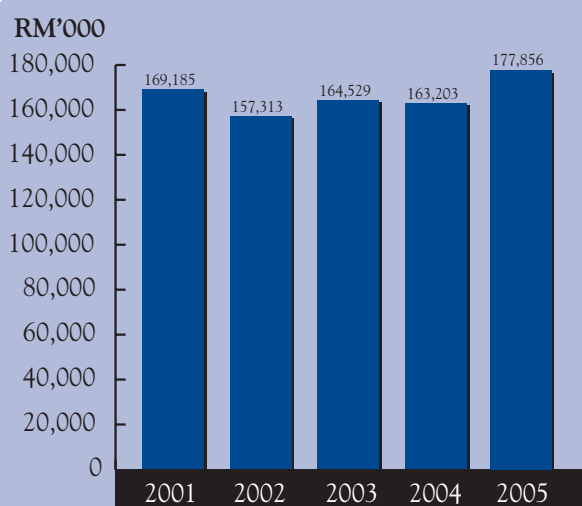


## Corporate Information

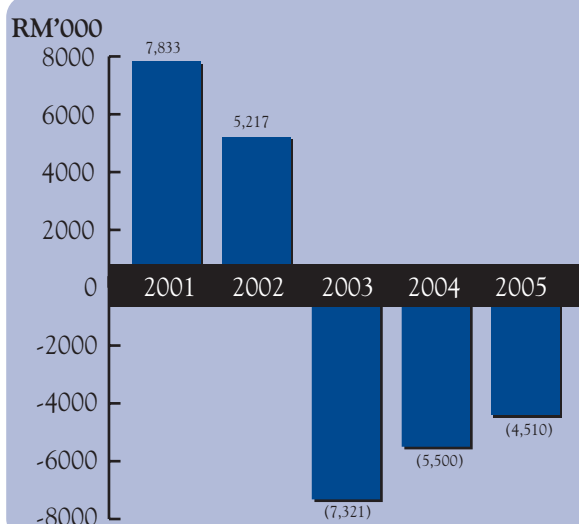
<b>Directors</b>	Ahmad Mustapha Ghazali ( <i>Chairman, Non-Independent Non-Executive Director</i> ) Lau Mong Ying ( <i>Managing Director</i> ) Cheah Chin Teong ( <i>Executive Director</i> ) Willie Gan Wee Lee ( <i>Executive Director</i> ) Lau Mong Fah ( <i>Non-Independent Non-Executive Director</i> ) Lee Kuan Mang ( <i>Independent Non-Executive Director</i> ) Lin, Cheng-Lang ( <i>Independent Non-Executive Director</i> ) Khadmudin Bin Hj. Mohamed Rafik ( <i>Independent Non-Executive Director</i> )
<b>Company Secretary</b>	Lee Peng Loon (LS00405)
<b>Audit Committee</b>	Lee Kuan Mang ( <i>Chairman, Independent Non-Executive Director</i> ) Ahmad Mustapha Ghazali ( <i>Non-Independent Non-Executive Director, Member of the Malaysian Institute of Accountants</i> ) Lin, Cheng-Lang ( <i>Independent Non-Executive Director</i> ) Khadmudin Bin Hj. Mohamed Rafik ( <i>Independent Non-Executive Director</i> )
<b>Nomination Committee</b>	Lee Kuan Mang ( <i>Chairman, Independent Non-Executive Director</i> ) Ahmad Mustapha Ghazali ( <i>Non-Independent Non-Executive Director</i> ) Lin, Cheng-Lang ( <i>Independent Non-Executive Director</i> )
<b>Remuneration Committee</b>	Lau Mong Ying ( <i>Chairman, Managing Director</i> ) Lee Kuan Mang ( <i>Independent Non-Executive Director</i> ) Lau Mong Fah ( <i>Non-Independent Non-Executive Director</i> )
<b>Registered Office</b>	51-21-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel : 04-2276888 Fax : 04-2298118
<b>Business Address</b>	6944 Jalan Mak Mandin Kawasan Perusahaan Mak Mandin 13400 Butterworth Penang Tel : 04-3313907 Fax : 04-3313709 Email: enquiries@prolexus.com.my Website: www.prolexus.com.my
<b>Share Registrar</b>	Agriteum Share Registration Services Sdn. Bhd. 2nd Floor, Wisma Penang Garden 42 Jalan Sultan Ahmad Shah 10050 Penang Tel : 04-2282321 Fax : 04-2272391
<b>Auditors</b>	JB Lau & Associates Chartered Accountants
<b>Principal Bankers</b>	Bumiputra-Commerce Bank Berhad Citibank Berhad Hong Leong Bank Berhad HSBC Bank Malaysia Berhad Malayan Banking Berhad OCBC Bank (Malaysia) Berhad RHB Bank Berhad EON Bank Berhad
<b>Solicitors</b>	Ghazi & Lim Zaid Ibrahim & Co.
<b>Stock Exchange Listing</b>	Second Board of Bursa Malaysia Securities Berhad

## Financial Highlights

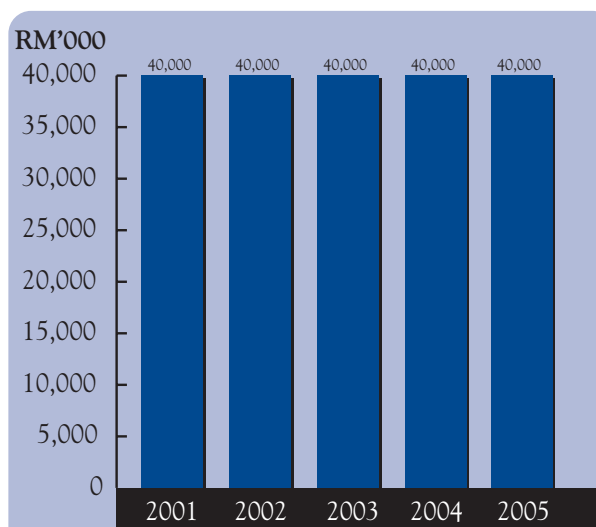
	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000
Turnover	169,185	157,313	164,529	163,203	177,856
Profit/(Loss) Before Tax	7,833	5,217	(7,321)	(5,500)	(4,510)
Profit/(Loss) After Tax	6,393	3,687	(7,221)	(5,208)	(4,598)
Paid-up Capital	40,000	40,000	40,000	40,000	40,000
Shareholders' Funds	58,408	60,420	53,972	48,871	44,186
Earnings/(Loss) Per Share (sen)	16	11	(14)	(11)	(10)
Dividend Per Share (sen)	2	3	1	1	1
Net Tangible Asset Per Share (sen)	145	143	127	116	104



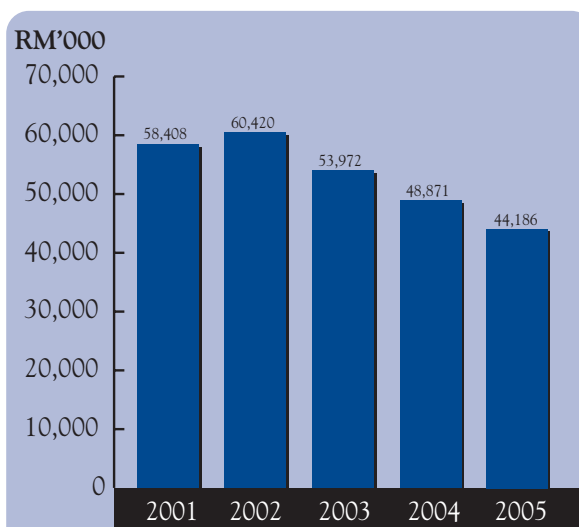
Turnover



Profit/(Loss) Before Tax



Paid-up Capital



Shareholders' Fund



## Chairman's Statement

On behalf of the Board of Directors, I present the financial results of the Group for the year ended 31 July 2005.

### REVIEW OF OPERATIONS AND PROSPECTS

Revenue for the year increased from RM163,203,000 to RM177,856,000, an increase of RM14,653,000 or 9.0% over that of the previous financial year. The increase in revenue is mainly attributed to the garment manufacturing division which registered an increase of RM14,946,000.

The Group recorded a lower loss before taxation of RM4,510,000 for the current financial year as compared to a loss before taxation of RM5,500,000 for the previous financial year. The reduction in loss for the current financial year is mainly attributed to the improvement in results of the garment manufacturing division due to increased revenue.

The manufacturing 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 with the 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. In this connection, the joint venture agreement entered into in China for the manufacture of apparels for the export market under the joint venture company named A-Text Fashion Company Limited ("A-Text") was completed in May 2005. Together with our entry into China through A-Text, the Group has also contracted out the manufacturing of garments to companies in Sri Lanka to benefit from the relatively lower labour costs in these countries.

Despite the losses recorded by the advertising division, prospects for the advertising division is good with increasing revenue and the return to profitability during the last quarter of the current financial year and the improved performance is expected to continue.

The garment retail division with its newly launched brand, "Be Elementz", continues to generate losses. Measures are being taken to increase revenue of Be Elementz by transforming brand awareness of "Be Elementz" to brand desirability.

### DIVIDEND

Subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company, the Board of Directors is pleased to propose the payment of a first and final dividend of 1 sen per ordinary share, less tax of 28% amounting to RM288,000 for the financial year ended 31 July 2005. This compares to the first and final tax exempt dividend of 1 sen per ordinary share paid for the financial year ended 31 July 2004.

### APPRECIATION

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

**AHMAD MUSTAPHA GHAZALI**  
Chairman

18 October 2005

## Statement of Corporate Governance

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

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

In pursuance of such applications and/or compliance:-

- The Audit Committee was set-up on 21 October 1993, and is at present constituted as herein stated.
- The Nomination Committee was set-up on 14 April 2001, and comprises non-executive directors, the majority of whom are independent.
- The Remuneration Committee was set-up on 14 April 2001, and comprises mainly non-executive directors.
- An Internal Audit Department was established on 1 June 2001 with the engagement of an Internal Audit Manager. However, since 30 March 2005, Messrs UHY Diong, Chartered Accountants, have been engaged to provide, inter-alia, risk based internal audit services as the Internal Audit Manager has assumed a managerial position in the operations of one of the subsidiary company.
- 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 19.

### 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 calibre and experience and minority shareholders are fairly represented. A balance of not less than one third of its members being independent non-executive directors is maintained by the Board with three of its eight members being independent non-executive directors.

In accordance with 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 and the cost of such advice is borne by the Group. All Directors have access to the advice and services of the Company Secretary.



## Statement of Corporate Governance (cont'd)

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

The Board had on 1 November 2003 considered and reviewed the present composition of the Audit Committee including the performance of the Committee collectively and each of its members individually. The Board was and remains satisfied with the composition of the Audit Committee and the performance of the Committee collectively and each of its members individually and resolved to retain the present composition of the Audit Committee.

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

The Board through the Nomination Committee annually reviews the qualities (including skills and experience) of the Non-Executive Directors and also assesses the Board as a whole, its committees, and the contribution of each director. Such a review and an assessment were carried out on 18 October 2005 by the Nomination Committee.

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

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

The directors' profiles are as follows:

### Chairman (Non-Independent Non-Executive)

**Ahmad Mustapha Ghazali**, aged 57, 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**, aged 56, 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**, aged 50, was appointed to the Board on 30 January 1993 and is the Executive Director of the Group. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He has been involved in the garment industry since 1992.

**Willie Gan Wee Lee**, aged 49, 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 Singapore Stock Exchange and which has subsidiary companies involved in contract manufacturing in Malaysia and Europe.

### Non-Independent Non-Executive Directors

**Lau Mong Fah**, aged 51, 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, corporate secretarial and share registration services. He is a brother of Lau Mong Ying.

## Statement of Corporate Governance (cont'd)

### Independent Non-Executive Directors

**Lee Kuan Mang**, aged 63, 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**, aged 66 and from Taiwan, 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 Hj. Mohd. Rafik**, aged 51, was appointed to the Board on 9 September 2003. He obtained his Australian Matriculation Certificate in 1973 and Inspectors Certificate in 1976. He joined the Royal Malaysian Police Force as Senior Police Officer from 1976 to 1995. His last position before optional retirement was the Assistant Superintendent of Police performing the duties of "Head of Prosecution Department". He is presently the managing director and owner of a private limited company specializing in knitted fabric.

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

The Board held 5 meetings between 1 August 2004 and 31 July 2005 and the number of meetings attended by the Directors are as follows:

Name	Number of meetings attended
Ahmad Mustapha Ghazali	5
Lau Mong Ying	5
Cheah Chin Teong	4
Willie Gan Wee Lee	5
Lau Mong Fah	5
Lee Kuan Mang	5
Lin, Cheng-Lang	3
Khadmudin Bin Hj. Rafik	5

### DIRECTORS REMUNERATION

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

Currently, the executive directors remuneration comprises basic salary, 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 2005 including proposed directors fees are as follows:

	Salary and allowance RM	Bonus RM	Fees RM	Benefits-in-kind RM	EPF RM	Total 2005 RM	Total 2004 RM
Executives (3)	852,636	-	420,000	61,250	157,308	1,491,194	1,491,604
Non-Executives (5)	-	-	205,000	21,250	-	226,250	201,250
Total	852,636	-	625,000	82,500	157,308	1,717,444	1,692,854

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

## Statement of Corporate Governance (cont'd)

### REMUNERATION COMMITTEE – COMPOSITION AND TERMS OF REFERENCE

#### Composition and Designation of Remuneration Committee

Lau Mong Ying  
Chairman  
(Managing Director)

Lee Kuan Mang  
Member  
(Independent Non-Executive Director)

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

#### Terms of Reference

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

##### a. Size and Composition

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

##### b. Meetings

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

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

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

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

##### c. Duties and Responsibilities

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

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

Executive directors 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.





## Statement of Corporate Governance (cont'd)

### 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  
(Independent Non-Executive Director)

Ahmad Mustapha Ghazali  
Member  
(Non-Independent Non-Executive Director)

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

### Terms of Reference

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

#### a. Size and Composition

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

#### b. Meetings

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

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

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

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



## Statement of Corporate Governance (cont'd)

### 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:

## Statement of Corporate Governance (cont'd)

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

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

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

The role of the Audit Committee is stated on pages 20 to 22 and the report of the Audit Committee is shown on page 23.

This Statement Of Corporate Governance is made by the Board of Directors in accordance with a resolution of the Board of Directors dated 18 October 2005.

**AHMAD MUSTAPHA GHAZALI**  
Chairman

**LAU MONG YING**  
Managing 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.

## Audit Committee – Composition and Terms of Reference

### 1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

**Lee Kuan Mang**

Chairman  
(Independent Non-Executive Director)

**Ahmad Mustapha Ghazali**

Member  
(Non-Independent Non-Executive Director)  
(Member of The Malaysian Institute of Accountants)

**Lin, Cheng-Lang**

Member  
(Independent Non-Executive Director)

**Khadmudin Bin Hj. Mohamed Rafik**

Member  
(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 Bursa Malaysia Securities Berhad 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.

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

### c. Meetings

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

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

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

The Audit Committee shall meet the External Auditors without the presence of the 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 Bursa Malaysia Securities Berhad.

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

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 18 October 2005.

## Audit Committee Report

### AUDIT COMMITTEE FUNCTION

The Audit Committee of the Board of Directors is formally constituted with written terms of reference. The details of the Audit Committee's composition and terms of reference are set out in the preceding 3 pages. The present composition of the Audit Committee was reviewed and retained by the Board of Directors on 1 November 2003.

During the financial year ended 31 July 2005, 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	5
Lin, Cheng-Lang	3
Khadmudin Bin Hj. Mohamed Rafik	5

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

### INTERNAL AUDIT FUNCTION

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

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

Signed on behalf of the Audit Committee

### LEE KUAN MANG

Chairman, Audit Committee

18 October 2005



## Statement about the State on Internal Control

Pursuant to Paragraph 15.27(b) of Bursa Securities Listing Requirements, the Board of Directors of Prolexus Berhad is pleased to provide the following statement on the state on internal control of the Group, which has been prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies ('Internal Control Guidance') issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

### RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

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

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

### RISK MANAGEMENT

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

### INTERNAL AUDIT

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

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

## Statement about the State on Internal Control (cont'd)

### INTERNAL CONTROL

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

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of standard internal policies and procedures for operational, financial and human resource management, which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- A comprehensive business planning and detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the Board;
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary;
- The day-to-day operations of the two major subsidiaries are guided by the ISO9001:2000 documented procedures that provide limited scope of internal control; and
- Regular visits to operating units by members of the Board and senior management.

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

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

This statement has been reviewed by the external auditors in compliance with Paragraph 15.24 of Bursa Securities Listing Requirements.

This statement is issued in accordance with a resolution of the Board of Directors dated 18 October 2005.

## Statement on Directors' Responsibility in relation to the Financial Statements

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

The Directors consider that in preparing the financial statements for the year ended 31st July 2005 set out on pages 32 to 73, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have responsibility for ensuring that the Company and the Group keep accounting records which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 18 October 2005.



## Financial Statements

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## Directors' Report

for the financial year ended 31 July 2005

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 2005**.

### 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
Loss after taxation for the financial year	<u>(3,900)</u>	<u>(687)</u>

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 2005** 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 other than the effects arising from the acquisition of a subsidiary which increases the Group loss by RM147,000 as disclosed in Note 4 to the financial statements.

### DIVIDENDS

Since the end of the previous financial year, the Company had declared and paid a first and final tax exempt dividend of 1 sen per ordinary share amounting to RM400,000 in respect of the previous financial year, as proposed in the directors' report of that year.

The directors now recommend the payment of a first and final dividend of 1 sen per ordinary share less tax at 28% amounting to RM288,000 for the financial year ended **31 July 2005**.

### RESERVES AND PROVISIONS

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

## Directors' Report

for the financial year ended 31 July 2005 (cont'd)

### TREASURY SHARES

During the financial year, the Company repurchased **757,400** (2004 : 360,100) of its issued ordinary shares from the open market at an average price of **RM0.53** (2004 : RM0.68) per share. The total consideration paid for the repurchase including transaction costs was **RM401,000** (2004 : RM246,000). The repurchase was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Treasury shares have no rights to voting, dividends and participation in other distribution.

### EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 22 May 2000. The ESOS became effective on 24 June 2000 and the salient features of the ESOS are as follows:

- 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 Group who have been employed on a full time basis for a continuous period of at least three years in the Group,
- 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,
- The option is personal to the grantee and is non-assignable,
- 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 Bursa Malaysia Securities Berhad for the five market days preceding the date of offer or the par value of the ordinary shares, whichever is higher,
- 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, and
- 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 movement during the financial year of the options over unissued ordinary shares of the Company granted under the ESOS which expired on 22 August 2005 are as follows:

Date of offer	Exercise price RM	Balance at 1.8.04	Granted	Exercised	Lapsed	Balance at 31.7.05
23.8.00	1.33	923,000	-	-	-	923,000
27.11.01	1.00	1,777,000	-	-	-	1,777,000

None of the above options were exercised on the expiry date.

### DIRECTORS

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

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

In accordance with Article 77 of the Company's Articles of Association, **Messrs Lee Kuan Mang and Willie Gan Wee Lee** retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## Directors' Report

for the financial year ended 31 July 2005 (cont'd)

### DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of the directors in office at the end of the financial year in shares and options over unissued ordinary shares of the Company and its related corporations are as follows:

	----- No. of ordinary shares of RM1 each -----			Balance at 31.7.05
	Balance at 1.8.04	Bought	Sold	
<b>The Company</b>				
<b><u>Direct Interest</u></b>				
Ahmad Mustapha Ghazali	23,000	-	-	23,000
Lau Mong Ying	7,526,134	-	(1,000)	7,525,134
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
<b><u>Deemed Interest</u></b>				
Ahmad Mustapha Ghazali	2,053,000	-	-	2,053,000

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.

	- No. of options for ordinary shares of RM1 each -			Balance at 31.7.05
	Balance at 1.8.04	Granted	Exercised	
<b><u>Employee Share Option Scheme</u></b>				
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 other than those related party transactions disclosed in Note 27 to the financial statements.

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

## Directors' Report

for the financial year ended 31 July 2005 (cont'd)

### 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 provision 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 provision 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.

### SIGNIFICANT EVENT

On 31 May 2005, the Company completed its acquisition of 50% of the issued and paid-up share capital of A-Tex Fashion Ltd., a company incorporated in the People's Republic of China for a total cash consideration of RM1,331,355.

### AUDITORS

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

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

**Lau Mong Ying**  
Managing Director

**Cheah Chin Teong**  
Executive Director

Penang,  
Date: 18 October 2005



## Consolidated Balance Sheet

at 31 July 2005

	NOTE	2005 RM'000	2004 RM'000
<b>PROPERTY, PLANT AND EQUIPMENT</b>	3	36,304	36,492
<b>INVESTMENTS</b>	4	11,632	12,076
<b>GOODWILL ON CONSOLIDATION</b>	5	2,552	2,666
<b>CURRENT ASSETS</b>			
Inventories	6	23,726	29,111
Trade receivables	7	20,492	23,864
Other receivables, deposits and prepayments	8	3,273	3,422
Amount due from an associated company	9	10	7
Tax recoverable		2,154	2,159
Deposits with licensed banks	11	2,917	3,257
Cash and bank balances	12	4,670	3,794
		<b>57,242</b>	<b>65,614</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	13	6,987	8,086
Other payables and accruals	14	8,118	9,445
Provision for taxation		31	-
Bank borrowings	15	14,595	15,909
		<b>29,731</b>	<b>33,440</b>
<b>NET CURRENT ASSETS</b>		<b>27,511</b>	<b>32,174</b>
<b>FINANCED BY:</b>			
<b>SHARE CAPITAL</b>	16	40,000	40,000
<b>TREASURY SHARES</b>	17	(647)	(246)
<b>RESERVES</b>	18	4,833	9,117
<b>SHAREHOLDERS' FUNDS</b>		<b>44,186</b>	<b>48,871</b>
<b>MINORITY INTERESTS</b>		<b>3,769</b>	<b>3,385</b>
<b>DEFERRED TAXATION</b>	19	745	710
<b>LONG TERM LIABILITIES</b>	20	29,299	30,442
		<b>77,999</b>	<b>83,408</b>

The notes set out on pages 42 to 73 form an integral part of these financial statements.

## Consolidated Income Statement

for the financial year ended 31 July 2005

	NOTE	2005 RM'000	2004 RM'000
REVENUE	21	177,856	163,203
COST OF SALES		<u>(157,276)</u>	<u>(147,027)</u>
GROSS PROFIT		20,580	16,176
OTHER OPERATING INCOME		414	435
ADMINISTRATIVE EXPENSES		(14,176)	(11,483)
SELLING AND DISTRIBUTION EXPENSES		<u>(8,201)</u>	<u>(7,029)</u>
OPERATING LOSS		(1,383)	(1,901)
AMORTISATION OF GOODWILL ON CONSOLIDATION		(379)	(353)
FINANCE COSTS		<u>(2,748)</u>	<u>(3,246)</u>
LOSS BEFORE TAXATION	22	(4,510)	(5,500)
TAXATION	23	<u>(88)</u>	<u>292</u>
LOSS AFTER TAXATION BEFORE MINORITY INTERESTS		(4,598)	(5,208)
MINORITY INTERESTS		<u>698</u>	<u>641</u>
LOSS FOR THE FINANCIAL YEAR		<u>(3,900)</u>	<u>(4,567)</u>
LOSS PER SHARE (SEN)			
- Basic	24	<u>(9.92)</u>	<u>(11.44)</u>
DIVIDEND PER SHARE (SEN, NET)	25	<u>0.72</u>	<u>1.00</u>

The notes set out on pages 42 to 73 form an integral part of these financial statements.

## Consolidated Statement of Changes in Equity

for the financial year ended 31 July 2005

			----- Non distributable -----		Distributable		
		SHARE	TREASURY	ASSET	FOREIGN	RETAINED	TOTAL
	NOTE	CAPITAL	SHARES	REVALUATION	TRANSLATION	PROFITS	RM'000
		RM'000	RM'000	RESERVE	RESERVE	RM'000	RM'000
<b>2005</b>							
Balance at beginning		40,000	(246)	1,443	-	7,674	48,871
Loss for the financial year		-	-	-	-	(3,900)	(3,900)
Foreign exchange differences arising from translation		-	-	-	16	-	16
Net gains and losses not recognised in the income statement		-	-	(6)	-	6	-
Purchase of treasury shares	17	-	(401)	-	-	-	(401)
Dividends	25	-	-	-	-	(400)	(400)
Balance at end		<u>40,000</u>	<u>(647)</u>	<u>1,437</u>	<u>16</u>	<u>3,380</u>	<u>44,186</u>
<b>2004</b>							
Balance at beginning		40,000	-	1,449	-	12,523	53,972
Loss for the financial year		-	-	-	-	(4,567)	(4,567)
Net gains and losses not recognised in the income statement		-	-	(6)	-	6	-
Purchase of treasury shares	17	-	(246)	-	-	-	(246)
Dividends	25	-	-	-	-	(288)	(288)
Balance at end		<u>40,000</u>	<u>(246)</u>	<u>1,443</u>	<u>-</u>	<u>7,674</u>	<u>48,871</u>

The notes set out on pages 42 to 73 form an integral part of these financial statements.

## Consolidated Cash Flow Statement

for the financial year ended 31 July 2005

	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(4,510)	(5,500)
Adjustments for :		
Allowance for diminution in value of investment	444	-
Allowance for doubtful debts	-	139
Amortisation of goodwill on consolidation	379	353
Bad debts	500	241
Depreciation	4,604	4,502
Gain on disposal of investment	-	(112)
Gain on disposal of property, plant and equipment	(121)	(70)
Interest expense	2,748	3,246
Interest income	(1,090)	(1,172)
Inventories written down	1,594	2,706
Loss on disposal of property, plant and equipment	157	2
Property, plant and equipment written off	115	69
	<hr/>	<hr/>
Operating profit before working capital changes	4,820	4,404
Inventories	3,998	2,887
Receivables	3,232	(1,199)
Payables	(2,462)	(2,311)
	<hr/>	<hr/>
Cash generated from operations	9,588	2,781
Income tax paid	(687)	(873)
Income tax refund	714	-
Interest paid	(2,748)	(3,246)
	<hr/>	<hr/>
Net cash from/(used in) operating activities	6,867	(1,338)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
* Acquisition of property, plant and equipment	(3,695)	(2,107)
** Acquisition of subsidiary company, net of cash acquired	(820)	-
Proceeds from disposal of investment	-	305
Interest received	1,090	1,172
Purchase of investments	-	(4,571)
Proceeds from disposal of property, plant and equipment	345	172
	<hr/>	<hr/>
Net cash used in investing activities	(3,080)	(5,029)
	<hr/>	<hr/>
Balance carried forward	3,787	(6,367)

The notes set out on pages 42 to 73 form an integral part of these financial statements.

## Consolidated Cash Flow Statement

for the financial year ended 31 July 2005 (cont'd)

	2005 RM'000	2004 RM'000
Balance brought forward	3,787	(6,367)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advance from a director of a subsidiary company	-	93
Associated company of a subsidiary company	(3)	(7)
Bankers acceptance	(1,911)	5,020
Export credit refinancing	54	5,989
Payment of dividend	(400)	(288)
Payment of hire purchase loans	(81)	(170)
Repayment of loan to a shareholder of a subsidiary company	-	(109)
Repayment of term loans	(986)	(914)
Purchase of treasury shares	(401)	(246)
Trust receipts	-	(4,773)
Net cash (used in)/from financing activities	(3,728)	4,595
Effects of exchange rate changes	10	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>69</b>	<b>(1,772)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>6,954</b>	<b>8,726</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>7,023</b>	<b>6,954</b>
<b>Represented by:</b>		
Deposits with licensed banks	2,912	3,252
Cash and bank balances	4,670	3,794
Bank overdrafts	(559)	(92)
	<b>7,023</b>	<b>6,954</b>
* <b>Acquisition of property, plant and equipment</b>		
Total acquisition cost	3,695	2,196
Acquired under hire purchase loan	-	(89)
Total cash acquisition	<b>3,695</b>	<b>2,107</b>
** <b>Cash flow on acquisition of a subsidiary company</b>		
Property, plant and equipment	1,196	-
Inventories	207	-
Receivables	211	-
Tax recoverable	44	-
Cash and bank balances	511	-
Payables	(36)	-
Minority interests	(1,067)	-
Share of net assets acquired	1,066	-
Goodwill on consolidation	265	-
Total cash consideration paid	1,331	-
Less: cash and cash equivalents	(511)	-
Cash flow on acquisition of a subsidiary company	<b>820</b>	<b>-</b>

The notes set out on pages 42 to 73 form an integral part of these financial statements.

**Balance Sheet**

at 31 July 2005

	NOTE	2005 RM'000	2004 RM'000
<b>PROPERTY, PLANT AND EQUIPMENT</b>	3	579	908
<b>INVESTMENTS</b>	4	32,729	31,842
<b>CURRENT ASSETS</b>			
Other receivables, deposits and prepayments	8	908	992
Amount due from subsidiary companies	10	31,878	32,190
Tax recoverable		692	692
Deposits with licensed banks	11	311	3,252
Cash and bank balances	12	3,423	2,109
		<b>37,212</b>	<b>39,235</b>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		881	805
<b>NET CURRENT ASSETS</b>		<b>36,331</b>	<b>38,430</b>
		<b>69,639</b>	<b>71,180</b>
<b>FINANCED BY:</b>			
<b>SHARE CAPITAL</b>	16	40,000	40,000
<b>TREASURY SHARES</b>	17	(647)	(246)
<b>RESERVES</b>	18	5,215	6,302
<b>SHAREHOLDERS' FUNDS</b>		<b>44,568</b>	<b>46,056</b>
<b>LONG TERM LIABILITIES</b>	20	25,071	25,124
		<b>69,639</b>	<b>71,180</b>

The notes set out on pages 42 to 73 form an integral part of these financial statements.

## Income Statement

for the financial year ended 31 July 2005

	NOTE	2005 RM'000	2004 RM'000
REVENUE	21	5,060	6,448
ADMINISTRATIVE EXPENSES		(2,902)	(2,531)
OPERATING PROFIT		2,158	3,917
FINANCE COSTS		(2,145)	(2,146)
PROFIT BEFORE TAXATION	22	13	1,771
TAXATION	23	(700)	16
(LOSS)/NET PROFIT FOR THE FINANCIAL YEAR		(687)	1,787
DIVIDEND PER SHARE (SEN, NET)	25	0.72	1.00

The notes set out on pages 42 to 73 form an integral part of these financial statements.

## Statement of Changes in Equity

for the financial year ended 31 July 2005

	NOTE	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	Distributable RETAINED PROFITS RM'000	TOTAL RM'000
<u>2005</u>					
Balance at beginning		40,000	(246)	6,302	46,056
Loss for the financial year		-	-	(687)	(687)
Purchase of treasury shares	17	-	(401)	-	(401)
Dividends	25	-	-	(400)	(400)
Balance at end		<u>40,000</u>	<u>(647)</u>	<u>5,215</u>	<u>44,568</u>
<u>2004</u>					
Balance at beginning		40,000	-	4,803	44,803
Net profit for the financial year		-	-	1,787	1,787
Purchase of treasury shares	17	-	(246)	-	(246)
Dividends	25	-	-	(288)	(288)
Balance at end		<u>40,000</u>	<u>(246)</u>	<u>6,302</u>	<u>46,056</u>

The notes set out on pages 42 to 73 form an integral part of these financial statements.



## Cash Flow Statement

for the financial year ended 31 July 2005

	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	13	1,771
Adjustments for:		
Allowance for diminution in value of investment	444	-
Allowance for doubtful debts	-	139
Depreciation	329	325
Dividend income	(2,500)	(3,500)
Gain on disposal of investment	-	(112)
Interest expense	2,145	2,146
Interest income	(2,200)	(2,486)
Loss on disposal of property, plant and equipment	-	2
Operating loss before working capital changes	(1,769)	(1,715)
Receivables	84	(224)
Payables	72	(590)
Cash used in operations	(1,613)	(2,529)
Income tax refund	-	50
Interest paid	(2,145)	(2,146)
Net cash used in operating activities	(3,758)	(4,625)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	-	(20)
Proceeds from disposal of property, plant and equipment	-	1
Purchase of investments	-	(4,571)
Dividend received	1,800	3,500
Interest received	2,200	2,486
Investment in a subsidiary company	(1,331)	-
Proceeds from disposal of investment	-	305
Net cash from investing activities	2,669	1,701
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(400)	(288)
Payment of hire purchase loans	(49)	(44)
Subsidiary companies	312	1,738
Purchase of treasury shares	(401)	(246)
Net cash (used in)/from financing activities	(538)	1,160
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
- Carried forward	(1,627)	(1,764)

The notes set out on pages 42 to 73 form an integral part of these financial statements.

## Cash Flow Statement

for the financial year ended 31 July 2005 (cont'd)

	2005 RM'000	2004 RM'000
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
- Brought forward	(1,627)	(1,764)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<u>5,361</u>	<u>7,125</u>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<u><b>3,734</b></u>	<u><b>5,361</b></u>
<b>Represented by:</b>		
Deposits with licensed banks	311	3,252
Cash and bank balances	<u>3,423</u>	<u>2,109</u>
	<u><b>3,734</b></u>	<u><b>5,361</b></u>

The notes set out on pages 42 to 73 form an integral part of these financial statements.

## Notes to the Financial Statements

– 31 July 2005

### 1. GENERAL INFORMATION

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

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.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 October 2005.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### 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.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.2 Basis of Consolidation (cont'd)

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 acquisition 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 and impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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 and impairment losses, if any.

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.

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

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

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

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Property, Plant and Equipment (cont'd)

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profits.

The policy for the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in Note 2.16.

#### 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. 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 sums-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, if any.

The policy for the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in Note 2.16.

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 an associated company is stated at cost less accumulated impairment losses, if any.

The policy for the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in Note 2.16.

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.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.5 Investments (cont'd)

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 diminution in value of investments 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 Note 2.16.

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

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

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

#### 2.8 Receivables

Receivables are stated at their anticipated realisable value.

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

#### 2.9 Payables

Payables 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 has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at 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.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.11 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.

#### 2.12 Employee Benefits

##### Short term benefits

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

##### Defined contribution plans

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

##### Equity compensation benefits

Details of ESOS are set out in Note 16 to the financial statements. The Group does not make a charge to the income statement in connection with share options granted. When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

#### 2.13 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

#### 2.14 Income Taxes

Income tax on the profit or loss for the year comprises current and deferred tax. 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 tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.14 Income Taxes (cont'd)

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

#### 2.15 Foreign Currency Translations

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the date of the transactions.

At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at the exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

All exchange gains or losses are included in the income statement.

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 were taken directly to foreign translation reserve.

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

	2005 RM	2004 RM
1 US Dollar	3.8000	3.8000
1 Singapore Dollar	2.2000	2.2000
1 Hong Kong Dollar	0.4950	0.4950
1 Chinese Renminbi	0.4679	-

#### 2.16 Impairment of Assets

At each balance sheet date, the Group 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.



## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.17 Cash and Cash Equivalents

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

#### 2.18 Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements on inception.

##### Forward foreign exchange contracts

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income and expense in the income statement in the same period as the exchange differences on the underlying hedged items.

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

#### 2.19 Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has 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 has 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.

The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT

GROUP  
2005

	At Valuation / Cost						Balance at 31.7.05 RM'000
	Balance at 1.8.04 RM'000	Acquisition of subsidiary RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Foreign exchange translation RM'000	
<b>At valuation</b>							
Freehold land	1,528	-	-	-	-	-	1,528
Short leasehold land	942	-	-	-	-	-	942
Buildings	6,279	-	-	-	-	-	6,279
<b>At cost</b>							
Short leasehold land	3,174	-	-	-	-	-	3,174
Buildings	3,304	-	1,107	-	-	-	4,411
Multimedia boards	22,654	-	-	-	-	-	22,654
Plant and machinery	15,216	978	1,890	(1,473)	(3)	17	16,625
Equipment and fixtures	9,674	265	698	(14)	(563)	5	10,065
Motor vehicles	3,607	5	-	(148)	-	-	3,464
	<b>66,378</b>	<b>1,248</b>	<b>3,695</b>	<b>(1,635)</b>	<b>(566)</b>	<b>22</b>	<b>69,142</b>
	Accumulated Depreciation						
	Balance at 1.8.04 RM'000	Acquisition of subsidiary RM'000	Current charge RM'000	Disposals RM'000	Written off RM'000	Foreign exchange translation RM'000	Balance at 31.7.05 RM'000
<b>At valuation</b>							
Freehold land	-	-	-	-	-	-	-
Short leasehold land	206	-	15	-	-	-	221
Buildings	627	-	49	-	-	-	676
<b>At cost</b>							
Short leasehold land	264	-	63	-	-	-	327
Buildings	3,077	-	189	-	-	-	3,266
Multimedia boards	8,778	-	2,267	-	-	-	11,045
Plant and machinery	9,330	35	701	(1,103)	(3)	1	8,961
Equipment and fixtures	5,375	17	855	(6)	(448)	-	5,793
Motor vehicles	2,229	-	465	(145)	-	-	2,549
	<b>29,886</b>	<b>52</b>	<b>4,604</b>	<b>(1,254)</b>	<b>(451)</b>	<b>1</b>	<b>32,838</b>
							Net book value at 31.7.05 RM'000
<b>At valuation</b>							
Freehold land							1,528
Short leasehold land							721
Buildings							5,603
<b>At cost</b>							
Short leasehold land							2,847
Buildings							1,145
Multimedia boards							11,609
Plant and machinery							7,664
Equipment and fixtures							4,272
Motor vehicles							915
							<b>36,304</b>

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

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

#### GROUP 2004

	At Valuation / Cost				Balance at 31.7.04 RM'000
	Balance at 1.8.03 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	
<b>At valuation</b>					
Freehold land	1,528	-	-	-	1,528
Short leasehold land	942	-	-	-	942
Buildings	6,279	-	-	-	6,279
<b>At cost</b>					
Short leasehold land	3,174	-	-	-	3,174
Buildings	3,304	-	-	-	3,304
Multimedia boards	22,654	-	-	-	22,654
Plant and machinery	15,002	488	(268)	(6)	15,216
Equipment and fixtures	8,352	1,365	(43)	-	9,674
Motor vehicles	3,556	343	(292)	-	3,607
Capital expenditure-in-progress	67	-	-	(67)	-
	<u>64,858</u>	<u>2,196</u>	<u>(603)</u>	<u>(73)</u>	<u>66,378</u>
	Accumulated Depreciation				Balance at 31.7.04 RM'000
	Balance at 1.8.03 RM'000	Current charge RM'000	Disposals RM'000	Written off RM'000	
<b>At valuation</b>					
Freehold land	-	-	-	-	-
Short leasehold land	191	15	-	-	206
Buildings	577	50	-	-	627
<b>At cost</b>					
Short leasehold land	200	64	-	-	264
Buildings	2,884	193	-	-	3,077
Multimedia boards	6,510	2,268	-	-	8,778
Plant and machinery	8,846	692	(204)	(4)	9,330
Equipment and fixtures	4,693	692	(10)	-	5,375
Motor vehicles	1,986	528	(285)	-	2,229
Capital expenditure-in-progress	-	-	-	-	-
	<u>25,887</u>	<u>4,502</u>	<u>(499)</u>	<u>(4)</u>	<u>29,886</u>
					<b>Net book value at 31.7.04 RM'000</b>
<b>At valuation</b>					
Freehold land					1,528
Short leasehold land					736
Buildings					5,652
<b>At cost</b>					
Short leasehold land					2,910
Buildings					227
Multimedia boards					13,876
Plant and machinery					5,886
Equipment and fixtures					4,299
Motor vehicles					1,378
Capital expenditure-in-progress					-
					<u>36,492</u>

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

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

#### GROUP

- i. The landed properties at valuation were revalued by the directors on 2 August 1993 based on Government Valuers' values and as approved by the Securities Commission.

The 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 and impairment losses, if any.

The historical cost of the revalued properties are as follows:

	Freehold land RM'000	Short leasehold land RM'000	Buildings RM'000
<b>2005</b>			
Cost	997	530	7,879
Accumulated depreciation	-	(132)	(3,229)
Net book value	<u>997</u>	<u>398</u>	<u>4,650</u>
<b>2004</b>			
Cost	997	530	7,879
Accumulated depreciation	-	(121)	(2,991)
Net book value	<u>997</u>	<u>409</u>	<u>4,888</u>

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

	GROUP	
	2005 RM'000	2004 RM'000
<b>At valuation</b>		
Freehold land	88	88
Short leasehold land	721	736
Buildings	2,069	2,115
	<u>2,878</u>	<u>2,939</u>
<b>At cost</b>		
Multimedia boards	<u>11,609</u>	<u>13,876</u>

Motor vehicles with net book value of **RM232,077** (2004: RM348,123) were acquired under hire purchase loans.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

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

#### COMPANY 2005

	At cost			Balance at 31.7.05 RM'000
	Balance at 1.8.04 RM'000	Additions RM'000	Disposals RM'000	
Equipment and fixtures	117	-	-	117
Motor vehicles	1,586	-	-	1,586
	<u>1,703</u>	<u>-</u>	<u>-</u>	<u>1,703</u>
	Accumulated Depreciation			Balance at 31.7.05 RM'000
	Balance at 1.8.04 RM'000	Current charge RM'000	Disposals RM'000	
Equipment and fixtures	39	12	-	51
Motor vehicles	756	317	-	1,073
	<u>795</u>	<u>329</u>	<u>-</u>	<u>1,124</u>
				Net book value at 31.7.05 RM'000
Equipment and fixtures				66
Motor vehicles				513
				<u>579</u>

#### 2004

	At cost			Balance at 31.7.04 RM'000
	Balance at 1.8.03 RM'000	Additions RM'000	Disposals RM'000	
Equipment and fixtures	104	20	(7)	117
Motor vehicles	1,586	-	-	1,586
	<u>1,690</u>	<u>20</u>	<u>(7)</u>	<u>1,703</u>
	Accumulated Depreciation			Balance at 31.7.04 RM'000
	Balance at 1.8.03 RM'000	Current charge RM'000	Disposals RM'000	
Equipment and fixtures	35	8	(4)	39
Motor vehicles	439	317	-	756
	<u>474</u>	<u>325</u>	<u>(4)</u>	<u>795</u>
				Net book value at 31.7.04 RM'000
Equipment and fixtures				78
Motor vehicles				830
				<u>908</u>

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 4. INVESTMENTS

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Investment in subsidiary companies</b>				
Unquoted shares, at cost	-	-	23,161	21,830
Less: Accumulated impairment losses	-	-	(2,064)	(2,064)
	-	-	21,097	19,766
<b>Investment in an associated company</b>				
Unquoted shares, at cost	1	1	-	-
Share of post-acquisition loss	(1)	(1)	-	-
	-	-	-	-
<b>Other investments</b>				
Unquoted bonds, at cost	11,176	11,176	11,176	11,176
Shares quoted in Malaysia, at cost	900	900	900	900
Less: Allowance for diminution in value	(444)	-	(444)	-
	456	900	456	900
	11,632	12,076	32,729	31,842
<b>At market value</b>				
Shares quoted in Malaysia	452	577	452	577

The Group has excluded its share of losses after taxation of the associated company amounting to **RM123** (2004 : RM493) 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 2005, the cumulative unrecognised share of losses of the associated company amounted to **RM1,344** (2004 : RM1,221).

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

Name	Country of Incorporation	Effective Equity Interest		Principal Activities
		2005	2004	
<b>Subsidiary companies of Prolexus Berhad</b>				
Plas Industries Sdn. Bhd.	Malaysia	100.00%	100.00%	Manufacture and sale of garments.
Honsin Apparel Sdn. Bhd. *	Malaysia	100.00%	100.00%	Manufacture and sale of garments.
Prolexus Marketing Sdn. Bhd	Malaysia	100.00%	100.00%	Marketing agent for apparels and garments.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 4. INVESTMENTS (cont'd)

Name	Country of Incorporation	Effective Equity Interest		Principal Activities
		2005	2004	
<b>Subsidiary companies of Prolexus Berhad (cont'd)</b>				
Novel Realty Sdn. Bhd.	Malaysia	100.00%	100.00%	Dormant.
Laser Capital Holdings Sdn. Bhd.	Malaysia	51.91%	51.91%	Investment holding.
Bixiz Kids Incorporated (M) Sdn. Bhd.	Malaysia	50.08%	50.08%	Marketing of all kinds of children's apparels.
A-Tex Fashion Ltd. #	People's Republic of China	50.00%	-	Manufacture and sale of garments.
<b>Subsidiary company of Plas Industries Sdn. Bhd.</b>				
South East Garment Manufacturing Sendirian Berhad	Malaysia	95.00%	95.00%	Manufacture and sale of garments.
<b>Subsidiary companies of Bixiz Kids Incorporated (M) Sdn. Bhd.</b>				
BE Elementz Sdn. Bhd.	Malaysia	50.08%	50.08%	Marketing of apparels.
Pacific Mission Sdn. Bhd.	Malaysia	50.08%	50.08%	Dormant.
Character World Sdn. Bhd.	Malaysia	50.08%	50.08%	Dormant.
<b>Subsidiary company of Laser Capital Holdings Sdn. Bhd.</b>				
HiQ Media (Malaysia) Sdn. Bhd.	Malaysia	32.17%	32.17%	Provision of advertising services on multimedia boards.
<b>Associated company of HiQ Media (Malaysia) Sdn. Bhd.</b>				
Acube Realty Sdn. Bhd.	Malaysia	13.34%	13.34%	Dormant.

\* Audited by another firm of auditors

# Controls the composition of the board of directors of the subsidiary.

On 31 May 2005, the Company completed its acquisition of 50% of the issued and paid-up share capital of A-Tex Fashion Ltd., a company incorporated in the People's Republic of China for a total cash consideration of RM1,331,355. The acquisition was accounted for using the acquisition method of accounting.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 4. INVESTMENTS (cont'd)

The effect of the acquisition on the financial results of the Group for the financial year ended 31 July 2005 is as follows:

	RM'000
Revenue	420
Cost of sales	(454)
Gross loss	(34)
Other operating income	1
Administrative expenses	(261)
Loss before taxation	(294)
Taxation	-
Loss after taxation before minority interest	(294)
Minority interests	147
Increase in Group's net loss	<u>(147)</u>

The effect of the above acquisition on the financial position of the Group as at 31 July 2005 is as follows:

	RM'000
Property, plant and equipment	1,197
Inventories	93
Receivables	202
Cash and bank balances	509
Payables	(129)
Minority interests	(936)
Increase in Group's net assets	<u>936</u>

### 5. GOODWILL ON CONSOLIDATION

	GROUP	
	2005 RM'000	2004 RM'000
Arising from the acquisition of subsidiary companies :		
Balance at beginning	2,666	3,019
Arising from the acquisition of a subsidiary company during the financial year	265	-
Amortisation for the financial year	(379)	(353)
Balance at end	<u>2,552</u>	<u>2,666</u>



## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 6. INVENTORIES

	GROUP	
	2005 RM'000	2004 RM'000
<b>At cost</b>		
Raw materials	5,023	7,164
Work-in-progress	16,960	20,167
Finished goods	9	-
Trading goods	1,734	1,780
	<u>23,726</u>	<u>29,111</u>

### 7. TRADE RECEIVABLES

	GROUP	
	2005 RM'000	2004 RM'000
Total amount	20,837	25,333
Less: Allowance for doubtful debts		
Balance at beginning	1,469	1,497
Doubtful debts recovered	(7)	-
Written off	(1,117)	(28)
Balance at end	<u>(345)</u>	<u>(1,469)</u>
	<u>20,492</u>	<u>23,864</u>

Included herein are the following:

- i) An amount of **RM68,712** (2004 : RM-) due from Shenyang Mengliang Down Fashion Co., Ltd., a shareholder of A-TEX Fashion Ltd., a subsidiary company and is unsecured, interest free and has no fixed terms of repayment, and
- ii) Amounts that are denominated in currencies other than Ringgit (RM).

	2005 RM'000	2004 RM'000
US Dollar	14,402	18,111
Chinese Renminbi	69	-

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

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Total amount	3,605	3,831	1,047	1,131
Less : Allowance for doubtful debts				
Balance at beginning	409	289	139	-
Current year	-	139	-	139
Written off	(77)	(19)	-	-
Balance at end	(332)	(409)	(139)	(139)
	<u>3,273</u>	<u>3,422</u>	<u>908</u>	<u>992</u>

Included herein is an amount of **RM94,964** (2004 : RM-) that is denominated in Chinese Renminbi.

### 9. AMOUNT DUE FROM AN ASSOCIATED COMPANY

#### GROUP

The amount due from an associated company is non-trade related, unsecured and has no fixed terms of repayment.

### 10. AMOUNT DUE FROM SUBSIDIARY COMPANIES

	COMPANY	
	2005 RM'000	2004 RM'000
Interest bearing at <b>6.00%</b> to <b>7.50%</b> (2004 : 6.00% - 7.50%) per annum	14,789	20,333
Non interest bearing	17,089	11,857
	<u>31,878</u>	<u>32,190</u>

The amount due from subsidiary companies is unsecured and has no fixed terms of repayment.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 11. DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Pledged to a bank as security for banking facilities granted to a subsidiary company	5	5	-	-
Unencumbered	2,912	3,252	311	3,252
	<u>2,917</u>	<u>3,257</u>	<u>311</u>	<u>3,252</u>

The effective interest rates of deposits of the Group and of the Company at balance sheet date are 2% to 3% (2004 : 2.70%) per annum.

The maturity of the deposits with licensed banks at balance sheet date is 3 to 90 days (2004 : 90 days).

### 12. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Short term investments with licensed banks	3,220	1,959	3,220	1,959
Cash and bank balances	1,450	1,835	203	150
	<u>4,670</u>	<u>3,794</u>	<u>3,423</u>	<u>2,109</u>

The effective interest rate of short term investments at balance sheet date is 1.66% (2004 : 1.82%) per annum.

### 13. TRADE PAYABLES

Included herein are the following amounts that are denominated in currencies other than Ringgit (RM).

	GROUP	
	2005 RM'000	2004 RM'000
US Dollar	4,598	5,131
Singapore Dollar	106	148
Hong Kong Dollar	3	3
Chinese Renminbi	13	-

The normal credit terms for trade payables are 30 to 90 days.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 14. OTHER PAYABLES AND ACCRUALS

#### GROUP

Included herein are the following:

- i) An amount of **RM15,526** (2004 : RM15,526) due to Mr. Lee Chui Tho, a shareholder of HiQ Media (Malaysia) Sdn. Bhd., a subsidiary company.
- ii) An amount of **RM50,297** (2004 : RM-) due to Shenyang Mengliang Down Fashion Co., Ltd., a shareholder of A-TEX Fashion Ltd., a subsidiary company, and
- iii) An amount of **RM115,367** (2004 : RM-) that is denominated in Chinese Renminbi.

### 15. BANK BORROWINGS

	GROUP	
	2005 RM'000	2004 RM'000
<b>Secured</b>		
Bank overdrafts	559	71
Bankers acceptance	5,749	1,278
Term loan (Note 20)	1,062	986
Export credit refinancing	7,225	7,171
<b>Unsecured</b>		
Bank overdrafts	-	21
Bankers acceptance	-	6,382
	<b>14,595</b>	<b>15,909</b>

The maturity of bankers acceptance and export credit refinancing are as follows:

	GROUP	
	2005	2004
Bankers acceptance	90 - 120 days	90 days
Export credit refinancing	60 days	60 days

The effective interest rates per annum of bank borrowings, other than term loan, at balance sheet date are as follows:

	GROUP	
	2005 %	2004 %
<b>Secured</b>		
Bank overdrafts	5.50	5.50 - 7.50
Bankers acceptance	2.9 - 3.12	3.95
Export credit refinancing	3.50	3.50
<b>Unsecured</b>		
Bank overdrafts	-	7.90
Bankers acceptance	-	4.14

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 15. BANK BORROWINGS (cont'd)

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

- i) Debentures covering first fixed and floating charge over the subsidiary company's assets,
- ii) Legal charges over the multimedia boards of the 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 the subsidiary company.

The details of security, interest rate and maturity profile for term loan are disclosed in Note 20.

### 16. SHARE CAPITAL

	2005 RM'000	2004 RM'000
Authorised:		
100,000,000 ordinary shares of RM1 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
40,000,000 ordinary shares of RM1 each	<u>40,000</u>	<u>40,000</u>

The details of options granted under the Company's Employee Share Option Scheme to subscribe for ordinary shares which will expire on 22 August 2005 and are outstanding at 31 July 2005 are as follows:

----- Ordinary shares of RM1 each -----

Exercise price per share RM	Number of options over ordinary shares
1.33	923,000
1.00	1,777,000
	<u>2,700,000</u>

### 17. TREASURY SHARES

This amount represents the acquisition cost of treasury shares.

The shareholders of the Company, by special resolution passed at the Extraordinary General Meeting held on 30 November 2004, approved the Company's plan and mandate to authorise the Directors of the Company to buy back its own shares up to 10% of the existing total issued and paid up share capital.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 17. TREASURY SHARES (cont'd)

The details of the shares bought back during the year are as follows:

Month	Price per share			Number of shares '000	Total consideration RM'000
	Lowest	Highest	Average		
August 2004	0.58	0.64	0.61	103	61
September 2004	0.56	0.61	0.59	34	20
October 2004	0.52	0.62	0.57	53	30
November 2004	0.54	0.60	0.57	50	28
December 2004	0.54	0.68	0.61	18	10
January 2005	0.55	0.60	0.58	29	16
February 2005	0.58	0.75	0.67	14	8
March 2005	0.50	0.55	0.53	65	33
April 2005	0.50	0.51	0.51	32	16
May 2005	0.50	0.58	0.54	60	32
June 2005	0.46	0.57	0.52	128	61
July 2005	0.48	0.54	0.51	172	86
				758	401

During the financial year, the Company repurchased **757,400** (2004 : 360,100) of its issued ordinary shares from the open market at an average price of **RM0.53** (2004 : RM0.68) per share. The total consideration paid for the repurchase including transaction costs was **RM401,000** (2004 : RM246,000). The repurchase was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Treasury shares have no rights to voting, dividends and participation in other distribution.

Of the total **40,000,000** (2004 : 40,000,000) issued and fully paid ordinary shares as at **31 July 2005**, **1,117,500** (2004 : 360,100) are held as treasury shares by the Company. As at **31 July 2005**, the number of outstanding ordinary shares in issue and fully paid is therefore **38,882,500** (2004 : 39,639,900) ordinary shares of RM1 each.

### 18. RESERVES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Non distributable</b>				
Asset revaluation reserve	1,437	1,443	-	-
Foreign translation reserve	16	-	-	-
<b>Distributable</b>				
Retained profits	3,380	7,674	5,215	6,302
	4,833	9,117	5,215	6,302

#### 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.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 19. DEFERRED TAXATION

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Balance at beginning	710	1,999	-	15
Transfer from/(to) income statement	39	(1,622)	-	-
	<u>749</u>	<u>377</u>	<u>-</u>	<u>15</u>
(Over)/Under provision in prior year	(4)	333	-	(15)
	<u>745</u>	<u>710</u>	<u>-</u>	<u>-</u>

The deferred tax liabilities and assets are represented by temporary differences arising from:

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revaluation surplus	379	742	-	-
Property, plant and equipment	382	998	-	-
Unabsorbed tax losses	-	(800)	-	-
Unabsorbed capital allowances	(16)	(230)	-	-
	<u>745</u>	<u>710</u>	<u>-</u>	<u>-</u>

The deferred tax liabilities and assets which have not been recognised are in respect of the following:

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment	3,331	3,222	30	34
Unabsorbed tax losses	(4,701)	(3,990)	(348)	(136)
Unabsorbed capital allowances	(4,836)	(4,502)	(77)	(67)
	<u>(6,206)</u>	<u>(5,270)</u>	<u>(395)</u>	<u>(169)</u>

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

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 20. LONG TERM LIABILITIES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Unsecured loan from Mr. Lee Eng Sia, a director of HiQ Media (Malaysia) Sdn. Bhd., a subsidiary company</b>				
- Repayable after twelve months	2,625	2,625	-	-
<b>Secured term loan</b>				
Total amount repayable	2,638	3,624	-	-
Less: Repayable within twelve months included under bank borrowings (Note 15)	(1,062)	(986)	-	-
	1,576	2,638	-	-
<b>Unsecured fixed rate term loan</b>	25,000	25,000	25,000	25,000
<b>Hire purchase payables</b>				
Net amount payable	177	258	124	173
Less: Payable within twelve months included in other payables and accruals	(79)	(79)	(53)	(49)
	98	179	71	124
	<u>29,299</u>	<u>30,442</u>	<u>25,071</u>	<u>25,124</u>

The maturity of other loan, term loans and hire purchase payables are as follows:

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Within one year	1,152	1,080	58	60
More than one year and less than five years	26,677	27,832	25,076	25,134
More than five years	2,625	2,625	-	-
	<u>30,454</u>	<u>31,537</u>	<u>25,134</u>	<u>25,194</u>
Less: Unexpired interest	(14)	(30)	(10)	(21)
	<u>30,440</u>	<u>31,507</u>	<u>25,124</u>	<u>25,173</u>



## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 20. LONG TERM LIABILITIES (cont'd)

The effective interest rates per annum of other loan, term loans and hire purchase payables at balance sheet date are as follows:

	GROUP		COMPANY	
	2005 %	2004 %	2005 %	2004 %
<b>Secured</b>				
Term loans	7.50	6.66	-	-
Hire purchase payables	4.25	6.28	3.90	3.90
<b>Unsecured</b>				
Loan from a director of a subsidiary company	-	7.50	-	-
Fixed rate term loan	8.00	8.00	8.00	8.00

The term loan of a subsidiary company is secured by:

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

The secured term loan of the subsidiary company is repayable over 60 equal monthly installments of RM102,000 each commencing January 2003.

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

### 21. REVENUE

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Invoiced value of goods sold less returns and discounts	171,752	156,806	-	-
Invoiced value of services rendered net of service tax, discounts and agency commission	5,019	5,116	-	-
Gross dividend income	-	-	2,500	3,500
Interest income	1,085	1,169	2,200	2,486
Management fee income	-	-	360	350
Gain on disposal of investment	-	112	-	112
	<u>177,856</u>	<u>163,203</u>	<u>5,060</u>	<u>6,448</u>

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 22. (LOSS)/PROFIT BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
After charging:				
Allowance for diminution in value of investment	444	-	444	-
Allowance for doubtful debts	-	139	-	139
Amortisation of goodwill on consolidation	379	353	-	-
Audit fee	54	47	8	6
Bad debts	500	241	-	-
Depreciation	4,604	4,502	329	325
* Directors' emoluments				
- Directors of the Company	1,010	1,010	730	730
- Directors of subsidiary companies	110	152	-	-
Directors' fee				
- Directors of the Company	625	625	200	200
- Directors of subsidiary companies	24	24	-	-
Doubtful debts recovered	(7)	-	-	-
Interest expense	2,748	3,246	2,145	2,146
Inventories written down	1,594	2,706	-	-
Loss on disposal of property, plant and equipment	157	2	-	2
Property, plant and equipment written off	115	69	-	-
Realised loss on foreign exchange	6	-	-	-
Rental of advertising site	613	596	-	-
Rental of machinery and equipment	143	87	4	5
Rental of premises	1,194	450	36	41
** Staff costs (excluding directors)	22,199	21,036	704	644
And crediting :				
Gain on disposal of investment	-	112	-	112
Gain on disposal of property, plant and equipment	121	70	-	-
Gross dividends from unquoted subsidiary companies	-	-	2,500	3,500
Interest income	1,090	1,172	2,200	2,486
Realised gain on foreign exchange	-	81	-	-
Rental income	125	200	-	-
* Directors' emoluments				
- Salaries and bonus	954	1,019	613	613
- EPF	166	143	117	117
	1,120	1,162	730	730
- Benefits-in-kind	89	89	83	83
	<u>1,209</u>	<u>1,251</u>	<u>813</u>	<u>813</u>

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 22. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>**Staff costs (excluding directors)</b>				
- Salaries, wages and bonus	20,464	19,236	630	568
- EPF	1,535	1,603	70	72
- SOCSO	200	197	4	4
	<u>22,199</u>	<u>21,036</u>	<u>704</u>	<u>644</u>
Number of employees at balance sheet date (including directors)	1,668	1,615	14	10

### 23. TAXATION

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Malaysian income tax:				
Based on results for the year				
- Current tax	-	(796)	(700)	-
- Deferred tax relating to the origination and reversal of temporary differences	(39)	1,622	-	-
	<u>(39)</u>	<u>826</u>	<u>(700)</u>	<u>-</u>
(Under)/Over provision in prior years				
- Income tax	(53)	(201)	-	1
- Deferred tax	4	(333)	-	15
	<u>(49)</u>	<u>(534)</u>	<u>-</u>	<u>16</u>
	<u>(88)</u>	<u>292</u>	<u>(700)</u>	<u>16</u>

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 23. TAXATION (cont'd)

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

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(Loss)/Profit before taxation	<u>(4,510)</u>	<u>(5,500)</u>	<u>13</u>	<u>1,771</u>
Taxation at Malaysian statutory tax rate of 28%	1,263	1,540	(4)	(496)
Expense not deductible for tax purposes	(927)	(303)	(470)	(605)
Income not subject to tax	-	231	-	1,211
Double deduction of expenses for tax purposes	98	5	-	-
Utilisation of current year's reinvestment allowance	33	19	-	-
Annual crystallisation of deferred tax on revaluation surplus	2	2	-	-
Deferred tax assets not recognised	(936)	(913)	(226)	(110)
Reduced tax rate on first RM500,000 chargeable income	-	40	-	-
Utilisation of unabsorbed tax losses and capital allowances	<u>428</u>	<u>205</u>	<u>-</u>	<u>-</u>
	(39)	826	(700)	-
(Under)/Over provision in prior year	<u>(49)</u>	<u>(534)</u>	<u>-</u>	<u>16</u>
	<u>(88)</u>	<u>292</u>	<u>(700)</u>	<u>16</u>

The unabsorbed reinvestment allowance of the Group amounting to **RM550,000** (2004 : RM468,000) is available to be carried forward for set off against future assessable income of a nature and amount sufficient for the reinvestment allowance to be utilised.

### 24. LOSS PER SHARE

#### Basic loss per share

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

	2005	2004
Loss attributable to shareholders (RM'000)	<u>(3,900)</u>	<u>(4,567)</u>
Weighted average number of ordinary shares of RM1 each in issue ('000)	<u>39,329</u>	<u>39,920</u>
Basic loss per share (sen)	<u>(9.92)</u>	<u>(11.44)</u>

The diluted loss per share for the financial year ended 31 July 2005 has not been computed as the effect of the share options under ESOS is anti-dilutive in nature.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 25. DIVIDENDS

	2005 RM'000	2004 RM'000
Payment of first and final dividend of:		
- 1 sen tax exempt in respect of the financial year ended 31 July 2004	400	-
- 1 sen less tax at 28% in respect of the financial year ended 31 July 2003	-	288
	<u>400</u>	<u>288</u>

At the forthcoming Annual General Meeting, a first and final dividend of 1 sen per ordinary share less tax at 28% amounting to RM288,000 for the financial year ended **31 July 2005** 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 2006.

### 26. 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 comprise mainly 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 location of its customers is in three principal geographical regions, namely Malaysia, United States and European countries.

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 26. SEGMENTAL INFORMATION (cont'd)

#### By business segments

2005	Garment RM'000	Advertising RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>					
External sales	171,752	5,019	1,085	-	177,856
Inter-segment sales	-	-	3,975	(3,975)	-
<b>Total revenue</b>	<b>171,752</b>	<b>5,019</b>	<b>5,060</b>	<b>(3,975)</b>	<b>177,856</b>
<b>Results</b>					
Segment results	594	(440)	(146)	(2,860)	(2,852)
Interest expense	(1,287)	(431)	(2,145)	1,115	(2,748)
Interest income	5	-	2,200	(1,115)	1,090
Taxation	(87)	(1)	(700)	700	(88)
Loss after taxation	(775)	(872)	(791)	(2,160)	(4,598)
Minority interests	107	416	175	-	698
Loss for the year	(668)	(456)	(616)	(2,160)	(3,900)
<b>Assets</b>					
Segment assets	62,371	13,699	74,926	(53,007)	97,989
Tax recoverable	1,462	-	692	-	2,154
Deposits with licensed banks	2,606	-	311	-	2,917
Cash and bank balances	1,122	121	3,427	-	4,670
<b>Total assets</b>	<b>67,561</b>	<b>13,820</b>	<b>79,356</b>	<b>(53,007)</b>	<b>107,730</b>
<b>Liabilities</b>					
Segment liabilities	41,649	7,098	990	(31,909)	17,828
Provision for taxation	31	-	-	-	31
Deferred taxation	745	-	-	-	745
Bank borrowings	13,533	2,638	25,000	-	41,171
<b>Total liabilities</b>	<b>55,958</b>	<b>9,736</b>	<b>25,990</b>	<b>(31,909)</b>	<b>59,775</b>
<b>Other information</b>					
Capital expenditure	3,657	38	-	-	3,695
Depreciation and amortisation	2,289	2,365	329	-	4,983
Non-cash expenses other than depreciation and amortisation	2,366	-	444	-	2,810

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 26. SEGMENTAL INFORMATION (cont'd)

#### By business segments (cont'd)

2004	Garment RM'000	Advertising RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>					
External sales	156,806	5,116	1,281	-	163,203
Inter-segment sales	-	-	5,167	(5,167)	-
<b>Total revenue</b>	<b>156,806</b>	<b>5,116</b>	<b>6,448</b>	<b>(5,167)</b>	<b>163,203</b>
<b>Results</b>					
Segment results	(746)	(257)	1,427	(3,850)	(3,426)
Interest expense	(1,708)	(709)	(2,146)	1,317	(3,246)
Interest income	3	-	2,486	(1,317)	1,172
Taxation	276	-	16	-	292
(Loss)/Profit after taxation	(2,175)	(966)	1,783	(3,850)	(5,208)
Minority interests	(35)	475	201	-	641
(Loss)/Net profit for the year	(2,210)	(491)	1,984	(3,850)	(4,567)
<b>Assets</b>					
Segment assets	78,130	15,771	72,212	(58,475)	107,638
Tax recoverable	1,467	-	692	-	2,159
Deposits with licensed banks	5	-	3,252	-	3,257
Cash and bank balances	1,602	77	2,115	-	3,794
<b>Total assets</b>	<b>81,204</b>	<b>15,848</b>	<b>78,271</b>	<b>(58,475)</b>	<b>116,848</b>
<b>Liabilities</b>					
Segment liabilities	25,936	7,267	966	(13,834)	20,335
Provision for taxation	-	-	-	-	-
Deferred taxation	710	-	-	-	710
Bank borrowings	14,923	3,624	25,000	-	43,547
<b>Total liabilities</b>	<b>41,569</b>	<b>10,891</b>	<b>25,966</b>	<b>(13,834)</b>	<b>64,592</b>
<b>Other information</b>					
Capital expenditure	2,089	87	20	-	2,196
Depreciation and amortisation	1,806	2,371	325	353	4,855
Non-cash expenses other than depreciation and amortisation	3,013	5	139	-	3,157

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 26. SEGMENTAL INFORMATION (cont'd)

#### By geographical segments

	2005		
	Revenue RM'000	Total assets RM'000	Capital expenditure RM'000
Malaysia	6,305	105,730	3,695
European countries	50,261	-	-
United States	107,986	-	-
Others	13,304	2,000	-
	<b>177,856</b>	<b>107,730</b>	<b>3,695</b>
	2004		
	Revenue RM'000	Total assets RM'000	Capital expenditure RM'000
Malaysia	7,746	116,848	2,196
European countries	53,271	-	-
United States	94,265	-	-
Others	7,921	-	-
	<b>163,203</b>	<b>116,848</b>	<b>2,196</b>

### 27. RELATED PARTY TRANSACTIONS

	GROUP	
	2005 RM'000	2004 RM'000
Interest expense paid to related parties		
- Mr. Lee Eng Sia, a director of a subsidiary company	-	198
- Mr. Chin Kuet Lee, a shareholder of a subsidiary company	-	4
Consultancy fee paid to a related party		
- Mr. Lee Eng Sia, a director of a subsidiary company	199	-
Rental expense to a related party		
- Shenyang Mengliang Down Fashion Co., Ltd., a shareholder of a subsidiary company	99	-

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.



## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 28. CONTINGENT LIABILITIES (UNSECURED)

#### COMPANY

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiary companies up to a limit of **RM27.00 million** (2004 : RM37.00 million) of which **RM17.76 million** (2004 : RM13.71 million) of the said banking facilities have been utilised at balance sheet date.

### 29. CAPITAL COMMITMENTS

	GROUP	
	2005 RM'000	2004 RM'000
Contracted but not provided for		
- Investment in A-Text Fashion Ltd.	-	1,330

### 30. 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 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 business associates to business partners with high creditworthiness. Trade receivables 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.

#### Interest rate risk

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group 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 low interest rate environment and achieve a certain level of protection against interest rate hikes.

In addition the Group invests its excess funds in financial assets which give a reasonable yield to mitigate its cost of borrowings.

#### Foreign currency risk

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

## Notes to the Financial Statements

– 31 July 2005 (cont'd)

### 30. FINANCIAL INSTRUMENTS (cont'd)

#### Foreign currency risk (cont'd)

Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures. The Group sells its products in the international market and is thus exposed to various foreign currencies, mainly US Dollar.

The Group hedges its trade receivables by entering into forward foreign exchange contracts.

#### 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 the financial assets and financial liabilities of the Group and of the Company as at balance sheet date approximate their fair values except as set out below:

	GROUP AND COMPANY			
	2005		2004	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Other investments</b>				
Quoted shares	456	452	900	577

### 31. MATERIAL CONTRACTS

Apart from the directors employment contracts and those related party transactions as disclosed in Note 27, there are no other material contracts involving the Directors and major shareholders with the Company and its subsidiaries.



## Report of the Auditors

to the members of Prolexus Berhad

We have audited the financial statements set out on pages 32 to 73. The preparation of these financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 2005** 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. 1107/03/06 (J)

Date: 18 October 2005

## Properties held by the Group

Location	Description	Land area/ (built-up area)	Existing use	Tenure/ (approximate age of building)	Net book value as at 31 July 2005 RM'000	Year of acquisition/ revaluation
<b>HONSIN APPAREL SDN. BHD.</b>						
Lot 590 (New Lot 2596) Mukim of Simpang Kanan District of Batu Pahat Johor	A knitting factory cum office with storage building	12,146.88 metre <sup>2</sup> (7,413.65 metre <sup>2</sup> )	Factory and office	Freehold (12 1/2 years to 16 years)	6,036	1993*
Lot PTD 16109 Mukim of Simpang Kanan District of Batu Pahat Johor	A single-storey bungalow	535.96 metre <sup>2</sup> (211.8 metre <sup>2</sup> )	Hostel	Freehold (22 years)	84	1993*
<b>PLAS INDUSTRIES SDN. BHD.</b>						
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 metre <sup>2</sup> (2,204.67 metre <sup>2</sup> )	Factory and office	Leasehold 60 years expiring on 30.9.2045 (19 years)	474	1993*
Lot No. 4122 & 4123 Nibong Tebal Mk. 11 Seberang Perai Selatan Pulau Pinang	Two units of two mid-terraced shop-house	230.02 metre <sup>2</sup> (465.99 metre <sup>2</sup> )	Production factory	Freehold (15 years)	218	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 metre <sup>2</sup> )	Hostel	Leasehold 99 years expiring on 22.4.2092 (9 years)	146	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 metre <sup>2</sup> )	Hostel	Leasehold 99 years expiring on 22.4.2092 (9 years)	195	1997
Plot No. 255 (iii) Kawasan Perusahaan Mak Mandin, Mukim 14 Seberang Perai Tengah Pulau Pinang	3 storey factory	N/A (3,617.51 metre <sup>2</sup> )	Factory and office	Leasehold 60 years expiring on 21.2.2052 (5 years)	2,506	2001
<b>SOUTH EAST GARMENT MANUFACTURING SENDIRIAN BERHAD</b>						
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 metre <sup>2</sup> )	Factory and office	Leasehold 60 years expiring on 21.2.2052 (13 years)	2,185	1993*
					11,844	

\* Year of revaluation

## Analysis of Shareholdings

– as at 30 September 2005

### Share Capital as at 30 September 2005

Authorised share capital	:	100,000,000 ordinary shares of RM1 each
Issued and fully paid-up	:	38,172,800 ordinary shares of RM1 each (excluding 1,827,200 treasury shares)
Voting rights	:	One vote per ordinary share (on a poll)

### Distribution schedule of shareholdings as at 30 September 2005

Size of Holdings	No. of Depositors	No. of Shares Held	% of Issued Capital
Less than 100	96	2,554	0.0067
100 - 1,000	290	248,229	0.6503
1,001 - 10,000	1,441	5,848,671	15.3216
10,001 - 100,000	260	6,376,228	16.7036
100,001 - 1,000,000	28	10,482,232	27.4599
1,000,001 - 40,000,000	6	15,214,886	35.8579
<b>TOTAL</b>	<b>2,121</b>	<b>38,172,800</b>	<b>100.0000</b>

### 30 Largest Shareholders as at 30 September 2005

	NAME	NORMAL HOLDINGS	HOLDINGS %
1	AMSEC NOMINEES (TEMPATAN) SDN BHD	4,015,000	10.0375
2	AMFINANCE BERHAD FOR LAU MONG YING		
3	LEMBAGA TABUNG HAJI	3,974,000	9.9350
4	MAYBAN NOMINEES (TEMPATAN) SDN BHD	2,955,686	7.3892
	PLEDGED SECURITIES ACCOUNT FOR LAU MONG YING (007059416342)		
5	BBL NOMINEES (TEMPATAN) SDN BHD	1,353,000	3.3825
	PLEDGED SECURITIES ACCOUNT FOR NARSPA HOLDINGS SDN BHD		
6	TAN CHING CHIN	1,110,000	2.7750
7	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD	942,500	2.3563
	PLEDGED SECURITIES ACCOUNT FOR ONG HUEY PENG (REM 650)		
8	TAN HAN CHUAN	919,000	2.2975
9	THAM KIEN WEI	805,000	2.0125
	MAYBAN NOMINEES (ASING) SDN BHD	804,115	2.0103
	PLEDGED SECURITIES ACCOUNT FOR FISCO ENTERPRISE PTE LTD		
10	NARSPA HOLDINGS SDN BHD	700,000	1.7500
11	MAYFIN NOMINEES (TEMPATAN) SDN BHD	690,865	1.7272
	PLEDGED SECURITIES ACCOUNT FOR JE HOLDINGS SDN BHD (KULS)		
12	JE HOLDINGS SDN BHD	665,960	1.6649
13	TA NOMINEES (TEMPATAN) SDN BHD	657,750	1.6444
	PLEDGED SECURITIES ACCOUNT FOR YAP KIM CHOO		
14	CHAY YOONG PIAU	620,750	1.5519
15	POO CHOO @ ONG POO CHOI	593,000	1.4825
16	CHEW BOON SENG	551,900	1.3798
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD	540,000	1.3500
	PLEDGED SECURITIES ACCOUNT FOR LAU MONG YING (100188)		
18	TAN BOON KUAN	536,084	1.3402
19	CITICORP NOMINEES (TEMPATAN) SDN BHD	515,000	1.2875
	PLEDGED SECURITIES ACCOUNT FOR LIM HOEI BOON (472633)		
20	TCL NOMINEES (TEMPATAN) SDN.BHD.	510,500	1.2762
	PLEDGED SECURITIES ACCOUNT FOR KUA BOON HWA		
21	LIM HOEI BOON	435,934	1.0898
22	YEOH SWEE KEE	405,000	1.0125
23	CHEN LAI FUN	366,900	0.9172
24	LIN, CHENG-LANG	273,374	0.6834
25	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD	241,100	0.6028
	PLEDGED SECURITIES ACCOUNT FOR TIONG KIONG CHOON TIONG KIONG CHOON (T181)		
26	AMIN HALIM	240,000	0.6000
27	TA NOMINEES (TEMPATAN) SDN BHD	157,900	0.3947
	PLEDGED SECURITIES ACCOUNT FOR CHUA ENG HO WAA @ CHUA ENG WAH		
28	LAU MONG SENG	142,000	0.3550
29	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD	138,000	0.3450
	PLEDGED SECURITIES ACCOUNT FOR LOW AH SUAN (DEALER 502-STF)		
30	CITICORP NOMINEES (TEMPATAN) SDN BHD	133,000	0.3325
	PLEDGED SECURITIES ACCOUNT FOR LEE SAI MING (472918)		
		<b>25,993,318</b>	<b>64.9833</b>

## Analysis of Shareholdings

– as at 30 September 2005 (cont'd)

### 1. Directors' shareholdings as at 30 September 2005

No. of ordinary shares of RM 1 each

No.	Name of Directors	Direct Interest	%	Deemed Interest	%
i.	Lau Mong Ying	7,525,134	19.71	-	-
ii.	Cheah Chin Teong	12,506	0.03	-	-
iii.	Ahmad Mustapha Ghazali	23,000	0.06	2,053,000	5.38
iv.	Lau Mong Fah	20,000	0.05	-	-
v.	Lin, Cheng-Lang	273,374	0.72	-	-
vi.	Lee Kuan Mang	-	-	-	-
vii.	Willie Gan Wee Lee	-	-	-	-
viii.	Khadmudin Bin Hj Mohamed Rafik	38,100	0.10	-	-

### 2. Substantial Shareholders (excluding bare trustees) according to the Register of Substantial Shareholders as at 30 September 2005

No. of ordinary shares of RM 1 each

No.	Name of Shareholders	Direct Interest	%	Deemed Interest	%
i.	Lau Mong Ying	7,525,134	19.71	-	-
ii.	Lembaga Tabung Haji	3,974,000	10.41	-	-
iii.	Narspa Holdings Sdn. Bhd.	2,053,000	5.38	-	-
iv.	Ahmad Mustapha Ghazali	23,000	0.06	2,053,000	5.38
v.	Narimah Mohamed Perai	20,750	0.05	2,053,000	5.38

# 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 Thirteenth 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 Wednesday, 30 November 2005 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 \_\_\_\_\_ 2005.

\* 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.





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The Company Secretary

**Prolexus Berhad**

(Company No. 250857-T)

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

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STAMP