HALEX HOLDINGS BERHAD

(206220-U)

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ANNUAL REPORT

2011

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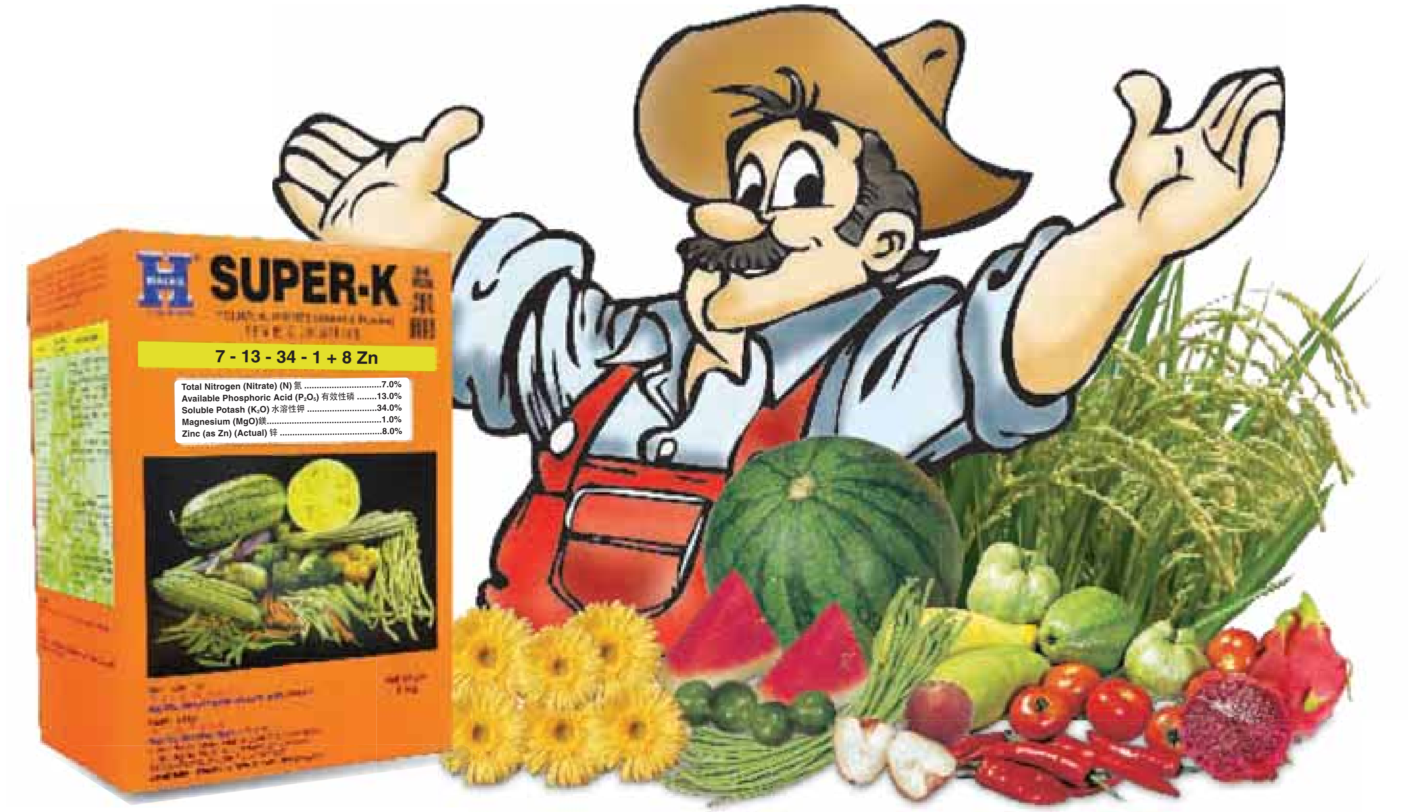

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- 特别配制以持续供应养份

HALEX (M) SDN. BHD. 合力(馬)有限公司 (47751-V)
9, Jalan Taruka, Tampoi Industrial Estate, 81200 Johor Bahru, Johor, Malaysia.
Tel: 6(07)-2371 543, 2373 309 Fax: 6(07)-2370 276
Website: www.halex-group.com

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distribution & agency of agrochemicals

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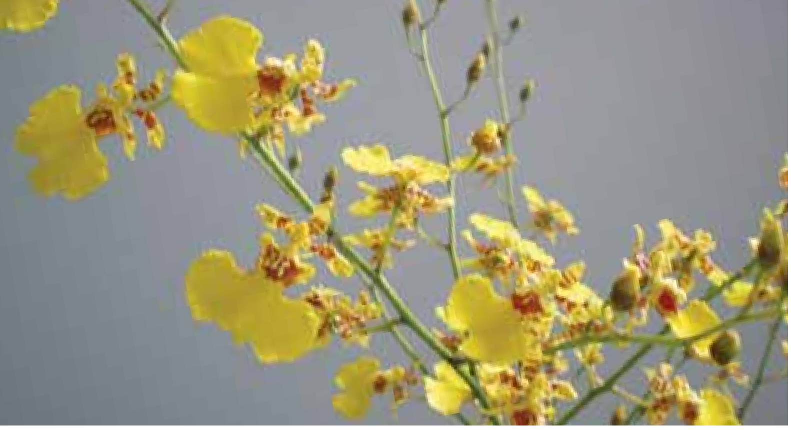
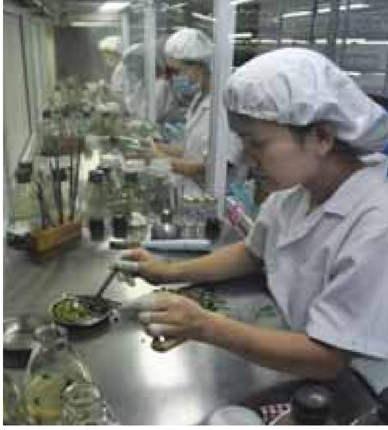
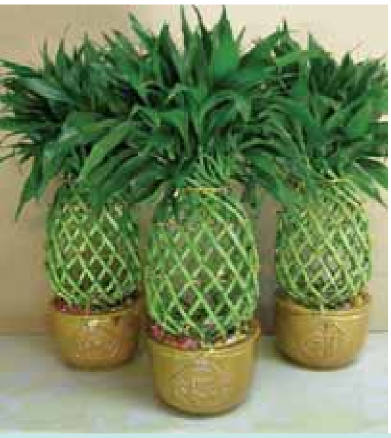
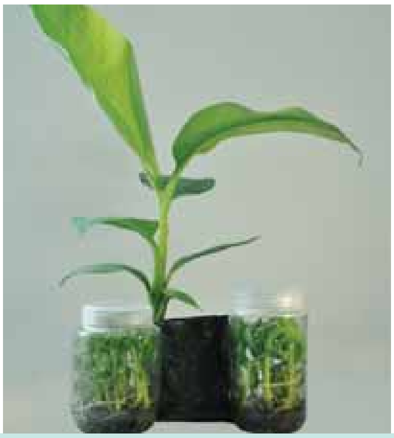
horticulture & agro-biotechnologies

halex industries (m) sdn bhd
manufacturing of agrochemicals

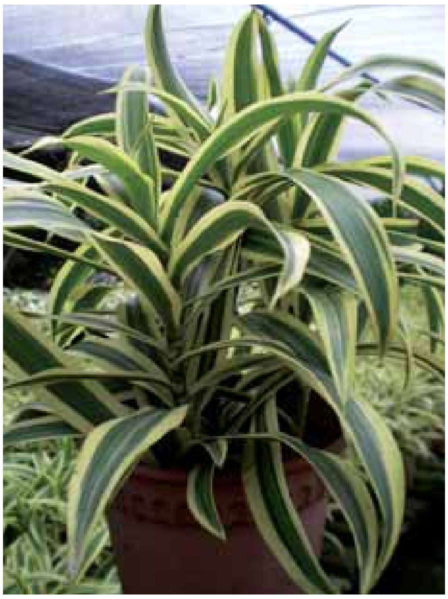


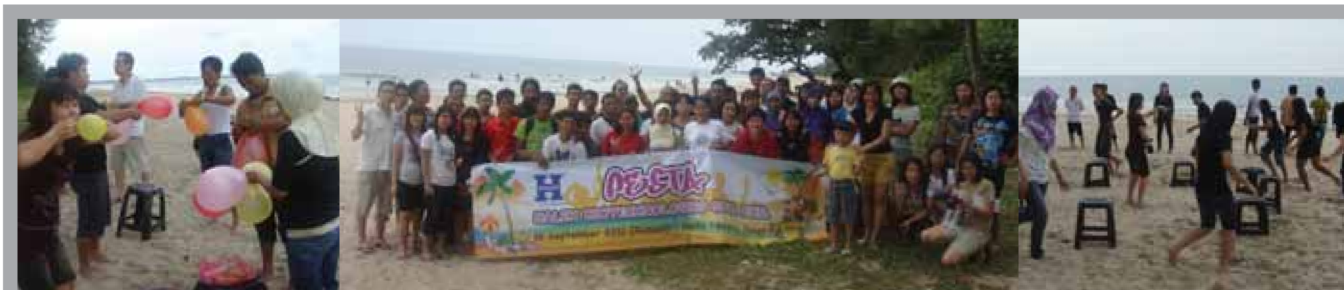





HORTICULTURE & BIOTECHNOLOGIES

HALEX BIOTECHNOLOGIES SDN. BHD. (194063-T)

Nursery & Plant Tissue Culture Laboratory
Lot 650 & 651, Ban Foo Village, Mukim Plentong, 81800 Ulu Tiram, Johor, Malaysia.
Tel: 07-8650523 Fax: 07-8650518

Outing at Desaru Beach, Kota Tinggi

CORPORATE INFORMATION

BOARD OF DIRECTORS

Yeoh Cheng Poh
Chairman cum Managing Director

Low Ngak Tiow
Non-Independent Executive Director

Ong E Jo @ Wong Ah Chuan
Non-Independent Executive Director

Husaini B Md Sadli @ Md Sardili
Non-Independent Executive Director

Supian Bin Yussof
Non-Independent Executive Director

Chiew Khwai @ Chiew Swee King
Independent Non-Executive Director

Tham Kut Cheong
Independent Non-Executive Director

Song Kok Cheong
Independent Non-Executive Director

Dato' Dr Yeang Hoong Yeet
Independent Non-Executive Director

AUDIT NOMINATION COMMITTEE

Tham Kut Cheong (Chairman)

Song Kok Cheong

Dato' Dr Yeang Hoong Yeet

REMUNERATION COMMITTEE

Yeoh Cheng Poh (Chairman)

Tham Kut Cheong

Song Kok Cheong

COMPANY SECRETARY

Laang Jhe How (MIA: 25193)

AUDITORS

STYL Associates (AF:1929)
Chartered Accountants
No.107-B Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

Robert Yam & Co (00612)
No.190 Middle Road
#16-01 & #16-03 Fortune Centre
Singapore 188979

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad

REGISTERED OFFICE

No.9 Jalan Taruka
Tampoi Industrial Estate
81200 Johor Bahru, Johor
Tel: 07-2371543
Fax: 07-2370276

REGISTRAR

Insurban Corporate Services Sdn Bhd
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel: 03-7729 5529
Fax: 03-77285948

PRINCIPAL PLACE OF BUSINESS

No. 9 Jalan Taruka
Tampoi Industrial Estate
81200 Johor Bahru, Johor
Tel: 07-2371543 Fax: 07-2370276
Email: halexm@halex-group.com
Website : www.halex-group.com

Hasil Emas Billboard

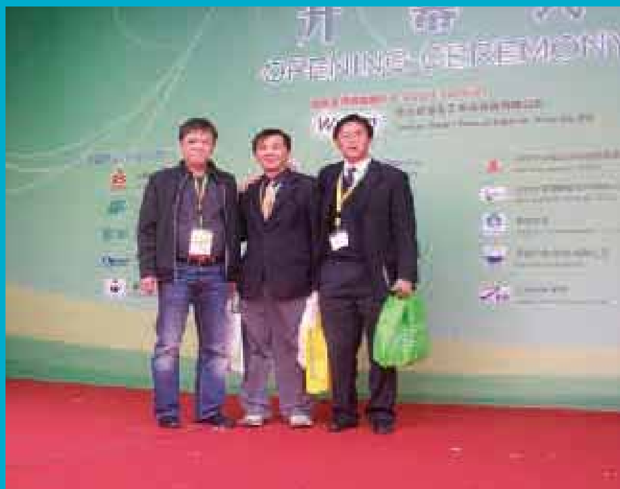

Farmer Talk in PPK Jerlun


Promotion Day in PPK Bata Paip


Oshin Farmer Talk presented by Mr. Fukuhara (Mitsui Japan) in JB

OUR ACTiViTiES


Blood Donation


Chen Sen Loon, GM of Halex Industries (center) at CAC Exhibition, Shanghai


Fire Drill


Personal Hygiene Awareness Talk

DIRECTORS' PROFILE

YEOH CHENG POH

A Malaysian aged 63, is our Chairman cum Managing Director, and was appointed to the Board on 13 October 1990.

Mr Yeoh graduated with a Bachelor of Agriculture Science (Honours) – Second Class Upper from University of Malaya in 1973 on a Malaysian Rubber Fund Board scholarship. After graduation, he was attached to the Rubber Research Institute of Malaysia as a Research Officer in the Plant Science Division working in the Tapping and Exploitation Unit, developing new latex stimulants and tapping systems for rubber. He then joined Behn Meyer & Co. Pte Ltd, Singapore as a Company Executive in 1976. He was involved in the development, sales and marketing of agrochemicals. He left in 1980, and together with a few shareholders, started Halex, which was involved in the import and distribution of agrochemicals.

Always keeping a heart for R&D, and an eye for commerce, Mr. Yeoh was instrumental in broadening Halex's agro-based trading business into agrochemical manufacturing and agro-biotechnologies, which resulted in the setting up of Halex Industries in 1980 and Halex Biotechnologies in 1992 respectively. He was also responsible for our Group's strategic diversification into the cotton and paper disposable business, with the acquisition of Halex Woolton in 1992.

Mr Yeoh has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

LOW NGAK TIOW

A Malaysian aged 63, is our Executive Director, and he was appointed to the Board on 15 May 1994.

He obtained a Diploma in Agriculture from Serdang College, Malaysia (now known as Universiti Putra Malaysia) in 1972. Mr. Low also pursued and achieved a Masters in Business Administration from Senior University, USA in 2001. From 1972 to 1975, he was an Agriculture Assistant with the Department of Agriculture, where he was involved in the main committee to formulate the Buku Hijau programme for promoting and increasing food crop production for the nation. He was also in charge of the Cash Crop Seed and Vegetable Seed production in line with the government policy at the time. Mr. Low joined Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) as an Agriculture Officer from 1975 to 1977, in which he was tasked with training both diploma and degree students with hands-on practical planting of agricultural crops and conducting study tours throughout the country.

From 1978 to 1982, Mr. Low was a Company Executive with Behn Meyer & Co. (M) Sdn Bhd, and in 1982, joined Halex (M) as a director. Together with Mr Yeoh, Mr Low heads the marketing team.

Mr Low has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

ONG E JO @ WONG AH CHUAN

A Malaysian aged 69, is our Executive Director and was appointed to the Board on 15 May 1994.

Mr Wong obtained a Bachelor of Agriculture Science (Entomology) from the National Chung Hsing University in Taiwan in 1967. From 1968 to 1972, he was the Division Chief of the Crop Protection Division for Gula Perak Berhad, where he carried out numerous herbicide trials with multinational pesticide suppliers. He later joined Agricultural Chemicals (M) Sdn Bhd as an Assistant Manager in the R&D division in 1972 to 1980. He was also previously trained in leading Japanese research stations on the techniques of pesticide evaluation and application.

Mr. Wong was managing his own business for a few years before he joined Halex (M) in 1984 as a Market Development Manager, and was later made a director in 1994. Presently, Mr. Wong is responsible for the operations of Halex Biotechnologies.

Mr Wong has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

DIRECTORS' PROFILE

HUSAINI BIN MD. SADLI @ MD. SARDILI

A Malaysian aged 60, is our Executive Director and was appointed to the Board on 31 October 2006.

En. Husaini was certified as a Manufacturing Management Specialist in 1984 by the Japanese Institute of Management. Between 1970 and 1980, En. Husaini was employed in a number of organisations including manufacturing and the public sector. In 1981, En. Husaini joined Federal Industries Sdn Bhd, a subsidiary of Smith & Nephew Group (a UK-based cotton and medical products company), as a Store Superintendent / Production Planner.

En. Husaini left Federal Industries Sdn Bhd in 1989 to join Sancot Sdn Bhd as a Production Manager. He later acquired a stake in the company and became a director. In 1992, Sancot Sdn Bhd was acquired by the HALEX Group, and the company's name was changed to Halex Woolton. En. Husaini is currently an Executive Director and Plant Manager in Halex Woolton. En. Husaini is also a shareholder and director of a number of private limited companies.

En Husaini has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

SUPIAN BIN YUSSOF

A Malaysian aged 57, is our Executive Director appointed to the Board on 28 March 2008.

He graduated with a Diploma in Agriculture from Serdang College, Malaysia (now known as Universiti Putra Malaysia) in 1975. En. Supian started his career as an Assistant Research Officer with MARDI. In 1981, he joined Pernas Trading Sdn Bhd as an Area Sales Manager. He later joined Petmal Malaysia Sdn Bhd as a Branch Manager in 1985. He was then attached with FE Zuellig Chemicals Malaysia Sdn Bhd as a Product Development Executive from 1986 to 1987.

In 1987, En. Supian was employed as a Public Sector Manager with Halex (M), where he has served for over 20 years. En. Supian was made a director of Halex Trading on 1 March 1999, and appointed to the Boards of Halex (M) and HALEX in March 2008.

En Supian has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

CHIEW KHWAI @ CHIEW SWEE KING

A Malaysian aged 64, is our Independent Non-Executive Director and was appointed to the Board on 6 May 1998.

Mr Chiew started his working career in the agriculture industry, and in 1973, together with a few other partners, Mr. Chiew started Kulai Agrochemical Trading Sdn Bhd. He left this company in 1978 to set up Pesticides & Fertilisers Sdn Bhd, an agrochemical retailing business based in Kulai, Johor. In 2010, he transferred his shares in this company to his son, and only remains as an alternate director. He is also a shareholder and director of Kota Tinggi Estate Supplies Sdn Bhd, an agrochemical retailing business.

Mr Chiew has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

THAM KUT CHEONG

A Malaysian aged 66, is our Independent Non-Executive Director, and was appointed to the Board on 30 January 2009.

He graduated from University of Malaya in 1970 with a Bachelor of Economics degree and completed his training in accountancy under Deloitte & Co., United Kingdom. He is a fellow member of the Institute of Chartered Accountants in Ireland and was admitted to the Malaysian Institute of Accountants in 1980 as a public accountant. Upon completing his training, he started his own practice, K.C. Tham & Co. in 1980.

Mr. Tham serves as an Independent Director, and Chairman of the audit, nomination and remuneration committees of Toyo Ink Group Berhad.

Mr Tham has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

SONG KOK CHEONG

A Malaysian aged 59, is our Independent Non-Executive Director, and was appointed to the Board on 30 January 2009.

Mr Song started his career in 1970 as a printing technician in Federal Metal Printing Company and subsequently joined DIC (M) Sdn Bhd, the world's largest printing ink manufacturer operating in Malaysia, in 1975. He left in 1980 to join Toyo Ink Sdn Bhd and has been instrumental in building up the businesses of Toyo Ink Group Berhad up to the present day. He is the Managing Director of Toyo Ink Group Berhad. Mr Song has more than 33 years experience in the printing ink and printing related businesses.

Mr Song has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

DATO' DR YEANG HOONG YEET

A Malaysian aged 62, is our Independent Non-Executive Director, and was appointed to the Board on 30 January 2009.

He graduated from University of Malaya in 1973, majoring in botany. In the same year, he joined the Rubber Research Institute of Malaysia (RRIM) where he remained for 33 years. During his service at the RRIM, he also pursued his studies and received his PhD in plant physiology from University of Glasgow in 1980. He rose to head the Biotechnology and Strategic Research Unit in 1990 until his retirement.

At RRIM (now the research arm of the Malaysian Rubber Board), Dato' Dr Yeang led the research in the areas of biochemistry, molecular biology, physiology and tissue culture relating to the rubber tree. He has authored and co-authored more than 80 peer-reviewed papers in international scientific journals, with many of his publications having been well-cited in the scientific research community. His research in latex allergy, an aspect that affects the country's multi-billion ringgit latex industry was recognised by the International Union of Immunological Societies and the technique of quantitating proteins of latex products was endorsed by the regulatory agencies in Europe and the USA, and is today regarded as the gold standard worldwide.

Dato' Dr Yeang has also rendered consultancy and technical services to governmental and commercial research institutes locally and in the USA, Europe and PRC. He was elected a Fellow of the Akademi Sains Malaysia in 2002 and was awarded the Hevea Gold Medal in 2005 in recognition of his contribution to research for the rubber industry. Dato' Dr Yeang also received the Kesatria Mangku Negara (KMN) award from SPB Yang Di-Pertuan Agong in 2001. In 2006, he received the Darjah Setia Pangkuan Negeri (DSPN) award from TYT Yang Di-Pertua Negeri Pulau Pinang.

Dato' Dr Yeang has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of Halex Holdings Berhad, I am pleased to present our Third Annual Report as a public listed company for the year ended 30 September 2011.

Year 2011 in Review

The Halex Holdings Berhad group of companies achieved a consolidated turnover of RM 101.29 million and a profit after tax of RM 4.36 million against a turnover of RM 89.66 million and a profit after tax of RM 3.42 million in the preceding year.

Agrochemical Division
The agrochemical business recorded a revenue of RM53.86 million, or a 9.00% increase in turnover, and an increase in operating profit after tax of 6.41% to RM4.49 million in 2011, compared to 2010. This was on a backdrop of strong prices from agricultural commodities such as palm oil, rubber, pepper and cocoa. Notable contributions came from sales of herbicides and some proprietary insecticides like Dipel ES (Sumitomo Chemical) and Oshin 20WP (Mitsui Chemicals).

Healthcare Disposable Division
Our Healthcare Disposable Division achieved a turnover of over RM 41.03 million, representing a growth of 19.13%, with a modest profit after tax of RM 0.15 million, reversing the after tax loss of RM0.29 million in the previous year. The return to profitability was a result of new supplies at higher prices to the Hypermarkets, after fulfilling the old lower priced contracts.

Horticulture and Agro-biotechnologies Division
Our Horticulture and Agro-biotechnologies Division recorded an increase in turnover of 10.27% to RM 6.40 million in 2011 from RM 5.80 million in 2010 due to strong demand from our overseas customers and favourable exchange rates. The company also turned around the loss position of RM 0.077 million into a profit after tax of RM 0.14 million.

Dividend

The Board is pleased to recommend a single tier dividend of 7%, or 3.5 sen per share for the financial year ended 30 September 2011, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Future Prospects

With the lingering Euro Debt Crisis and a slow recovery from the U.S. market, financial analysts are putting forward various opinions about what 2012 would hold for the global economy. Malaysia, being a small but open economy, will not be insulated should there be a global slowdown.

For Halex Holdings Berhad, we are of the view that our business will not be very much impacted as our major imports are from China, India and the U.S., with 76% of our revenue contributions coming from local sales and 24% from exports, mainly to South East Asia, Africa and East Asian Countries.

We would expect our Agrochemical Division to continue to perform positively in 2012 due to favourable prices of agricultural commodities, namely palm oil, rubber, cocoa and pepper. The completion of a RM 1.7 million new extension to our agrochemical factory in Bandar Tenggara, Johor, expected in February 2012, will provide better storage and additional space to increase our manufacturing activities.

For our Healthcare Disposable Division, the return to normalcy in the supply of raw materials like cotton, pulp, rayon and spun lace has mitigated the risk of our contracted supplies with the Hypermarkets. In November 2011 we have signed a Merchandise Agreement with Rovio Entertainment Ltd. (through their appointed agent in Asia – Pacific Licensing Studio Pte.Ltd.) to manufacture and merchandise a wide range of disposable products under the 'Angry Birds' brand for the Malaysian market from 1 November 2011 to 31 January 2014. The popularity of the Angry Birds brand is anticipated to contribute significantly to our bottom line. We are currently also developing a wide range of wet wipes for some overseas customers.

In late 2011 our Horticulture and Agro-biotechnologies Division had purchased an 11.8 acres agricultural land in Kota Tinggi, Johor, utilizing RM1.1 million from our listing proceeds. Planting, mainly of foliages for export, will commence once the foreign worker's permits are approved. On the tissue culture operations, we shall be able to supply tissue cultured ginger plantlets after June 2012, adding to our current sales of orchids and banana. Protocols on potential ornamental plants and herbs are in progress.

Halex's growth has mainly been organic in the past. With a healthy balance sheet Halex will be looking into possible acquisitions of related businesses that can add value and accelerate the growth of the company in the coming years.

Corporate Social Responsibility

Always in her humble ways, Halex Holdings Berhad will continue to donate to welfare homes, disaster relief funds and assisting people with special needs with job opportunities. For the local community we had organized a successful blood donation campaign on 9 July 2011 at the Hospital Sultan Ismail, Johor Bahru. Donors were mainly Halex's staff and their family members. For the environment our Agrochemical Division has initiated recycling tests for the plastic and paper board drums.

Appreciation

On behalf of the Board of Directors I would like to dedicate my sincere appreciation to our management and staff for their hard work and commitment in returning a better result than the previous year. I would also like to thank my fellow directors for their sound advice and good guidance. To our shareholders and business associates I hope to have your continuous support in the coming years.

GROP FINANCIAL SUMMARY

THREE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2011 RM'000	2010 RM'000	2009 RM'000
Revenue	**101,291**	89,661	88,580
Profit before taxation	**5,809**	4,782	7,530
Profit attributable to owners of the Company	**4,358**	3,416	6,073
Total assets	**102,605**	99,723	98,267
Share capital	**40,000**	40,000	40,000
Reserves	**39,523**	37,562	36,598
Equity attributable to owners of the Company	**79,523**	77,562	76,599
Total Liabilities	**23,082**	22,161	21,668
Total equity and liabilities	**102,605**	99,723	98,267

FINANCIAL STATISTICS

	2011	2010	2009
Basic earnings per share (sen)	**5.45**	4.27	11.74
Dividends per share (sen) – Net	**3.50**	3.00	3.00
Share price as at 30 September (RM)	**0.56**	0.58	0.78
Historical price earnings ratio (times)	**10.28**	13.58	6.64
Dividend yield – net %	**6.25**	5.17	3.85
Dividend cover (times)	**1.56**	1.42	3.91
Net assets per share attributable to Owners of the Company (RM)	**0.99**	0.97	0.96
Return on shareholders' equity (%)	**5.55**	4.40	7.93

CORPORATE GOVERNANCE STATEMENT

Board of Directors

Principal Responsibilities

The Group is led and managed by an effective Board which has the overall responsibility for corporate governance, strategic planning, implementation of policies, executive and investment decisions. The Independent Non-Executive directors provide judgement and guidance on issues of strategy, performance and standards.

Board Composition

The Board consists of nine (9) members, consisting of five (5) Executive Directors and four (4) Independent Non-Executive Directors.

Board Balance

The Board comprises a balanced mix of members with professional and business experience relevant to the Group's business. Their biographies appear in the Profile of Directors and illustrate the Directors' range of backgrounds and experiences.

The Board believes that it has the right mix of skills, knowledge and experience to ensure that all matters tabled to the Board for consideration are well reviewed and deliberated. The independent non-executive Directors provide unbiased and independent view, advice and judgment in the decision making process of the Board and thus ensuring that the interests of the shareholders and stakeholders are well safeguarded.

Board Meetings And Supply of Information to the Board

The Board has met five (5) times during the financial year. The agendas for the Board meetings were circulated well in advance to the Directors. The Directors are also supplied with the detailed reports and relevant supporting documents pertaining to the financial performance, investments and strategic direction prior to the meetings for their perusal and consideration to assist them in making well-informed decisions. All rationales of proposals, issues discussed and decisions made at the Board meetings were properly recorded to provide a historical record and insight into those decisions.

Senior management staff were invited to the Board meetings to enlighten the Board on matters tabled to the Board and if required, to advise and provide clarification on matters of concern raised by the Board.

The Board is ably supported by the various Board committees as recommended by the Malaysian Code on Corporate Governance. The committees set-up are the Audit Committee, Nomination Committee and Remuneration Committee. All Board committees discharged their duties within their terms of reference and make recommendation to the Board if matters are beyond their authority limit.

The Board members are given unrestricted access to all information pertaining to the Company; whether as a full Board or individually to assist them in carrying out their duties. Should it be deemed necessary, the Directors are allowed to engage independent professionals at the Company's expense on specialized issues to enable the Board to discharge their duties with adequate knowledge on matters being deliberated.

The attendance of the Directors at Board meetings during the financial year are as shown below:

No.	Name Of Members	Designation	Attendance	Percentage of Attendance
1	Yeoh Cheng Poh	Chairman cum Managing Director	5/5	100%
2	Low Ngak Tiow	Executive Director	5/5	100%
3	Ong E Jo @ Wong Ah Chuan	Executive Director	5/5	100%
4	Husaini B Md Sadli @ Md Sardili	Executive Director	5/5	100%
5	Supian B Yussof	Executive Director	5/5	100%
6	Chiew Khwai @ Chiew Swee King	Independent Non-executive Director	5/5	100%
7	Tham Kut Cheong	Independent Non-executive Director	5/5	100%
8	Song Kok Cheong	Independent Non-executive Director	5/5	100%
9	Dato' Dr Yeang Hoong Yeet	Independent Non-Executive Director	5/5	100%

Remuneration Committee and Directors' Remuneration

The Remuneration Committee comprises the following members:-

1	Yeoh Cheng Poh (Chairman)	Chairman cum Managing Director
2	Tham Kut Cheong	Independent Non-Executive Director
3	Song Kok Cheong	Independent Non-Executive Director

The Remuneration Committee reviews, assesses and recommends to the Board the remuneration packages of the executive directors in all forms. None of the executive directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of the independent non-executive directors with individual directors abstaining from decisions in respect of their individual remuneration.

In carrying out its duties and responsibilities, the Remuneration Committee have full, free and unrestricted access to any information, record, properties and personnel of the Company. The Remuneration Committee may obtain the advice of external consultants on the appropriateness of remuneration package and other employment conditions if required.

The remuneration package is designed to support the Company's strategy and to provide an appropriate incentive to maximise individual and corporate performance, whilst ensuring that overall rewards are competitive. The Executive Directors' package consists of basic salary, contribution to the national pension fund and benefits-in-kind such as medical care, car allowance and fuel whilst the Non-executive Directors' package primarily consists of fees only.

Remuneration Band	<------------------No. of Directors--------------->	
	Financial Year Ended 30 September 2011	Financial Year Ended 30 September 2010
Executive Directors:		
RM100,001 – RM300,000	3	2
RM300,001 – RM500,000	1	2
RM500,001 – RM600,000	1	1
Non Executive Directors:		
Below RM50,000	4	2
RM50,000 – RM100,000	-	2

Nomination Committee and Appointments to the Board

The Nomination Committee also comprises the following :-

1	Tham Kut Cheong *(Chairman)*	Independent Non-Executive Director
2	Song Kok Cheong	Independent Non-Executive Director
3	Dato' Dr Yeang Hoong Yeet	Independent Non-Executive Director

The Nomination Committee considers and recommends to the Board suitable candidates whom the Committee feel would be a valuable and complementing addition to the Board. The appointment of the Directors remains the responsibility of the Board after taking into consideration the recommendations of the Nomination Committee. The assessment of the effectiveness of the Board collectively and individually is an on-going continuous process undertaken by the Nomination Committee. Whenever deemed necessary, the Committee would forward the relevant recommendations for the Board consideration.

In carrying out its duties and responsibilities, the Nomination Committee have full, free and unrestricted access to any information, record, properties and personnel of the Company. The Committee may seek external professional services to source for the right candidate for directorship or seek independent professional advice whenever necessary.

Re-election

One third of the Board shall retire from office and eligible for re-election at each Annual General Meeting and all directors shall retire from office once in every three (3) years but shall be eligible for re-election.

Directors over seventy (70) years of age are subject to re-appointment by shareholders on an annual basis in accordance with Section 129(6) of the Companies Act, 1965.

Directors appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next Annual General Meeting held following their appointments.

Directors' Training

All members of the Board have completed the Mandatory Accreditation Programme (MAP), prescribed by Bursa Malaysia Securities Berhad.

The Directors view continuous learning and training as an integral part of the directors' development. The Directors are informed of the various directors' development programmes and are encouraged to attend these programmes to keep abreast with developments in the industry and relevant regulatory requirements in furtherance of their duties.

In addition to the MAP, the Directors have also attended other training and education programmes individually in their own professional capacity.

Relationship with Shareholders and Investors

The Board of Directors holds with utmost importance the act of keeping all shareholders and investors informed of the company's business and corporate developments. Such information is disseminated through the company's quarterly results and through various disclosures via the Bursa Malaysia Securities Berhad's website.

The forthcoming Annual General Meeting will be a great avenue of meeting between the Board of Directors, shareholders and investors.

Annual General Meeting

The Annual General Meeting (AGM) is the primary gathering for all shareholders to raise questions or to inquire more information on the Company's development and financial performance. The Chairman and Board members are present to address all shareholders' queries on issues relevant to the Company. However, if the queries raised are not immediately answerable during the AGM, the Chairman will send a written letter containing the explanation after the AGM is over. Notice of the AGM is released to shareholders at least 21 days before the date of the meeting.

The shareholders have direct access to the Board and are encouraged to participate in the open question and answer session.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Accountability and Audit
The Board of Directors aims to present a balanced and true view of the Company's corporate and financial states of affairs.

Audit Committee
The Committee was set up to assist the Board of Directors with added focus in discharging its responsibilities and duties as set out under its terms of reference.

Financial Reporting
The Board of Directors is satisfied that appropriate accounting policies have been consistently applied and supported by reasonable judgements and estimates.

A balanced and understandable assessment of the Company's position and prospects is released through annual financial statements and quarterly financial results.

Quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors before being released to Bursa Malaysia Securities Berhad.

Internal Control
The Board of Directors acknowledges the internal audit function as an integral part of an effective system of corporate governance. The Statement of Internal Control set out in this Annual Report provides an overview of the Group's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets.

Relationship with Auditors
The Board, through the Audit Committee, maintains a formal and transparent relationship with the Company's external auditors. The external auditors are invited to discuss with the Audit Committee, the annual financial statements, audit findings and other special matters that require the Board's attention. The external auditors have continued to report to members of the Company on their findings, which are included in the auditors' report with regard to each year's audit on the statutory financial statements. The role of the Audit Committee in relation to the external auditors is detailed in the Audit Committee Report in the Annual Report.

Directors' Responsibility Statement
The Board is responsible to ensure each financial statement for each financial year are properly drawn up in accordance with applicable financial policies and standards in Malaysia so as to give a true and fair view of the Company's state of affairs as at the financial year and of the results and cash flows of the Company for that period.

The Board of Directors takes responsibility for safeguarding assets of the Company to prevent and detect fraud and other irregularities seriously.

AUDIT COMMITTEE REPORT

Audit Committee Members

Chairman	Tham Kut Cheong (Independent Non-Executive Director)
Members	Song Kok Cheong (Independent Non-Executive Director) Dato' Dr Yeang Hoong Yeet (Independent Non-Executive Director)
Secretary	Laang Jhe How (Company Secretary)

Audit Committee Summary of Terms of Reference

1. Composition

(a) The Board shall elect an Audit Committee from amongst themselves (pursuant to a resolution of the Board of Directors) comprising not less than three (3) members where the majority of them shall be composed of independent non-executive members of the Board.

(b) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as maybe required by Bursa Malaysia Securities Berhad.

(c) The term of office of the Audit Committee is two (2) years and may be re-nominated and appointed by the Board.

(d) The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an independent director. The Chairman of the Audit Committee shall be approved by the Board.

(e) All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit Committee cease to be a Director of the Company, his membership in the Audit Committee would cease forthwith.

(f) No Alternate Director of the Board shall be appointed as a member of the Audit Committee.

(g) If the number of members of the Audit Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. Objectives

The principal objectives of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

- Evaluate the quality of the audits performed by the internal and external auditors;
- provide assurance that the financial information presented by management is relevant, reliable and timely;
- oversee compliance with laws and regulations and observance of a proper code of conduct; and
- determine the quality, adequacy and effectiveness of the Group's control environment.

3. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows: -

(a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;

(b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(c) To review with the external auditor his evaluation of the system of internal controls and his audit report;

(d) To review the quarterly and year-end financial statements, focusing particularly on:–
- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);

(f) To review the external auditor's management letter and management's response;

(g) To do the following, in relation to the internal audit function:-
- To review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- To review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- To review any appraisal or assessment of the performance of members of the internal audit function;
- To approve any appointment or termination of senior staff members of the internal audit function; and
- To take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(i) To report its findings on the financial and management performance, and other material matters to the Board;

(j) To consider the major findings of internal investigations and management's response;

(k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;

(l) To consider other topics as defined by the Board; and

(m) To consider and examine such other matters as the Audit Committee considers appropriate.

4. *Authority*

The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company,

(a) Have explicit authority to investigate any activity within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.

(b) Have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and the Group.

(c) Obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

(d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).

(e) Where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

5. *Meetings and Minutes*

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

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

The Managing Director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

6. ***Internal Audit Function***
   The Company's internal audit function has been outsourced to an independent professional internal audit service provider, which reports directly to the Audit Committee. The Internal Auditors adopt a risk-based approach when preparing its annual audit plan and strategy. The principal role of the internal audit is to conduct independent and regular reviews of the various operations of the Company and to provide objective reports on the state of the internal controls to the Audit Committee. The internal audit reports presented are deliberated by the Audit Committee and the recommendations were duly acted upon by the management.

Summary of Audit Committee Activities

Summary Of Activities

During the financial year ended 30 September 2011, in line with the terms of reference, the Committee carried out the following activities:

1. Reviewed the unaudited quarterly financial statements and the Annual Audited Financial Statements of the Group and of the Company prior to submission to the Board for consideration and approval. Any significant issues resulting from the audit of the financial statements raised by the External Auditors were discussed and brought to the attention of the Board and resolved at the Board level;

2. Reviewed and deliberated on the audit plan, nature and scope of the external auditors and considering their audit fee;

3. Reviewed the Internal Audit Reports which highlighted the audit issues, recommendations and management's response;

4. Reviewed related party transactions of the Company; and

5. Reviewed the extent of application and compliance of principles and best practices set out in the Malaysian Code of Corporate Governance.

Meeting Attendance

The Committee held five (5) meetings during the year ended 30 September 2011. The details of the attendance are as follows:

Directors	No. of meetings attended
Tham Kut Cheong	5/5
Song Kok Cheong	5/5
Dato' Dr Yeang Hoong Yeet	5/5

STATEMENT ON INTERNAL CONTROL

Board Responsibilities

It is the Boards' duty to maintain the Company's system of internal controls and ensure the adequacy and integrity of the Company's state of affairs.

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Company's system of internal control, identifying principal risks and establishing an appropriate control environment and framework to manage risks and evaluating the Company's operational effectiveness and efficiency.

The Board recognizes the importance of maintaining sound internal control systems and risk management practices to ensure good corporate governance.

The Board confirms that there is a continuous process to identify, evaluate and manage the significant risks of the Company and this process is regularly reviewed by the Board.

The key processes include:

- Regular and comprehensive information is provided to the management, covering financial performance and key business indicators.
- Approve quarterly and full year financial results.
- Make performance analysis on financial performance and business objectives.
- Review the adequacy and effectiveness of the system of internal control, with the assistance of the internal audit unction, in an on-going process.

System of Internal Control

The Board has a formalized reporting structure with clearly defined lines of accountability and delegated authority. It comprises the CEO and senior management team and ensures communication of the Company's business objectives, operational and financial issues or risks through management meetings at various levels.

The CEO and senior management team monitor the day-to-day affairs of the Company by attending scheduled meetings both at management and operational levels and review the performance and operation reports. These include technical and operations meetings and management review meetings.

The key elements of the internal control system :

- A well defined organization structure with clear lines of accountability that sets out the authority delegated to the board and management committees
- Documented policies and procedures for all significant processes
- There is a clearly defined delegation of responsibilities to the Audit Committee of the Board and the management
- Performance reports such as quarterly financial review, business development and other corporate matters are regularly provided to the directors and discussed at Board meetings
- Management meetings are regularly held.

The Board remains committed towards maintaining a sound system of internal controls therefore on-going reviews will be carried out to measure the effectiveness of the internal control systems and establish shareholders' confidence.

Internal Audit Function

The Company outsources the internal audit function to an independent professional internal audit service provider, which reports directly to the Audit Committee. The Internal Auditors adopt a risk-based approach when preparing its annual audit plan and strategy. The principal role of the internal audit is to conduct independent and regular reviews of the various operations of the Company and to provide objective reports on the state of the internal controls to the Audit Committee. The internal audit reports presented are deliberated by the Audit Committee and the recommendations were duly acted upon by the management.

Audit Committee

The Committee was set up to assist the Board of Directors with added focus in discharging its responsibilities and duties. In discharging its duties, the Committee will review and obtain the necessary assurance from the reports by the external auditors, proposed internal audit function and the management.
The Board of Directors believes that with good governance comes a sound system of internal control to safeguard our shareholders investment and the company's assets.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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 30 September 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company.

The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

FINANCIAL RESULTS

	GROUP	COMPANY
	RM	RM
Profit after taxation attributable to owners of the parent	4,357,822	1,984,181

DIVIDENDS

A first and final single tier dividend of 6% amounting to RM2,400,000 in respect of the financial year ended 30 September 2010 was paid during the financial year.

At the forthcoming Annual General Meeting, a single tier final dividend of 7% on 80,000,000 ordinary shares amounting to RM2,800,000 in respect of the financial year ended 30 September 2011 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2012.

ISSUE OF SHARES AND DEBENTURES

No shares or debentures were issued during the financial year.

RESERVES AND PROVISIONS

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

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares in the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

a. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and

b. to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

a. which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

b. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

c. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability 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 or of the Company to meet their obligations as and when they fall due.

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

a. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person: or

b. any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS OF THE COMPANY

Directors who served on the Board of the Company since the date of the last report are as follows:

YEOH CHENG POH
LOW NGAK TIOW
ONG E JO @ WONG AH CHUAN
HUSAINI BIN MD SADLI @ MD SARDILI
SUPIAN BIN YUSSOF
CHIEW KHWAI @ CHIEW SWEE KING
THAM KUT CHEONG
SONG KOK CHEONG
DATO' DR. YEANG HOONG YEET

In accordance with Article 86 of the Company's Articles of Association, Low Ngak Tiow, Ong E Jo @ Wong Ah Chuan and Supian Bin Yussof, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	Ordinary shares of RM0.50 each			
	Balance at 01.10.2010	Bought	Sold	Balance at 30.09.2011
DIRECT INTEREST				
YEOH CHENG POH	11,874,795	-	-	11,874,795
SUPIAN BIN YUSSOF	641,029	-	(9,000)	632,029
ONG E JO @ WONG AH CHUAN	9,253,666	142,800	-	9,396,466
LOW NGAK TIOW	10,927,685	-	-	10,927,685
HUSAINI BIN MD SADLI @ MD SARDILI	10,168,937	-	(7,312,500)	2,856,437
CHIEW KHWAI @ CHIEW SWEE KING	100,000	1,628,000	-	1,728,000
DATO' DR. YEANG HOONG YEET	49,000	-	-	49,000
INDIRECT INTEREST				
DATO' DR. YEANG HOONG YEET*	5,000	-	-	5,000
YEOH CHENG POH**	225,000	158,700	-	383,700
LOW NGAK TIOW***	20,000	-	-	20,000

* Deemed interest by virtue of the shares held by his spouse, Chew Chun Kang.
** Deemed interest by virtue of the shares held by his spouse, Tan Siew Ean.
*** Deemed interest by virtue of the shares held by his daughter, Low Siaw Tze.

Yeoh Cheng Poh by virtue of his interests in the shares of the Company is also deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

No other Directors held any interest in the shares of the Company at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as recorded and disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company or its related companies was a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

In the opinion of the Directors:

a. the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

b. there has not arisen in the interval between the end of the financial year and the date of this report, any such item transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. STYL Associates, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors,

ONG E JO @ WONG AH CHUAN	**YEOH CHENG POH**

JOHOR BAHRU
DATE:

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, ONG E JO @ WONG AH CHUAN and YEOH CHENG POH, two of the Directors of HALEX HOLDINGS BERHAD state that, in the opinion of the Directors, the accompanying financial statements of the Group and of the Company, together with the notes thereto, are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2011 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 38, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements” as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors,

ONG E JO @ WONG AH CHUAN

YEOH CHENG POH

JOHOR BAHRU
DATE:

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, LIM PANG YAN, the officer primarily responsible for the financial management of HALEX HOLDINGS BERHAD, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements of the Group and of the Company, together with the notes thereto, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the }
abovenamed **LIM PANG YAN** }
at Johor Bahru in the State of Johor }
this day of }
}
}
Before me:

LIM PANG YAN

Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of HALEX HOLDINGS BERHAD, which comprise the statements of financial position as at 30 September 2011 of the Group and the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as of 30 September 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 38 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

STYL ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM NO: AF – 1929

LEOU THIAM LAI
APPROVED COMPANY AUDITOR
TREASURY APPROVAL NO.1269/6/12 (J)

KUALA LUMPUR
DATE: 19 JANUARY 2012

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 SEPTEMBER 2011

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**42,192,780**	41,400,806	**–**	-
Investment property	5	**90,000**	90,000	**–**	-
Investment in subsidiary companies	6	**–**	-	**5,510,125**	5,510,125
Inv estment in quoted securities	7	**101,565**	93,063	**–**	-
Other investments	8	**26,000**	26,000	**–**	-
Intangible assets	9	**26,729**	26,729	**–**	-
Development costs	10	**808,794**	716,338	**–**	-
Prepaid lease payments	11	**–**	-	**–**	-
Amount due from subsidiary companies	12	**–**	-	**35,019,685**	35,434,685
Total non-current assets		**43,245,868**	42,352,936	**40,529,810**	40,944,810
Current assets					
Inventories	13	**28,660,649**	23,762,052	**–**	-
Trade receivables	14	**17,329,430**	16,651,223	**–**	-
Other receivables and deposits	15	**914,875**	1,800,942	**1,000**	1,000
Deposits with licensed banks	16	**8,138,437**	10,695,971	**–**	-
Tax recoverable		**440,992**	354,527	**41,435**	41,435
Cash and bank balances		**3,874,527**	4,105,096	**13,116**	6,621
Total current assets		**59,358,910**	57,369,811	**55,551**	49,056
Total assets		**102,604,778**	99,722,747	**40,585,361**	40,993,866

STATEMENTS OF FINANCIAL POSITION (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2011 (cont'd)

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	17	**40,000,000**	40,000,000	**40,000,000**	40,000,000
Revaluation reserves		**1,387,466**	1,387,466	**-**	-
Share premium		**731,375**	731,375	**731,375**	731,375
Equity attributable to owners of the parent		**42,118,841**	42,118,841	**40,731,375**	40,731,375
Exchange reserves		**320,276**	317,149	**-**	-
Unappropriated profit/(Accumulated loss)		**37,083,351**	35,125,529	**(169,028)**	246,791
Shareholders' equity		**79,522,468**	77,561,519	**40,562,347**	40,978,166
Non-current liabilities					
Term loans	18	**3,526,525**	4,760,274	-	-
Deferred taxation	19	**401,502**	402,902	-	-
Total Non-current liabilities		**3,928,027**	5,163,176	-	-
Current liabilities					
Trade payables	20	**5,686,945**	4,018,795	-	-
Other payables and accruals	21	**4,319,433**	3,592,129	**23,014**	15,700
Bills payable	22	**6,223,509**	6,907,000	-	-
Term loans	18	**1,231,200**	1,231,200	-	-
Provision for taxation		**378,439**	269,237	-	-
Bank overdraft	22	**1,314,757**	979,691	-	-
Total current liabilities		**19,154,283**	16,998,052	**23,014**	15,700
Total liabilities		**23,082,310**	22,161,228	**23,014**	15,700
Total equity and liabilities		**102,604,778**	99,722,747	**40,585,361**	40,993,866

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2011

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Revenue	23	**101,290,576**	89,661,057	**2,403,151**	2,403,151
Cost of sales		**(76,184,679)**	(66,939,227)	**-**	-
Gross profit		**25,105,897**	22,721,830	**2,403,151**	2,403,151
Other income	24	**448,353**	281,507	**-**	33,914
Selling and marketing expenses		**(9,211,780)**	(7,679,464)	**-**	-
Administrative expenses		**(9,868,469)**	(10,033,081)	**(418,970)**	(476,960)
Profit from operations		**6,474,001**	5,290,792	**1,984,181**	1,960,105
Finance costs		**(665,368)**	(509,245)	**-**	-
Profit before taxation	25	**5,808,633**	4,781,547	**1,984,181**	1,960,105
Taxation	26	**(1,450,811)**	(1,365,515)	**-**	(1,510)
Profit after taxation		**4,357,822**	3,416,032	**1,984,181**	1,958,595
Attributable to:					
Owners of the parent		**4,357,822**	3,416,032		
Earnings per share attributable to owners of the parent					
- Basic (sen)	27	**5.45**	4.27		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Attributable to Owners of the Parent					
		Non-distributable			Distributable	
	Share Capital RM	Revaluation Reserves RM	Share Premium RM	Exchange Reserves RM	Unappropriated Profit RM	Total RM
GROUP						
Balance at 1 October 2009	40,000,000	1,387,466	780,307	321,194	34,109,497	76,598,464
Share listing expenses incurred	-	-	(48,932)	-	-	(48,932)
Profit for the year	-	-	-	-	3,416,032	3,416,032
Dividends (Note 28)	-	-	-	-	(2,400,000)	(2,400,000)
Currency translation differences	-	-	-	(4,045)	-	(4,045)
Balance at 30 September 2010	40,000,000	1,387,466	731,375	317,149	35,125,529	77,561,519
Profit for the year	-	-	-	-	**4,357,822**	**4,357,822**
Dividends (Note 28)	-	-	-	-	**(2,400,000)**	**(2,400,000)**
Currency translation differences	-	-	-	**3,127**	-	**3,127**
Balance at 30 September 2011	**40,000,000**	**1,387,466**	**731,375**	**320,276**	**37,083,351**	**79,522,468**

FOR THE YEAR ENDED 30 SEPTEMBER 2011 (cont'd)

	Non-distributable		Distributable	
	Share Capital RM	Share Premium RM	Unappropriated Profit/ (Accumulated Loss) RM	Total RM
COMPANY				
Balance at 1 October 2009	40,000,000	780,307	688,196	41,468,503
Share listing expenses incurred	-	(48,932)	-	(48,932)
Profit for the year	-	-	1,958,595	1,958,595
Dividends (Note 28)	-	-	(2,400,000)	(2,400,000)
Balance at 30 September 2010	40,000,000	731,375	246,791	40,978,166
Profit for the year	-	-	**1,984,181**	**1,984,181**
Dividends (Note 28)	-	-	**(2,400,000)**	**(2,400,000)**
Balance at 30 September 2011	**40,000,000**	**731,375**	**(169,028)**	**40,562,347**

The accompanying Notes form an integral part of the Financial Statements.

STATEMENT OF CONSOLIDATED CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Note	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**5,808,633**	4,781,547
Adjustments for:			
Allowance for diminution in value of investment written back		**(8,447)**	(24,270)
Allowance for impairment written back-general		**(53,640)**	(200)
Allowance for impairment-specific		**9,512**	128,800
Amortisation		**47,178**	49,146
Bad debts written off		**18,830**	99,947
Depreciation		**2,017,788**	1,874,591
Exchange equalisation reserve		**3,127**	(4,045)
(Gain)/Loss on disposal of property, plant and equipment		**(83,096)**	67,092
Gain on disposal of investment in quoted shares		**-**	(3,736)
Property, plant and equipment written off		**4,485**	22,627
Dividend income		**(2,532)**	(2,149)
Interest expenses		**665,368**	509,245
Interest income		**(242,465)**	(130,249)
Operating profit before working capital changes		**8,184,741**	7,368,346
Inventories		**(4,898,597)**	777,417
Receivables		**233,158**	751,627
Payables		**1,711,963**	2,356,893
Cash generated from operations		**5,231,265**	11,254,283
Tax paid		**(1,429,474)**	(1,299,992)
Interest paid		**(665,368)**	(509,245)
Net cash from operating activities		**3,136,423**	9,445,046
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**242,465**	130,249
Dividend received		**2,532**	2,149
Proceeds from disposal of property, plant and equipment		**1,636,500**	68,500
Purchase of property, plant and equipment		**(4,414,830)**	(2,240,336)
Proceeds from disposal of quoted shares		**-**	23,265
Development costs		**(92,456)**	(108,701)
Placement of deposits with licensed banks		**(1,205,730)**	593,210
Acquisition of quoted shares		**(55)**	(30)
Net cash used in investing activities		**(3,831,574)**	(1,531,694)

STATEMENT OF CONSOLIDATED CASH FLOWS (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2011 (cont'd)

	Note	2011 RM	2010 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank borrowings		**(1,233,749)**	(2,434,202)
Listing expenses paid		**-**	(48,932)
Dividends paid		**(2,400,000)**	(2,400,000)
Net cash used in financing activities		**(3,633,749)**	(4,883,134)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(4,328,900)**	3,030,218
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**13,506,626**	10,476,408
CASH AND CASH EQUIVALENTS AT END OF YEAR	29	**9,177,726**	13,506,626

The accompanying Notes form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Note	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**1,984,181**	1,960,105
Operating profit before working capital changes		**1,984,181**	1,960,105
Payables		**7,314**	(95,783)
Subsidiary companies		**415,000**	(6,876,708)
Cash generated from/(used in) operations		**2,406,495**	(5,012,386)
Tax paid		**-**	(202)
Net cash from/(used in) operating activities		**2,406,495**	(5,012,588)
CASH FLOWS FROM FINANCING ACTIVITIES			
Listing expenses paid		**-**	(48,932)
Dividends paid		**(2,400,000)**	(2,400,000)
Net cash used in financing activities		**(2,400,000)**	(2,448,932)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**6,495**	(7,461,520)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**6,621**	7,468,141
CASH AND CASH EQUIVALENTS AT END OF YEAR	29	**13,116**	6,621

1. CORPORATE INFORMATION

The Company is principally engaged as an investment holding company.

The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

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

The principal place of business is located at No. 9, Jalan Taruka, Tampoi Industrial Estate, 81200 Johor Bahru, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 19 JANUARY 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS as described below.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group and the Company adopted, where applicable, the following new and amended FRS and Issues Committee ("IC") Interpretations which became mandatory at the beginning of the current financial year.

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (Revised)
- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 8: Operating Segments
- FRS 101: Presentation of Financial Statements (Revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (Cont'd)

Changes in accounting policies (Cont'd)

- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 132: Classification of Right Issues
- Amendments to FRS 138: Intangible Assets
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Intrepretation 9: Reassessment of Embedded Derivatives
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- TR i-3: Presentation of Financial Statements of Islamic Financial Institutions

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 October 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 30 September 2011.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 37 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (Cont'd)

Changes in accounting policies (Cont'd)

FRS 101 Presentation of Financial Statements (Revised)

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

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 October 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard if any, are accounted for by adjusting the opening balance of retained earnings as at 1 October 2010. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Impairment of trade receivables

Prior to 1 October 2010, an allowance is made for doubtful debts when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 October 2010, the group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139, and concluded that there was no adjustment which was required to be made to opening retained earnings as at 1 October 2010.

Financial guarantee contracts

During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiary companies. Prior to 1 October 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised initially at their fair value and subsequently measured at their initial fair value less accumulated amortisation as at 1 October 2010. There is no effect on the financial performance or position of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (Cont'd)

Changes in accounting policies (Cont'd)

Amendments to FRSs: Improvement to FRSs (2009) – FRS 117: Leases
Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the leasee by the end of the lease term, the leasee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease. The Amendments to FRS 117 require an equity with existing leases of land and buildings to reassess the classification of land as a finance or operating lease.

The Group has reassessed and determined that the long term leasehold land of the Group which is in substance a finance lease and has reclassified the leasehold land to property, plant and equipment. The Group has adopted the Amendments to FRS 117 retrospectively. The following are the effects to the statement of financial position as at 30 September 2010 arising from the adoption of Amendments to FRS 117:

	As Previously Reported RM	Effects on adoption of Amendments to FRS 117 RM	As Restated RM
Property, plant and equipment	39,959,319	1,441,487	41,400,806
Prepaid lease payments	1,441,487	(1,441,487)	-

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for financial periods beginning on or after 1 January 2011:
- Amendments to FRS 1: Limited Exemption from Comparative FRS 7: Disclosures for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
  Improvements to FRS: issued in 2010
- IC Interpretation 4: Determining Whether an Arrangement contains a Lease
- IC Interpretation 18: Transfer of Assets from Customers
- TR i - 4: Shariah Compliant Sale Contracts

Effective for financial periods beginning on or after 1 July 2011:
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

Effective for financial periods beginning on or after 1 January 2012:
- FRS 124: Related Party Disclosures (Revised)
- IC Interpretation 15: Agreements for the Construction of Real Estate

The Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (Cont'd)

Accounting standards issued but not yet effective (Cont'd)

Malaysian Financial Reporting Standards ("MFRS"), Improvements to MFRSs and Issues Committee Interpretations ("IC Int.")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") has issued a new MASB approved accounting framework, MFRS, Improvements to MFRSs and IC Int.. The MFRS Framework and IC Int. are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012 and 2013 as follows:

Financial period on or after 1 January 2012

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MRFS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events After the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosure
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture

Improvements to MFRSs (Improvements to IFRSs issued by IASB in May 2008)
Improvements to MFRSs (Improvements to IFRSs issued by IASB in April 2009)
Improvements to MFRSs (Improvements to IFRSs issued by IASB in May 2010

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (Cont'd)

Accounting standards issued but not yet effective (Cont'd)

Malaysian Financial Reporting Standards ("MFRS"), Improvements to MFRSs and Issues Committee Interpretations ("IC Int.") (Cont'd)

Financial period on or after 1 January 2012 (Cont'd)

IC Int. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int. 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int. 4	Determining whether an Arrangement contains a Lease
IC Int. 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int. 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
IC Int. 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 12	Service Concession Arrangements
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	MFRS 119-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int. 15	Agreements for the Construction of Real Estate
IC Int.16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners
IC Int. 18	Transfers of Assets from Customers
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int. 107	Introduction of the Euro
IC Int. 110	Government Assistance-No Specific Relation to Operating Activities
IC Int. 112	Consolidation-Special Purpose Entities
IC Int. 113	Jointly Controlled Entities-Non-Monetary Contributions by Venturers
IC Int. 115	Operating Leases-Incentives
IC Int. 125	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
IC Int. 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int. 129	Service Concession Arrangements: Disclosures
IC Int. 131	Revenue-Barter Transactions Involving Advertising Services
IC Int. 132	Intangible Assets-Web Site Costs

Financial period on or after 1 January 2013

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in June 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in June 2011)

MFRSs 4, 6, 111, 120, 129 and IC Int. 1, 2, 5, 6, 7, 12, 13, 15, 107, 110, 112, 113, 129, 131 are not applicable to the Group's and to the Company's operations.

The adoption of the above MFRS Framework, Improvements to MFRSs and IC Int. are not expected to have any significant impact on the results and financial position of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies, made up to the end of the financial year.

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

Intragroup transactions, balances and unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

The gains or losses on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with exchange differences which were not previously recognised in the consolidated statements of comprehensive income.

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on the reducing balance and straight-line method over the estimated useful lives of the assets as follows:

	Rate
Leasehold factory	2 %
Buildings and structures	2 - 10 %
Plant and machinery	6 2/3 - 10 %
Leasehold land	lease periods from 37 to 50 years
Forklifts	20 %
Motor vehicles	20 %
Tools, equipment, furniture, fixtures and fittings	10 - 50 %

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, plant and equipment and depreciation (Cont'd)

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(d) Investment properties

(i) Investment properties carried at fair value
Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in the financial statements.

(ii) Reclassifications to/from investment properties carried at fair value
When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the financial statements. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the financial statements.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(iii) Determination of fair value
The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and, without compulsion.

(e) Revaluation of land and buildings

Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase in property, plant and equipment is credited to equity as a revaluation surplus (nondistributable), except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the profit or loss to the extent of the decrease previously recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Revaluation of land and buildings (Cont'd)

A revaluation decrease in property, plant and equipment is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense.

Upon the disposal or retirement of revalued property, plant and equipment, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

(f) Subsidiary companies

A subsidiary company is a company in which the Group owns, directly or indirectly, more than 50% of the equity share capital and has control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies are stated at cost less impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2 (j).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(g) Investments in quoted shares

Investments in quoted shares are stated at cost less impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2 (j).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(h) Other investments

Other investments held on a long term basis are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in value of such investments. Where there has been a decline other than temporary in value of an investment, such a decline is recognised as expense in the period in which the decline is identified.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(i) Intangible assets

Trademarks
All expenses incurred in connection with the registration of the Group's trademarks are deferred and charged to this account. Trademarks are stated at costs less impairment losses. The policy for the recognition and measurement of impairment loss is in accordance with Note 2 (j).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(k) Development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on development activities is also recognised as an expense in the period incurred except when the expenditure meet the following criteria where it will be capitalised as intangible assets:

(i) the product or process is clearly defined and costs are separately identified and measured reliably;
(ii) the technical feasibility of the product is demonstrated;
(iii) the product or process will be sold or used in-house;
(iv) the assets will generate future economic benefits (e.g. a potential market exists for the product or its usefulness, in case of internal use, is demonstrated); and
(v) adequate technical, financial and other resources required for completion of the project are available.

Development costs initially recognised as an expense are not recognised as an asset in subsequent periods.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (j).

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Leases

Classification
A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership.

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

The Group has adopted the amendment made to FRS 117, Leases in 2011 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(m) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out (FIFO) basis. Cost of materials represents direct material cost and all direct expenditure incurred in bringing the inventories to their present location and condition. The cost of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and an appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

(n) Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial assets (Cont'd)

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company have not designated any financial assets as at fair value through profit or loss.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as at held-to-maturity investments.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Financial assets (Cont'd)

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available-for-sale financial assets.

(o) Impairment of financial assets

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

Trade receivables and other financial assets carried at amortised cost

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Foreign currency

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the translations. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(q) 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 reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Borrowing costs

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

All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

(s) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and accruals, bills payable, term loans and bank overdraft.

Trade payables and other payables and accruals are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Bills payable, term loans and bank overdraft are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Income tax

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

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(u) Revenue recognition

Revenue are recognised upon delivery of products and customer acceptance, net of discounts, and after eliminating sales within the Group.

Other revenues earned by the Group are recognised on the following bases:

Dividend income - when the right to receive payment has been established.

Interest income - as it accrues unless recoverability is in doubt.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

(x) Segment reporting

For management purposes, the Group is organised into operating segments based on their business segment and geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

(y) Share capital and share issuance expenses

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

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

(z) Contingencies

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

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

(aa) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payment when due. Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs.

Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the receivable fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. There is no significant judgment involved in the preparation of the Group's financial statements.

(a) Judgments made in applying accounting policies

The management did not make any critical judgment in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

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

Impairment of intangible assets

The Group reviews the carrying amount of its intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. Significant judgment is required to determine the extent and amount of the impairment loss (if any).

Fair value of properties

The Directors use their judgment in selecting and applying an appropriate valuation technique, by relying on the work of independent valuers, for properties stated at fair value. Fair value is determined using open-market value based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Notes 14 and 15.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

GROUP VALUATION/COST	As restated Balance at 01.10.2010 RM	Additions RM	Disposals/ Written off RM	Reclassified RM	Balance at 30.09.2011 RM
At valuation					
Leasehold factory	2,495,164	-	-	-	**2,495,164**
Leasehold land	780,000	-	-	-	**780,000**
Office premises	110,000	-	-	-	**110,000**
Apartment	250,000	-	-	-	**250,000**
At cost					
Freehold land	9,030,211	1,116,642	-	-	**10,146,853**
Freehold land and building	11,236,795	-	-	-	**11,236,795**
Condominium apartment	221,520	-	-	-	**221,520**
Leasehold factory	6,802,839	52,909	(1,031,800)	-	**5,823,948**
Leasehold land	954,534	-	(871,200)	-	**83,334**
Capital work in progress	1,592,839	1,285,956	-	(779,518)	**2,099,277**
Building and structures	2,798,157	21,191	-	-	**2,819,348**
Plant and machinery	12,766,998	1,433,461	-	779,518	**14,979,977**
Forklifts	240,720	-	-	-	**240,720**
Motor vehicles	725,603	160,752	(108,782)	-	**777,573**
Tools, equipment, furniture, fixtures and fittings	6,421,010	343,919	(28,555)	-	**6,736,374**
	56,426,390	4,414,830	(2,040,337)	-	**58,800,883**

ACCUMULATED DEPRECIATION	As restated Balance at 01.10.2010 RM	Charge for the year RM	Disposals/ Written off RM	Reclassified RM	Balance at 30.09.2011 RM
At valuation					
Leasehold factory	736,497	49,377	-	-	**785,874**
Leasehold land	94,890	15,600	-	-	**110,490**
Office premises	37,400	2,200	-	-	**39,600**
Apartment	85,000	5,000	-	-	**90,000**
At cost					
Freehold land	-	-	-	-	**-**
Freehold land and building	260,683	224,736	-	-	**485,419**
Condominium apartment	8,860	-	-	-	**8,860**
Leasehold factory	1,639,356	125,186	(163,197)	-	**1,601,345**
Leasehold land	198,157	31,578	(186,400)	-	**43,335**
Building and structures	618,943	91,255	-	-	**710,198**
Plant and machinery	6,781,111	874,035	-	-	**7,655,146**
Forklifts	168,474	11,460	-	-	**179,934**
Motor vehicles	657,444	65,079	(108,780)	-	**613,743**
Tools, equipment, furniture, fixtures and fittings	3,526,110	569,460	(24,070)	-	**4,071,500**
	14,812,925	2,064,966	(482,447)	-	**16,395,444**

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

IMPAIRMENT LOSS	Balance at 01.10.2010 RM	Charge for the year RM	Disposals/ Written off RM	Transfers RM	Balance at 30.09.2011 RM
Condominium apartment	**212,659**	-	-	-	**212,659**
	212,659	-	-	-	**212,659**

VALUATION/COST	As restated Balance at 01.10.2009 RM	Additions RM	Disposals/ Written off RM	Reclassified RM	As restated Balance at 30.09.2010 RM
At valuation					
Leasehold factory	2,495,164	-	-	-	2,495,164
Leasehold land	780,000	-	-	-	780,000
Office premises	110,000	-	-	-	110,000
Apartment	250,000	-	-	-	250,000
At cost					
Freehold land	9,030,211	-	-	-	9,030,211
Freehold land and building	10,910,808	472,787	(146,800)	-	11,236,795
Condominium apartment	221,520	-	-	-	221,520
Leasehold factory	6,802,839	-	-	-	6,802,839
Leasehold land	954,534	-	-	-	954,534
Capital work in progress	2,311,133	-	(7,761)	(710,533)	1,592,839
Building and structures	2,790,480	7,677	-	-	2,798,157
Plant and machinery	11,527,908	685,143	-	553,947	12,766,998
Forklifts	240,720	-	-	-	240,720
Motor vehicles	709,473	16,130	-	-	725,603
Tools, equipment, furniture, fixtures and fittings	5,281,060	1,058,599	(75,235)	156,586	6,421,010
	54,415,850	2,240,336	(229,796)	-	56,426,390

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

ACCUMULATED DEPRECIATION	As restated Balance at 01.10.2009	Charge for the year	Disposals/ Written off	Reclassified	As restated Balance at 30.09.2010
	RM	RM	RM	RM	RM
At valuation					
Leasehold factory	687,120	49,377	-	-	736,497
Leasehold land	79,290	15,600	-	-	94,890
Office premises	35,200	2,200	-	-	37,400
Apartment	80,000	5,000	-	-	85,000
At cost					
Freehold land	-	-	-	-	-
Freehold land and building	51,163	224,736	(15,216)	-	260,683
Condominium apartment	8,860	-	-	-	8,860
Leasehold factory	1,513,518	125,838	-	-	1,639,356
Leasehold land	164,611	33,546	-	-	198,157
Building and structures	523,155	95,788	-	-	618,943
Plant and machinery	5,998,380	782,731	-	-	6,781,111
Forklifts	154,150	14,324	-	-	168,474
Motor vehicles	614,881	42,563	-	-	657,444
Tools, equipment, furniture, fixtures and fittings	3,050,437	532,034	(56,361)	-	3,526,110
	12,960,765	1,923,737	(71,577)	-	14,812,925

IMPAIRMENT LOSS	Balance at 01.10.2009	Charge for the year	Disposals/ Written off	Transfers	Balance at 30.09.2010
	RM	RM	RM	RM	RM
Condominium apartment	212,659	-	-	-	212,659
	212,659	-	-	-	212,659

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

NET BOOK VALUE	2011 RM	As restated 2010 RM
At valuation		
Leasehold factory	**1,709,290**	1,758,667
Leasehold land	**669,510**	685,110
Office premises	**70,400**	72,600
Apartment	**160,000**	165,000
At cost		
Freehold land	**10,146,853**	9,030,211
Freehold land and building	**10,751,376**	10,976,112
Condominium apartment	**1**	1
Leasehold factory	**4,222,603**	5,163,483
Leasehold land	**39,999**	756,377
Capital work in progress	**2,099,277**	1,592,839
Building and structures	**2,109,150**	2,179,214
Plant and machinery	**7,324,831**	5,985,887
Forklifts	**60,786**	72,246
Motor vehicles	**163,830**	68,159
Tools, equipment, furniture, fixtures and fittings	**2,664,874**	2,894,900
	42,192,780	41,400,806

The Group's properties stated at valuation were revalued by independent valuers, Colliers, Jordan Lee & Jaafar (JH) Sdn. Bhd. in April 1994 on the "Open Market Value" basis of valuation. Upon revaluation, the surplus was transferred to the Revaluation Reserve Account.

Certain properties and factory buildings of the Group have been charged to bank for banking facilities granted to the subsidiary (Notes 18 and 22).

Included in freehold building is term loan interest capitalised during the year amounting to Nil (2010 – RM392,066).

Included in property, plant and equipment of the Group are the costs of the following fully depreciated assets which are still in use:

	GROUP 2011 RM	GROUP 2010 RM
Building and structures	**237,833**	237,833
Tools, equipment, furniture, fixtures and fittings	**1,688,787**	1,664,744
Plant and machinery	**1,016,051**	1,016,031
Motor vehicles	**532,135**	643,329
	3,474,806	3,561,937

The Company has no property, plant and equipment as at 30 September 2011.

5. INVESTMENT PROPERTY

	GROUP	
	2011 RM	2010 RM
Freehold land - cost	**36,750**	36,750
Surplus on revaluation	**53,250**	53,250
	90,000	90,000

The freehold land was revalued by independent valuers, Colliers, Jordan Lee & Jaafar (JH) Sdn. Bhd. in April 1994 on the "Open Market Value" basis of valuation. Upon revaluation, the surplus was transferred to the Revaluation Reserve Account.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2011 RM	2010 RM
Unquoted shares - at cost	**5,510,125**	5,510,125

Details of the subsidiary companies are as follows:

NAME OF COMPANY	% EQUITY HELD 2011	% EQUITY HELD 2010	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
Direct				
Halex (M) Sdn. Bhd.	**100**	100	Malaysia	Manufacturing, distribution and agency of agrochemicals
Halex Woolton (M) Sdn. Bhd.	**100**	100	Malaysia	Manufacturing and distributions of disposable healthcare products
Indirect through Halex (M) Sdn. Bhd.				
Halex Industries (M) Sdn. Bhd.	**100**	100	Malaysia	Manufacturing and importing agrochemicals and fertilisers
Halex Realty Sdn. Bhd.	**100**	100	Malaysia	Investment in landed property
Halex Chemicals (S) P te. Ltd.#	**100**	100	Singapore	Trading of fertilisers and agrochemicals
Halex Trading Sdn. Bhd.	**100**	100	Malaysia	Trading of agricultural chemicals and fertilizers. Ceased business operation since July 2010
Halex Biotechnologies Sdn. Bhd.	**100**	100	Malaysia	Horticulture and agro-biotechnology

Audited by other firm of auditors

7. INVESTMENT IN QUOTED SECURITIES

	GROUP	
	2011 RM	2010 RM
Quoted securities - at cost	**128,897**	128,843
Add: Acquisit ion during the year	**55**	30
Less: Accumulated impairment losses	**(27,387)**	(35,810)
Carrying amount	**101,565**	93,063
- at market value	**101,565**	93,063

8. OTHER INVESTMENTS

	GROUP	
	2011 RM	2010 RM
Club membership - at cost	**26,000**	26,000

9. INTANGIBLE ASSETS

	GROUP	
	2011 RM	2010 RM
Trademark - at cost	**26,729**	26,729

10. DEVELOPMENT COSTS

	GROUP	
	2011 RM	2010 RM
At beginning of year	**716,338**	607,637
Add: Additional during the year	**92,456**	108,701
At end of year	**808,794**	716,338

Included in development costs incurred during the year is depreciation capitalised amounting to RM33,188 (2010 -RM33,044).

11. PREPAID LEASE PAYMENTS

	GROUP	
	2011 RM	2010 RM
At valuation		
- As previously stated	-	1,240,000
- Effect of adopting Amendments to FRS 117	-	(1,240,000)
At restated	-	-
Less: Accumulated amortisation		
- As previously stated	-	194,800
- Effect of adopting Amendments to FRS 117	-	(194,800)
At restated	-	-
Net book value	-	-
At cost		
- As previously stated	-	1,331,200
- Effect of adopting Amendments to FRS 117	-	(1,331,200)
At reestated	-	-
Less: Accumulated amortisation		
- As previously stated	-	234,822
- Effect of adopting Amendments to FRS 117	-	(234,822)
At restated	-	-
Net book value	-	-
Total	-	-

12. AMOUNT DUE FROM SUBSIDIARY COMPANIES

These amounts are interest-free, unsecured and not repayable within the next twelve months from the financial year end.

13. INVENTORIES

	GROUP	
	2011	2010
	RM	RM
At cost:		
Raw materials	**13,666,941**	10,433,140
Work -in-progress	**514,397**	833,459
Finished goods	**6,177,013**	5,243,662
Tissue culture	**263,320**	282,098
Goods for resale	**7,058,211**	6,036,103
Consumables	**980,767**	933,590
	28,660,649	23,762,052

14. TRADE RECEIVABLES

	GROUP	
	2011	2010
	RM	RM
Trade receivables	**17,559,242**	16,925,163
Less: Allowance for impairment	**(229,812)**	(273,940)
	17,329,430	16,651,223

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

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

	2011	2010
	RM	RM
Neither past due nor impaired	**15,448,494**	15,220,799
1 to 30 days past due not impaired	**1,463,053**	1,123,993
31 to 60 days past due not impaired	**315,518**	165,078
61 to 90 days past due not impaired	**233,221**	95,189
More than 91 days past due not impaired	**98,956**	320,104
	17,559,242	16,925,163
Less: Allowance for impairment	**(229,812)**	(273,940)
	17,329,430	16,651,223

<u>Receivables that are neither past due nor impaired</u>
Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and mostly are regular customers that have been transacting with the Group.

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

14. TRADE RECEIVABLES (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,880,936 (2010 – RM1,430,424) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Movements in the allowance accounts:

	GROUP	
	2011 RM	2010 RM
At beginning of year	**(273,940)**	(145,340)
Add: Charge during the year	**(9,512)**	(128,800)
Less: Reversal of allowance for impairment	**53,640**	200
At end of year	**(229,812)**	(273,940)

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

15. OTHER RECEIVABLES AND DEPOSITS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Other receivables	**56,919**	91,944	**-**	-
Deposits	**118,367**	230,534	**1,000**	1,000
Prepayments	**739,589**	1,478,464	**-**	-
	914,875	1,800,942	**1,000**	1,000

The amount due by other receivables is unsecured, interest-free and repayable on demand.

16. DEPOSITS WITH LICENSED BANKS

The effective interest rate for deposits with licensed banks at the end of the financial year is between 2.75% and 3.25% (2010 – 2.1% and 3.08%).

Deposits with licensed banks amounting to RM1,520,481 (2010 – RM314,750) are pledged for banking facilities granted to the Group (Note 22).

17. SHARE CAPITAL

	GROUP AND COMPANY	
	2011 RM	2010 RM
Authorised:		
200,000,000 ordinary shares at RM0.50 each	**100,000,000**	100,000,000
Issued and fully paid:		
80,000,000 ordinary shares at RM0.50 each	**40,000,000**	40,000,000

18. TERM LOANS

	GROUP	
	2011 RM	2010 RM
Due within one year	**1,231,200**	1,231,200
Due after one year and not later than five years	**3,526,525**	4,760,274
	4,757,725	5,991,474

The term loans are repayable by between 84 and 120 monthly instalments and interest are chargeable at 1.50% per annum above the bank's effective cost of funds. The term loans facilities granted to the Group are secured by the following:

(i) A legal charge over certain freehold properties of the Group (Note 4); and
(ii) Corporate guarantees of the Company.

19. DEFERRED TAXATION

	GROUP	
	2011 RM	2010 RM
At beginning of year	**402,902**	384,002
Recognised in profit or loss (Note 26)	**(1,400)**	18,900
At end of year	**401,502**	402,902

The deferred taxation is in respect of timing differences arising from capital allowances claimed in advance of depreciation charged on the property, plant and equipment.

20. TRADE PAYABLES

The normal trade credit terms granted to the Group ranges from 30 to 90 days.

21. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Other payables	**2,027,392**	1,666,555	**-**	-
Accruals	**2,292,041**	1,895,264	**23,014**	15,700
Deposits received	**-**	30,310	**-**	-
	4,319,433	3,592,129	**23,014**	15,700

22. BILLS PAYABLE AND BANK OVERDRAFT

The bills payable bear interest between 3.83% and 1.25% above the bank's Base Lending Rate per annum whilst the bank overdraft bears interest between 1.00% - 1.25% per annum above the bank's Base Lending Rate. These banking facilities are secured by the following:

(i) Legal charge over the Group's property (Note 4);
(ii) Pledge of fixed deposits (Note 16);
(iii) Joint and several guarantee by the Directors of the Company; and
(iv) Corporate guarantees of the Company.

23. REVENUE

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Sales of goods	**101,290,576**	89,661,057	**-**	-
Gross dividends from subsidiary company	**-**	-	**2,403,151**	2,403,151
	101,290,576	89,661,057	**2,403,151**	2,403,151

24. OTHER INCOME

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Allowance for diminution in value of quoted securities written back	**8,447**	24,270	**-**	-
Allowance for impairment written back	**53,640**	200	**-**	-
Dividend income from:				
- Available for sale financial assets	**-**	49	**-**	-
Gain on disposal of property, plant and equipment	**83,096**	999	**-**	-
Gain on disposal of quoted securities	**-**	3,736	**-**	-
Gain on foreign exchange	**44,727**	2,092	**-**	-
Gross dividends received	**2,532**	2,100	**-**	-
Interest income from:				
- Held to mat urity investment	**242,465**	164,163	**-**	33,914
Rental income	**5,900**	2,030	**-**	-
Sundry income	**7,546**	81,868	**-**	-
	448,353	281,507	**-**	33,914

25. PROFIT BEFORE TAXATION

This has been determined after charging the following items:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Allowance for impairment	**9,512**	128,800	**-**	-
Amortisation	**47,178**	49,146	**-**	-
Audit fees - current year	**70,764**	61,900	**20,000**	13,500
- underprovision in prior year	**-**	2,505	**-**	-
Bad debts written off	**18,830**	99,947	**-**	-
Bank overdraft interest	**86,116**	15,136	**-**	-
BA discounting charges	**117,350**	96,041	**-**	-
Depreciation	**1,984,600**	1,841,547	**-**	-
Directors' remuneration				
- directors' fees	**263,000**	353,000	**234,000**	324,000
- salaries and other emoluments	**1,530,637**	1,559,870	**23,000**	23,000
LC and trust receipt charges	**215,862**	123,725	**-**	-
Loss on disposal of property, plant and equipment	**-**	67,092		
Loss on foreign exchange - realised	**27,486**	72,268	**-**	-
Property, plant and equipment written off	**4,485**	22,627	**-**	-
Rental of land	**18,720**	18,720		
Term loan interest	**246,040**	274,343	**-**	-

25. PROFIT BEFORE TAXATION (cont'd)

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
And crediting:				
Allowance for diminution in value of investment written back	**8,447**	24,270	-	-
Allowance for impairment written back	**53,640**	200	-	-
Gain on disposal of investment in quoted shares	**-**	3,736	-	-
Gain on disposal of property, plant and equipment	**83,096**	-	-	-
Gain on foreign exchange - realised	**46,994**	2,092	-	-
Gross dividends received from quoted investments	**2,532**	2,149	-	-
Insurance claim received	**2,061**	14,050	-	-
Insurance commission received	**-**	953	-	-
Interest on fixed deposits	**242,465**	130,249	-	-
Interest received	**-**	33,914	**840**	4,926

26. TAXATION

The provision for taxation for the financial year is computed at the prevailing tax rates.

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Provision for current year	**1,457,850**	1,352,403	**-**	-
(Over)/Underprovision in prior years	**(5,639)**	(5,788)	**-**	1,510
Deferred taxation (Note 19)	**(1,400)**	18,900	**-**	-
	1,450,811	1,365,515	**-**	1,510

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company is as follows:

GROUP	2011 RM	2010 RM
Profit before taxation	**5,808,633**	4,781,547
Taxation at the Malaysian statutory tax rate of 25%	**1,464,168**	1,195,386
Expenses not deductible for tax purposes	**257,835**	444,080
Income not subjected to tax	**(144,970)**	(79,730)
Utilisation of reinvestment allowance	**(36,755)**	(29,876)
Effect on double tax deductions	**(53,192)**	(151,021)
Deductible temporary differences not recognised during the year	**(122,943)**	(115,249)
Overprovision of income tax in prior years	**(5,639)**	(5,788)
Others	**92,307**	107,713
Tax expense for the year	**1,450,811**	1,365,515

26. TAXATION (cont'd)

COMPANY	2011 RM	2010 RM
Profit before taxation	**1,984,181**	1,960,105
Taxation at the Malaysian statutory tax rate of 25%	**496,045**	490,026
Expenses not deductible for tax purposes	**24,275**	17,484
Income not subjected to tax	**(520,320)**	(507,510)
Underprovision in prior years	**-**	1,510
Tax expense for the year	**-**	1,510

27. EARNINGS PER SHARE

	GROUP	
	2011	2010
Profit for the year (RM)	**4,357,822**	3,416,032
Weighted average number of ordinary shares in issue	**80,000,000**	80,000,000
Basic earnings per share (sen)	**5.45**	4.27

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the financial year.

28. DIVIDENS

	COMPANY	
	2011 RM	2010 RM
Dividends paid		
A first and final single tier dividend of 6% in respect of the year ended 30 September 2009	**-**	2,400,000
A first and final single tier dividend of 6% in respect of the year ended 30 September 2010	**2,400,000**	-
	2,400,000	2,400,000

At the forthcoming Annual General Meeting, a single tier final dividend of 7% on 80,000,000 ordinary shares amounting to RM2,800,000 in respect of the financial year ended 30 September 2011 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2012.

29. CASH AND CASH EQUIVALENTS

For the purpose of the statement of consolidated cash flows, cash and cash equivalents comprise the following at the reporting date:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Deposits with licensed banks	**6,617,956**	10,381,221	**-**	-
Cash and bank balances	**3,874,527**	4,105,096	**13,116**	6,621
Bank overdraft	**(1,314,757)**	(979,691)	**-**	-
	9,177,726	13,506,626	**13,116**	6,621

30. EMPLOYEE INFOMATION

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries and allowances	**10,717,309**	10,159,884	**23,000**	23,000
E.P.F. and Socso contr ibutions	**1,177,331**	1,095,092	**-**	-
Other staff related expenses	**1,057,655**	1,008,828	**-**	-
	12,952,295	12,263,804	**23,000**	23,000

Included in staff of the Group are executive Directors' remuneration amounting to RM1,530,637 (2010 - RM1,559,870) as disclosed in Note 31.

31. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive:				
Fees	**143,000**	172,000	**120,000**	149,000
Salaries and other emoluments	**1,530,637**	1,559,870	**-**	-
	1,673,637	1,731,870	**120,000**	149,000
Non-executive:				
Fees	**120,000**	181,000	**114,000**	175,000
Salaries and other emoluments	**-**	-	**23,000**	23,000
	120,000	181,000	**137,000**	175,000
Total	**1,793,637**	1,912,870	**257,000**	324,000

32. RELATED PARTY TRANSACTIONS

(a) The related party transactions consist of the following:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Dividends received from subsidiary company	**-**	-	**2,403,151**	2,403,151
Sales to related party	**716,456**	663,812	-	-

(b) Compensation of key management personnel ("KMP")
Key management personnel are those persons having authority and responsibility for planning, directly and controlling the activities of the entity either directly or indirectly.

The remuneration of key management personnel during the year was as follows:

Total KMPs' remuneration

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Total	**1,673,637**	1,731,870	**120,000**	149,000

For the de tails of Board of Directors' remuneration, please refer to Note 31.

33. CONTINGENT LIABILITIES

	COMPANY	
	2011 RM	2010 RM
Guarantees given to financial institutions for credit facilities granted to the subsidiary companies	**42,663,000**	31,850,000

34. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The table below provides analysis of financial instruments of the Group and of the Company. The Group and the Company categorised financial assets as loans and receivables and financial liabilities as other financial liabilities measured at amortised cost.

	Loans and Receivables			
	GROUP		COMPANY	
	2011	2010	2011	2010
Financial Assets	RM	RM	RM	RM
Trade receivables	**17,329,430**	16,651,223	**-**	-
Other receivables and deposits	**914,875**	1,800,942	**1,000**	1,000
Amount due from subsidiary companies	**-**	-	**35,019,685**	35,434,685
Cash and cash equivalents	**12,012,964**	14,801,067	**13,116**	6,621
	30,257,269	33,253,232	**35,033,801**	35,442,306

	Amortised Cost			
	GROUP		COMPANY	
	2011	2010	2011	2010
Financial Liabilities	RM	RM	RM	RM
Trade payable s	**5,686,945**	4,018,795	**-**	-
Other payables and accruals	**4,319,433**	3,592,129	**23,014**	15,700
Term loans	**4,757,725**	5,991,474	**-**	-
Bills payable	**6,223,509**	6,907,000	**-**	-
Bank overdraft	**1,314,757**	979,691	**-**	-
	22,302,369	21,489,089	**23,014**	15,700

(b) Financial risk management objective and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk, credit risk and market price risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing these risks. The Group's risk management approach seeks to minimise the potential material adverse impact of those exposures.

The following section provides details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flow are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Interest on financial instruments subject to floating interest rates is repriced annually. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management objective and policies (cont'd)

(i) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM	2-5 years RM	More than 5 years RM	Total RM
Group						
At 30 September 2011						
Floating rate						
Deposits with licensed banks	16	2.86	8,138,437	-	-	8,138,437
Term loans	18	1.50% + ECOF	1,231,200	3,526,525	-	4,757,725
Bills payable	22	4.39	6,223,509	-	-	6,223,509
			15,593,146	3,526,525	-	19,119,671

	Note	WAEIR %	Within 1 year RM	2-5 years RM	More than 5 years RM	Total RM
Group						
At 30 September 2010						
Floating rate						
Deposits with licensed banks	16	2.86	10,695,971	-	-	10,695,971
Term loans	18	1.50% + ECOF	1,231,200	4,760,274	-	5,991,474
Bills payable	22	4.13	6,907,000	-	-	6,907,000
			18,834,171	4,760,274	-	23,594,445

(ii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables. For other financial assets (including investment in quoted securities, deposits with licensed banks and cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management objective and policies (cont'd)

(ii) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM42,663,000 (2010 – RM31,850,000) relating to corporate guarantee financial institutions for banking facilities granted to subsidiary companies.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 14. Deposits with banks and other financial institutions and quoted securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 14.

(iii) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars, Singapore Dollar and Japanese Yen. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Net financial assets/(financial liabilities)			
	<--------- held in non - functional currency --------- >			
Functional Currency	**United States Dollar RM**	**Singapore Dollar RM**	**Japanese Yen RM**	**Total RM**
Group				
At 30 September 2011				
Trade receivables	1,717,536	1,123,013	342,003	3,182,552
Cash and bank balances	250,383	498,134	-	748,517
Trade payables	(1,086,372)	(11,859)	-	(1,098,231)
Group				
At 30 September 2010				
Trade receivables	846,740	1,227,255	372,204	2,446,199
Cash and bank balances	613,857	144,086	-	757,943
Trade payables	(1,000,348)	(16,483)	-	(1,016,831)

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management objective and policies (cont'd)

(iv) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	GROUP			
At 30 September 2011	**Within 1 year RM**	**2 - 5 years RM**	**More than 5 years RM**	**Total RM**
Trade payables	5,686,945	-	-	5,686,945
Other payables and accruals	4,319,433	-	-	4,319,433
Term loans	1,231,200	3,526,525	-	4,757,725
Bills payable	6,223,509	-	-	6,223,509
Bank overdraft	1,314,757	-	-	1,314,757
	18,775,844	3,526,525	-	22,302,369

	GROUP			
At 30 September 2010	**Within 1 year RM**	**2 - 5 years RM**	**More than 5 years RM**	**Total RM**
Trade payables	4,018,795	-	-	4,018,795
Other payables and accruals	3,592,129	-	-	3,592,129
Term loans	1,231,200	4,760,274	-	5,991,474
Bills payable	6,907,000	-	-	6,907,000
Bank overdraft	979,691	-	-	979,691
	16,728,815	4,760,274	-	21,489,089

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management objective and policies (cont'd)

(iv) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	COMPANY			
At 30 September 2011	Within 1 year RM	2 - 5 years RM	More than 5 years RM	Total RM
Other payables and accruals	23,014	-	-	23,014

	COMPANY			
At 30 September 2010	Within 1 year RM	2 - 5 years RM	More than 5 years RM	Total RM
Other payables and accruals	15,700	-	-	15,700

(v) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Groups' financial instruments will fluctuate because of changes in market prices.

The Group is exposed to securities price risk from its investment in quoted securities. These quoted securities are listed on the Bursa Malaysia.

The Group's objective is to manage investment returns and the price risk by investing in investment grade securities with steady dividend yield.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial assets (except investment in quoted securities) and liabilities are reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of investment in quoted securities is determined by reference to the market price at the reporting date, and is disclosed in Note 7.

The Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 September 2011 and 30 September 2010.

The Group monitors capital using net gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the Group's net gearing ratio at a level deemed appropriate considering business, economic and investment conditions.

The gearing ratio for the Group as at 30 September 2011 and 30 September 2010 are as follows:

	GROUP	
	2011 RM	2010 RM
Trade payables	**5,686,945**	4,018,795
Other payables and accruals	**4,319,433**	3,592,129
Bills payable	**6,223,509**	6,907,000
Term loans	**4,757,725**	5,991,474
Bank overdraft	**1,314,757**	979,691
Less: Cash and cash equivalents (Note 29)	**(9,177,726)**	(13,506,626)
Net debt	**13,124,643**	7,982,463
Shareholder's equity	**79,522,468**	77,561,519
Capital and net debt	**92,647,111**	85,543,982
Gearing ratio	**0.14**	0.09

37. SEGMENT INFORMATION – GROUP

(a) Business segments

The Group is organised on a worldwide basis into four major segments:

i) Investment holding
ii) Agrochemical
iii) Healthcare disposables
iv) Horticulture and Agro-biotechnology

The Directors are of the opinion that the inter-segment transactions have been entered into in the normal course of business.

(b) Geographical segments

Analysis by geographical segment has been presented in respect of revenue only as the Group operates principally in Malaysia.

37. SEGMENT INFORMATION (cont'd)

BUSINESS SEGMENTS

2011	Investment Holding	Agro - Chemical	Healthcare Disposables	Horticulture and Agro - Biotechnology	Eliminations	Consolidated
REVENUE AND EXPENSES	RM	RM	RM	RM	RM	RM
Revenue						
External sales	-	53,861,955	41,029,634	6,398,987	-	101,290,576
Dividend income	2,403,151	-	-	-	(2,403,151)	-
Inter -segment sales	-	11,537,580	96,708	1,060	(11,635,348)	-
Total	2,403,151	65,399,535	41,126,342	6,400,047	(14,038,499)	101,290,5 76
Results						
Segment results	1,980,374	5,837,793	673,192	143,328	(2,403,151)	6,231,536
Finance costs	-	(163,716)	(501,652)	-	-	(665,368)
Finance income	-	240,953	-	1,512	-	242,465
Profit before taxation	1,980,374	5,915,030	171,540	144,840	(2,403,151)	5,808,633
Taxation						(1,450,811)
Profit for the financial year						4,357,822
Attributable to:						
Owners of the parent						4,357,822
ASSETS AND LIABILITIES						
Segment assets #	**105,976**	**33,047,137**	**59,761,732**	**9,248,941**		**102,163,786**
Segment liabilities @	**25,214**	**8,970,795**	**12,815,861**	**490,499**		**22,302,369**
OTHER INFORMATION						
Capital expenditure						
- Property plant and equipment	**-**	**1,354,972**	**1,821,115**	**1,238,743**		**4,414,830**
Amortisation	**-**	**10,000**	**37,178**	**-**		**47,178**
Depreciation	**-**	**235,190**	**1,512,858**	**269,740**		**2,017,788**
						2,064,966

37. SEGMENT INFOMATION - GROUP (cont'd)

2010	Investment Holding	Agro-Chemical	Healthcare Disposables	Horticulture and Agro-Biotechnology	Eliminations	Consolidated
REVENUE AND EXPENSES	RM	RM	RM	RM	RM	RM
Revenue						
External sales	-	49,415,572	34,440,632	5,802,753	-	89,658,957
Dividend income	2,403,151	2,100	-	-	(2,403,151)	2,100
Inter-segment sales	-	12,114,492	76,544	42,408	(12,233,444)	-
Total	2,403,151	61,532,164	34,517,176	5,845,161	(14,636,595)	89,661,057
Results						
Segment re sults	1,922,734	5,545,861	133,166	(84,179)	(2,390,953)	5,126,629
Finance costs	-	(110,908)	(398,337)	-	-	(509,245)
Finance income	33,914	129,384	-	865	-	164,163
Profit before taxation	1,956,648	5,564,337	(265,171)	(83,314)	(2,390,953)	4,781,547
Taxation						(1,365,515)
Profit for the financial year						3,416,032
Attributable to:						
Owners of the parent						3,416,032
ASSETS AND LIABILITIES						
Segment assets #	98,680	32,432,092	58,402,628	8,434,820		99,368,220
Segment liabilities @	17,900	6,639,510	14,373,222	458,457		21,489,089
OTHER INFORMATION						
Capital expenditure						
- Property plant and equipment	-	428,863	1,738,896	72,577		2,240,336
Amortisation	-	10,000	39,146	-		49,146
Depreciation	-	252,250	1,356,017	266,324		1,874,591
						1,923,737

Segment assets comprise total current and non-current assets, less tax recoverable.
@ Segment liabilities comprise total current and long-term liabilities, less tax liabilities and deferred taxation.

37. SEGMENT INFOMATION - GROUP (cont'd)

GEOGRAPHICAL SEGMENTS

	2011 RM	2010 RM
Africa	**1,526,530**	931,309
Australia	**300,034**	48,594
East Asia	**8,398,796**	5,341,475
Europe	**657,149**	60,098
North America	**-**	-
South America	**58,026**	-
South Asia	**851,943**	871,664
South East Asia	**12,367,758**	10,054,978
Malaysia	**77,130,340**	72,352,939
	101,290,576	89,661,057

38. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and format required. The breakdown of the retained profits of the Group and of the Company as at 30 September 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	GROUP 2011 RM	COMPANY 2011 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	**37,459,006**	**(169,028)**
- Unrealised	**-**	**-**
	37,459,006	**(169,028)**
Less: Consolidation adjustmen ts	**(375,655)**	**-**
Retained earnings as per financial statements	**37,083,351**	**(169,028)**

The determination of realised and unrealised profits is complied based on Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

38. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS (Cont'd)

Certain figures in the financial statements of the Group have been reclassified to conform with the current year's presentation following the adoption of the Amendments to FRS 117:

	As at 30 September 2010		As at 1 October 2009	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Statements of financial position				
Property, plant and equipment	41,400,806	39,959,319	41,242,426	39,751,793
Prepaid lease payments	-	1,441,487	-	1,490,633
Property, plant and equipment				
Leasehold land				
- At cost	954,534	-	954,534	-
- At valuation	780,000	-	780,000	-
- Accumulated depreciation	293,047	-	243,901	-
Prepaid lease payments				
- At cost	-	954,534	-	954,534
- At valuation	-	780,000	-	780,000
- Accumulated amortisation	-	293,047	-	243,901

Lodged by:

ED Zone Management Sdn.Bhd.
149A, Jalan Aminuddin Baki
Taman Tun. Dr. Ismail
60000 Kuala Lumpur
Tel: (+6)03 -7729 1519
Fax: (+6)03 -7728 5948

(a) Addition on Statement on Compliance with the best practices in Corporate Governance

The Company has complied throughout the full financial year with the principles of Best Practices in Corporate Governance as set out in Part 2 of the Malaysian Code on Corporate Governance, except for the following differences :-

(i) Senior Independent non-executive director : The Board is in the process of identifying the person to be nominated as Senior Independent non-executive director who will be available to shareholders if they have concerns that cannot be resolved through the existing mechanisms for investor communication.

(ii) MD & Chairman's roles : The Company has not separated the Managing Director (MD) and Chairman's roles as the Board deems that the current MD and Chairman, Mr Yeoh, the founding member and director of the Company as the most qualified person in overseeing the growth of the company and group, and as Chairman, he has led and managed the Board effectively.

(b) Utilisation of Proceeds

The Company was listed on the Main Market of Bursa Malaysia on 16 September 2009. The status of the utilisation of the listing proceeds is as follows:-

Purpose	Proceeds Raised (RM)	Amount Utilised (RM)	Balance Unutilised (RM)	Time Frame
Extension/expansion works on factory building and operations	2,000,000	1,285,956	714,044	Within 6 months
Nursery land and development costs	1,100,000	1,100,000	Nil	N/A
Capital and R&D expenditures	1,500,000	1,311,241	188,759	Within 1 year
Repayment of bank borrowings	1,200,000	1,200,000	Nil	N/A
Working capital	450,000	450,000	Nil	N/A
Estimated listing expenses	1,550,000	1,550,000	Nil	N/A
Total	7,800,000	6,897,197	902,803	

(c) Share Buybacks
The Company did not have a share buy-back scheme in place during the financial year.

(d) Options, Warrants or Convertible Securities
There were no options, warrants or convertible securities issued during the financial year.

(e) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme
During the financial year, the Company did not sponsor any ADR or GDR programme.

(f) Sanctions and Penalties
There were no material sanctions and penalties imposed on the Company, Directors or management by the relevant regulatory bodies.

(g) Non-Audit Fees
There were no non-audit fees paid to its external auditors by the Company for the financial year ended 30 September 2011.

(h) Profit Estimates, Forecast or Projection
The Company did not issue any profit estimate, forecast or projection for the financial year.

(i) Variation in Results
There were no variances of 10% or more between the unaudited and the audited results for the financial year ended 30 September 2011.

(j) Profit Guarantee
No profit guarantee was given by the Company in respect of the financial year.

(k) Material Contracts
During the financial year, there were no material contracts of the Company involving its Directors' and major shareholders' interest.

(l) Recurrent Related Party Transactions of Revenue Nature ("RRPT")
The Group did not enter into any significant RRPT's during the financial year ended 30 September 2011.

Corporate Social Responsibility

The Company views seriously, the impact of our activities on our customers, employees, shareholders, communities and the environment in all aspects of our operations. The Company is fully aware that our obligation extends beyond the statutory obligation to comply with legislation and therefore voluntarily takes further steps to improve the quality of life for employees and their families as well as for the local community and society at large.

Various activities were planned and implemented by the Company to fulfil its CSR obligations as follows:

(a) The Workforce

The Company organizes outings, gatherings and recreational events at regular intervals for its staff and family members to foster and cultivate a happy and productive workforce with a strong sense of belonging.

(b) The Community

The Company makes donations annually in the form of cash and tangible goods to various welfare bodies and NGOs for welfare and disaster relief purposes. The Company also provides employment opportunities where possible, to people with special needs.

(c) The Environment

The Company has adopted eco-friendly practices in its day-to-day work in order to minimize the impact on the environment, eg :-

(i) Paperless environment
Staff and clients are working towards fully maximizing the benefits of ICT (eg email, instant messaging, etc.) for communications, operations and documentation.

(ii) Recycling
Both sides of papers are used for printing where possible to minimize paper usage, while unwanted papers are segregated for recycling.

(iii) Energy Savings
The Company encourages staff to consciously switch off lights and air-conditioners for rooms and areas which are unutilised to help reduce energy consumption. The Company allows some flexibility on working hours for sales staff. This has helped to minimise the time, effort and petrol which would have otherwise been wasted and spent manoeuvring through the rush hour traffic.

ANALYSIS OF SHAREHOLDINGS

Shareholding Structure as at 26 January 2012

Share Capital

Authorised Share Capital	RM100,000,000 (200,000,000 ordinary shares of RM0.50 each)
Issued and fully paid-up capital	RM40,000,000 (80,000,000 ordinary shares of RM0.50 each)
Adjusted issued & up capital	RM40,000,000 (80,000,000 ordinary shares of RM0.50 each)
Class of shares	Ordinary Shares of RM0.50 each
Voting Rights	One vote per share

Distribution of Shareholding as at 26 January 2012

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	4	0.36	58	0.00
100 – 1,000	300	26.67	157,428	0.20
1,001 – 10,000	465	41.33	2,884,207	3.61
10,001 – 100,000	292	25.96	9,748,287	12.19
100,001 - 1,000,000	51	4.53	16,990,962	21.24
Over 1,000,000	13	1.16	50,219,058	62.77
TOTAL	1,125	**100.00**	**80,000,000**	100.00

Substantial Shareholders as at 26 January 2012

Name	Direct Interest	%	Deemed interest	%
1. Yeoh Cheng Poh	11,874,795	14.84	403,700	0.50
2. Low Ngak Tiow	10,927,685	13.66	20,000	0.03
3. Ong E Jo @ Wong Ah Chuan	9,458 ,466	11.82	19,000	0.02
4. Malaysia Nominees (Tempatan) Sendirian Berhad Beneficiary : Pledged Securities account for Farmcochem Sdn Bhd	4,985,800	6.23	-	-

Directors' Shareholding as at 26 January 2012

Name	Direct Interest	%	Deemed interest	%
1. Yeoh Cheng Poh	11,874,795	14.84	403,700	0.50
2. Low Ngak Tiow	10,927,685	13.66	20,000	0.03
3. Ong E Jo @ Wong Ah Chuan	9,458 ,466	11.82	19,000	0.02
4. Husaini B Md Sadli @ Md Sardili	1,293,037	1.62	-	-
5. Supian Bin Yussof	632 ,029	0.79	-	-
6. Chiew Khwai @ Chiew Swee King	1,728 ,000	2.16	-	-
7. Tham Kut Cheong	-	-	-	-
8. Song Kok Cheong	-	-	-	-
9. Dato' Dr Yeang Hoong Yeet	49,000	0.06	5,000	0.01

Thirty Largest Registered Shareholders As At 26 January 2012

No.	Name	Shareholdings	%
1	Yeoh Cheng Poh	11,874,795	14.84
2	Low Ngak Tiow	10,927,685	13.66
3	Ong E Jo @ Wong Ah Chuan	8,799,666	11.00
4	Malaysia Nominees (Tempatan) Sendirian Berhad		
	Beneficiary : Pledged securities account for Farmcochem Sdn Bhd	4,062,200	5.08
5	Quantum Expansion Sdn Bhd	2,602,546	3.25
6	Sundat (S) Pte Ltd	2,055,742	2.57
7	Hew Sen Kian	1,765,000	2.21
8	Chiew Khwai @ Chiew Swee King	1,628,000	2.04
9	Ng Choon Kwee	1,500,000	1.88
10	Ronny Ng	1,430,100	1.79
11	Husaini Bin Md Sadli @ Md Sardili	1,293,037	1.62
12	Mohd Said Bin Ibrahim	1,234,087	1.54
13	Chan Siow Khoon	1,046,200	1.31
14	Fong Hoo Meng	998,415	1.25
15	Yap Kon Meng	950,095	1.19
16	Farmcochem Sdn Bhd	829,000	1.04
17	Teh Seng Kim	801,300	1.00
18	Kow Song Tong	742,900	0.93
19	Mayban Nominees (Tempatan) Sdn Bhd		
	Beneficiary : Pledged securities account for Chen Sen Loon	711,000	0.89
20	Ng Hui Lin	682,500	0.85
21	Chan Siow Leng	676,000	0.85
22	Supian Bin Yussof	632,029	0.79
23	Tay Lee Lee	626,000	0.78
24	Kwok Hon Wun	602,800	0.75
25	HLB Nominees (Tempatan) Sdn Bhd		
	Beneficiary : Pledged securities account for		
	Ong E Jo @ Wong Ah Chuan	522,000	0.65
26	Chew Chin Heng @ Chew Tiong Heng	465,900	0.58
27	Lim Mui Miaw	465,000	0.58
28	Lim Wai Yee	451,000	0.56
29	Yew Tuck Kai	439,300	0.55
30	Tan Siew Ean	403,700	0.50
		61,217,997	76.52

LIST OF PROPERTIES AS AT 30 SEPTEMBER 2011

Property	Description/ Existing use	Approximate age of building	Tenure	Land area (Sq m)	Built-up area (sq m)	Net Book Value at 30/09/2011 (RM)	Date of Acquisition (or CFO)* / Valuation^
Geran no.28855 Parent title under QT(R) no.2851/2 TLO 2969/70 Township of Johor Bahru, Johor	Office unit / vacant	30 years	Freehold	-	32	70,400	01.04.1994^
Geran no.24222 Lot no.3277 Mukim Batang Kali District of Ulu Selangor State of Selangor	Apartment unit for staff recreation	25 years	Freehold	1	103	160,000	01.04.1994^
HS(D) 215977 PTD no.19116 Town & district of Johor Bahru Johor	3 storey factory cum office building, for Halex Woolton and Group Corporate office	12 years	60 year lease expiring on 26.12.2053	4,860	4,768	4,635,071	18.11.1999*
Lot 142, GM 826 Mukim Plentong District of Johor Bahru, Johor	Single storey detached factory with an annexed double storey office building, a single storey warehouse, workshop and a canteen, for Halex Woolton	3 years	Freehold	45,033	13,656	18,001,376	17.08.2009*
HS(D) 8111 PTB no. 264 Mukim of Hulu Sungai Johor District of Kota Tinggi, Johor	Single storey detached factory with an annexed double storey office building and open shed, for Halex Industries	13 years	60 years lease expiring on 21.01.2050	12,237	3,562	2,220,844	15.08.1998*
Lot 1167, GM 227, EMR 870 Mukim Senai 81000 Kulai Johor	Nursery for Halex Biotechnologies	N/A	Freehold	27,746	-	871,788	05.10.1995*
Lot 650 & 651 GM 547 & 361 Ban Foo Village Mukim Plentong 81800 Ulu Tiram Johor	Nursery for Halex Biotechnologies (including a tissue culture facility and microbiology lab	N/A	Freehold	54,576	1,820	908,423 1,801,446	27.11.1995* 03.02.2009*

LIST OF PROPERTIES AS AT 30 SEPTEMBER 2011 (cont'd)

Property	Description/ Existing use	Approximate age of building	Tenure	Land area (Sq m)	Built-up area (sq m)	Net Book Value at 30/09/2011 (RM)	Date of Acquisition (or CFO)* / Valuation^
Geran 98315 Lot 369 Mukim Ulu Sungai Johor District of Kota Tinggi	Nursery for Halex Biotechnologies	N/A	Freehold	47,702	-	1,116,643	18.10.2010
HS(D) 13599 PTD no.1588 Mukim Pantai Timur, District of Kota Tinggi, Johor	Condominium unit / vacant	10 years	99 year lease expiring on 14.08.2091	-	111	Nil	13.11.2001*
Lot 249, GM 202 EMR 124, Mukim of Ulu Sungei Sedili Besar District of Kota Tinggi, Johor	Agriculture land / investment	N/A	Freehold	26,279	1	90,000	01.04.1994^

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty First Annual General Meeting of Halex Holdings Berhad will be held at 10:30am at the Sapphire 3 – Level 4, Grand Paragon Hotel, Johor Bahru, on Thursday, 29 March 2012 for the following businesses:

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 September 2011 and the Directors' and Auditors' Reports thereon; (Resoluton 1)

2. To declare a final single tier dividend of 7% amounting to RM2,800,000.00 in respect of the year ended 30 September 2011 (Resoluton 2)

3. To approve the payment of Directors' fees of RM234,000.00 for the financial year ended 30 September 2011 (Resoluton 3)

4. To re-elect the following Directors who retire pursuant to Article 86 of the Company's Articles of Association: -

   a. Low Ngak Tiow (Resoluton 4)

   b. Ong E Jo @ Wong Ah Chuan (Resoluton 5)

   c. Supian bin Yussof (Resoluton 6)

5. To re-appoint Messrs STYL Associates as auditors of the Company and to authorize the Directors to fix their remuneration (Resoluton 7)

6. **SPECIAL BUSINESS**
   To consider and, if thought fit, to pass the following Resolution:

   Ordinary Resolution (Resoluton 8)
   Authority To Allot Shares Pursuant To Section 132D Of The Companies Act, 1965.

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company, at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions, and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggre gate number of shares issued does not exceed ten per centum (10%) of the issued capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues."

7. To transact any other business for which due notice has been given in accordance with the Articles of Association of the Company and the Companies Act, 1965.

By order of the Board,

LAANG JHE HOW (MIA 25193)
(Company Secretary)

Kuala Lumpur
Dated: 2 March 2012

Notes:

1. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the Meeting and a member who appoints more than 1 proxy shall specify the proportions of his shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or its attorney duly authorized.
4. The proxy form must be deposited at the registered office, No. 9, Jalan Taruka, Tampoi Industrial Estate, 81200 Johor Bahru, Johor D.T not less than 48 hours before the time set for the Meeting or any adjournment thereof.

Explanatory Notes to Special Business:

Resolution 8
Authority To allot And Issue Shares Pursuant To Section 132D of the Companies Act. 1965

The Resolution proposed in Agenda 6 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting unless, previously revoked or varied at a general meeting, to issue shares in the Company up to an aggregate number not exceeding ten per centum of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the company.

The Company is seeking the approval from shareholders on the renewal of the above mandate for the purpose of possible fund raising exercise including but not limited to further placement of shares for working capital requirements. The Company did not exercise the mandate under Section 132D of the Act given by the shareholders at the twentieth AGM held on 25 March 2011.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Date, Time and Venue of the Twenty First Annual General Meeting ("AGM")

The Twenty First AGM of the Company will be held as follows:

Date	:	29 March 2012
Time	:	10:30 am
Venue	:	Sapphire 3 – Level 4, Grand Paragon Hotel Johor Bahru 18 Jalan Harimau, Taman Century, 80250 Johor Bahru

2. Directors' who are standing for re-election/re-appointment at the Twenty First AGM

Directors standing for re-election pursuant to Article 86 of the Company's Articles of Association are:

a. Low Ngak Tiow
b. Ong E Jo @ Wong Ah Chuan
c. Supian Bin Yussof

The profiles of the above three (3) Directors and the record of their attendances at Board Meetings held in the financial year ended 30 September 2011 are presented in the "Directors' Profile" section on pages 5 to 7. Their securities holdings in the Group are presented in the "Directors' Interest" section on page 82.

3. Board Meetings held in the financial year ended 30 September 2011

Five (5) Board Meetings were held during the financial year ended 30 September 2011. A record of the Directors' attendances at the Board Meeting is presented in the "Statement of Corporate Governance" appearing on pages 11 to 14 of the Annual Report.

4. General Meeting Record of Depositors

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 61 of the Articles of Association of the Company and Paragraph 7.16(2) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, a Record of Depositors as of 22 March 2012, and a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.

PROXY FORM

(Before completing this form please refer to the notes below)

*I/ We ______________________________ (BLOCK LETTERS) NRIC/Company No. ______________

of ____

being a * Member/Members of Halex Holdings Berhad hereby appoint_________the following person(s):

Name of Proxy, NRIC No. & Address	**No. of Shares to be represented by proxy**
1. ______________________________	______________
2. ______________________________	______________

or failing * him/her, the CHAIRMAN of the Meeting, as * my/our proxy to vote and act for * me/us on * my/our behalf at the Twenty First Annual General Meeting of the Company to be held at the **Sapphire 3 – Level 4, Grand Paragon Hotel, Johor Bahru** on Thursday, **29 March 2012** at **10:30 am** and at any adjournment thereof, and to vote as indicated below :

	RESOLUTIONS	For	Against
1.	To receive and adopt the Audited Financial Statements for the financial year ended 30 September 2011 and the Directors' and Auditors' Reports thereon.		
2.	To declare a final single tier dividend of 7 % in respect of the year ended 30 September 2011.		
3.	To approve the payment of Directors' fees for the financial year ended 30 September 2011.		
4.	To re-elect the Director, Mr Low Ngak Tiow who retires in accordance with Article 86 of the Company's Articles of Association.		
5.	To re-elect the Director, Mr Ong E Jo @ Wong Ah Chuan who retires in accordance with Article 86 of the Company's Articles of Association.		
6.	To re-elect the Director, En Supian Bin Yussof who retires in accordance with Article 86 of the Company's Articles of Association		
7.	To re-appoint Messrs. STYL Associates as Auditors and to authorize the Board of Directors to fix their remuneration.		
	AS SPECIAL BUSINESS		
8.	To approve the Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965.		

Please indicate with an "X" in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote as he/ she thinks fit, or, at his/her discretion, abstain from the voting.

As witness my/our hand this ________ day of ________________ 2012

No. of ordinary shares held

____
Signature of Member/Common Seal

* Delete whichever not applicable

NOTES:

1. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the Meeting and a member who appoints more than 1 proxy shall specify the proportions of his shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or its attorney duly authorized.
4. The proxy form must be deposited at the Company's registered office, No. 9, Jalan Taruka, Tampoi Industrial Estate, 81200 Johor Bahru, Johor Darul Takzim not less than 48 hours before the time set for the Meeting or any adjournment thereof.

fold here

STAMP

HALEX HOLDINGS BERHAD (206220-U)
9, Jalan Taruka, Tampoi Industrial Estate,
81200 Johor Bahru, Locked Bag No. 765,
80990 Johor Bahru, Johor, Malaysia.

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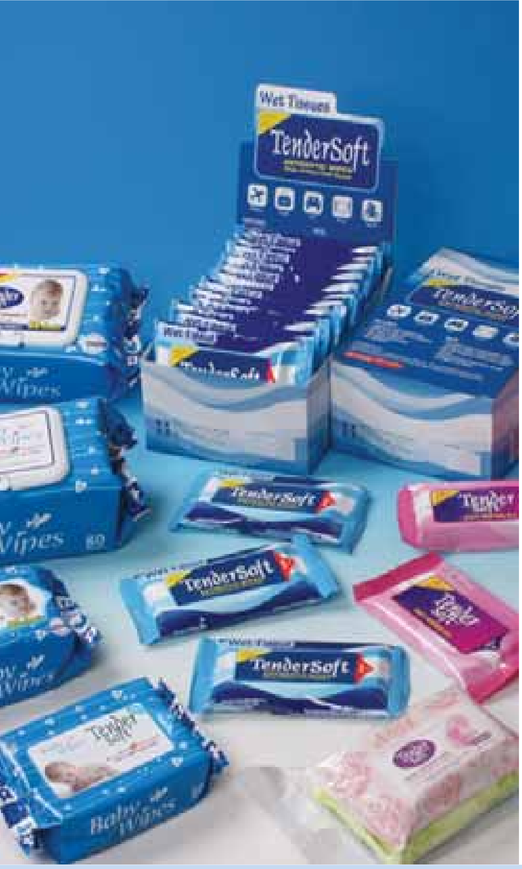
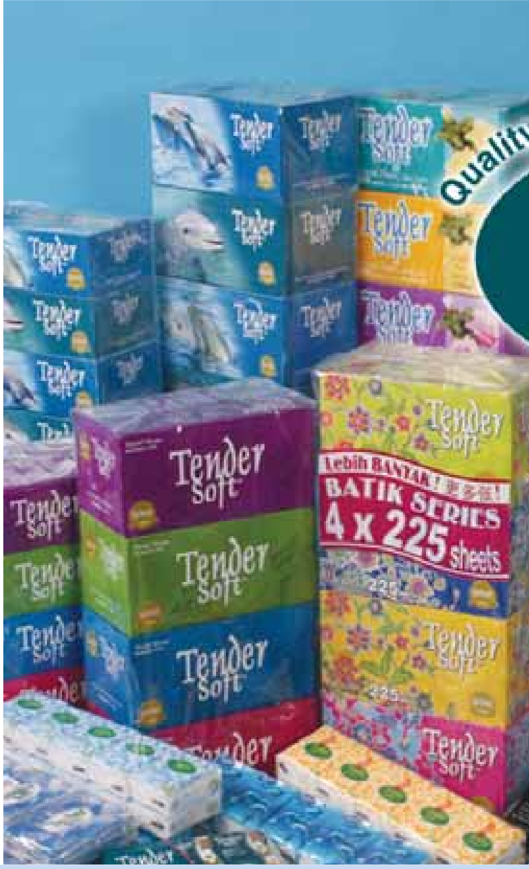
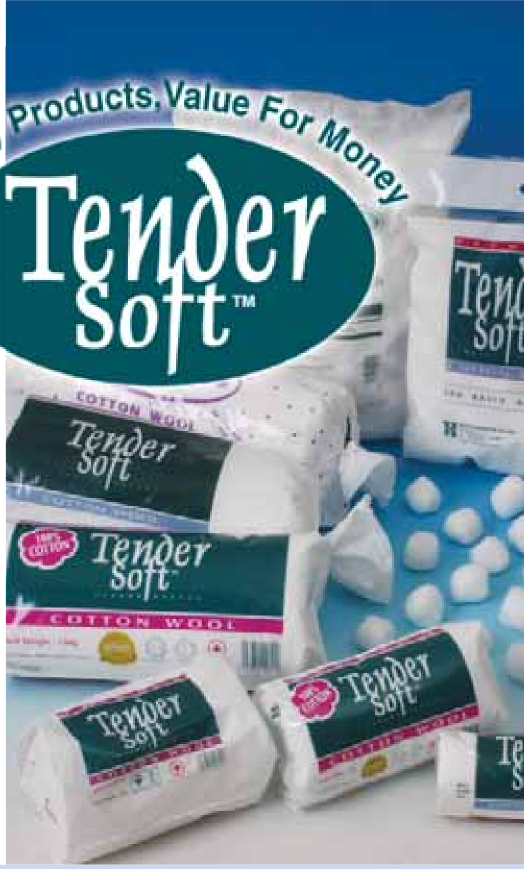


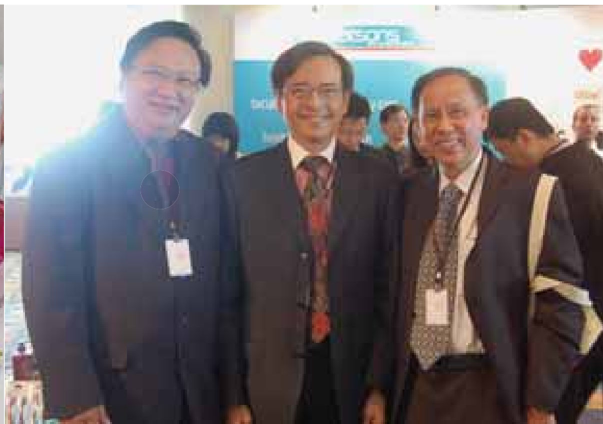




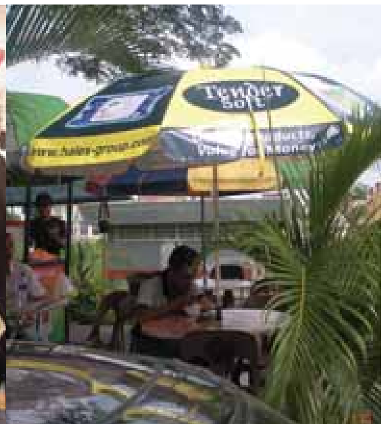
H E A L T H C A R E   D I S P O S A B L E S

HALEX WOOLTON (M) SDN. BHD. (161532-H)

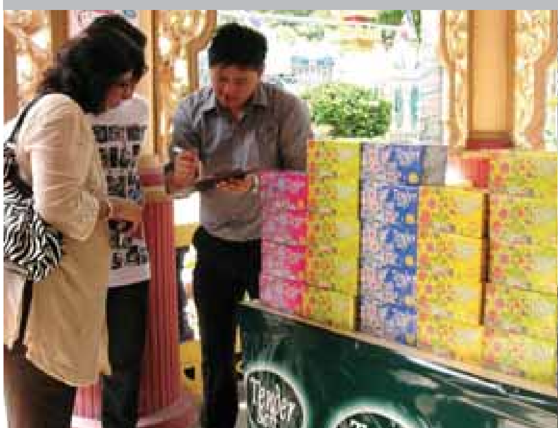
Lot 142, Jalan Kota Tinggi, Bt 12 1/2, Mukim Plentong, 81800 Ulu Tiram, Johor, Malaysia.
Tel: 07-8618311 Fax: 07-8634399

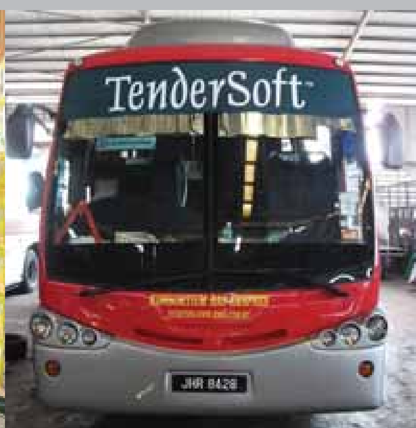
From left : Teh Ho Sang (GM-S&M), Martin So (CEO of A.S. Watsons), Yeoh Cheng Poh (MD) at Watson's brand suppliers day, Hong Kong.

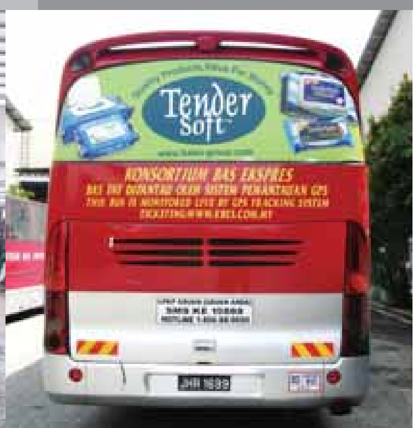


TenderSoft Promotion : Giant Umbrella at Popular Food Stalls

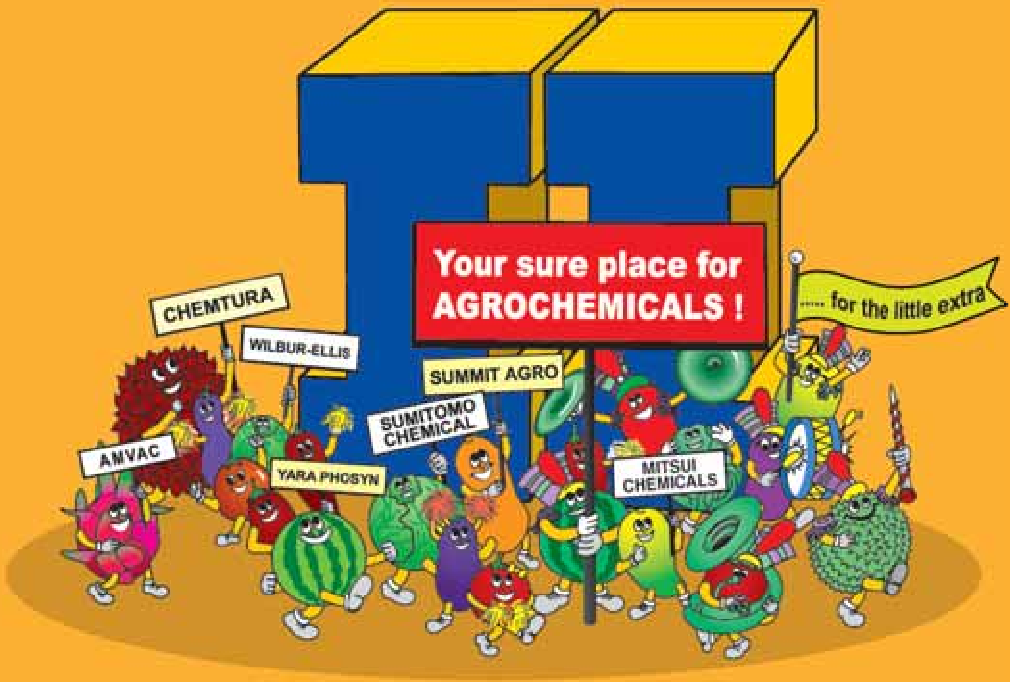


Batik Box Tissue 225's giveaway promotion at Dhammi Karama Temple, Penang.





Advertisement on Konsortium Express Coaches



..... for the little extra

HALEX HOLDINGS BERHAD (206220-U)

9, Jalan Taruka, Tampoi Industrial Estate, 81200 Johor Bahru, Johor, Malaysia.

Tel: 6(07)-2371543, 2373309 Fax: 6(07) 2370276

www.halex-group.com