..... for the little extra

Annual Report 2012

HALEX HOLDINGS BERHAD

(206220-U)

Auto packing machine for mini wipes

HALEX WOOLTON (M) SDN. BHD.

Cut and fold machine

Semi-auto multipacking machine for baby wipes

Our NEW Assets

Factory Expansion

Auto sachet packing machine

HALEX INDUSTRIES (M) SDN. BHD.

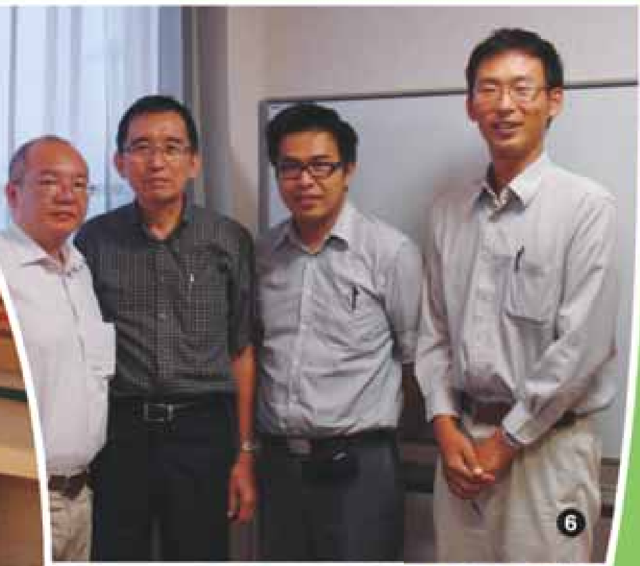
Warehouse

New formulation tank

CONTENTS

HALEX BIOTECHNOLOGIES SDN. BHD.

horticulture & agro-biotechnologies



1. Cordyline kiwi red
2. Sanderiana white
3. Caladium sp.
4. Subculturing
5. Tissue cultured banana plants
6. Visit to YMS Co. Ltd, Japan from left - Hajime San, Mr. KH Lock, Mr. WS Chua & Ken San
7. Plant auction market in Japan

Horticulture

• Supplies cut foliages/orchids & ornamental pot plants for local and overseas markets

Research & Development Facilities

• Microbiology Laboratory • Experimental Glass House

Plant Tissue Culture

• Provides contract services for micropropagation of orchids, ornamentals, foliage plants and economic crops • Seed pod culture

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr Yeang Hoong Yeet
Non-Executive Chairman

Yeoh Cheng Poh
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

AUDIT COMMITTEE

Tham Kut Cheong (Chairman)
Song Kok Cheong
Dato' Dr Yeang Hoong Yeet

NOMINATION COMMITTEE

Song Kok Cheong (Chairman)
Tham Kut Cheong
Dato' Dr Yeang Hoong Yeet

REMUNERATION COMMITTEE

Yeoh Cheng Poh (Chairman)
Tham Kut Cheong
Song Kok Cheong

SENIOR INDEPENDENT DIRECTOR

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

1. Visit to Valent BioSciences in Illinois, USA
From left: Mr Hwong (Halex)
Dr. SS Ng & John Hren (Valent)
Mr. George Yii (Wagro Trading)

2. Sarawak Dealers' Incentive Trip to Chengmai, Thailand

3. 4. 5. Visit to Kiwanis Careheart Centre For The Intellectually Disabled, JB.

6. Farm visit with Mr. Tan Hun Chong of Sumitomo Chemical (center) in Chemor, Perak

7. Product Promotion in Guar Kepah, Penang

Halex Group of Companies

Corporate Training cum Outing at Lotus Desaru Beach Resort

19th & 20th May 2012

DIRECTORS' PROFILES

Dato' Dr. YEANG Hoong Yeet

A Malaysian aged 62, is our Non-Executive Chairman, 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.

YEOH Cheng Poh

A Malaysian aged 63, is our 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-biotechnology, 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.

DIRECTORS' PROFILES

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.

WONG Ah Chuan @ Ong E Jo

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' PROFILES

HUSAINI Bin Md.Sadli @ Md. Sardili

A Malaysian aged 61, 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 58, is our Executive Director appointed to the Board on 28 March 2008. He is currently the Public Sector Manager for Halex (M) Sdn Bhd.

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.

DIRECTORS' PROFILES

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 67, is our Independent Non-Executive Director, and was appointed 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 60, is our Senior Independent Non-Executive Director, and was appointed to our 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 35 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.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Halex Holdings Berhad, I am pleased to present our Fourth Annual Report as a public listed company for the year ended 30 September 2012.

Year 2012 in Review

The Halex Holdings Berhad group of companies achieved a consolidated turnover of RM 102.04 million and a profit after tax of RM 4.39 million against a turnover of RM 101.29 million and a profit after tax of RM 4.36 million in the preceding year.

Agrochemical Division

The agrochemical business recorded a drop of 5.88% in turnover to RM50.69 million, and a drop of 16.83% in operating profit after tax to RM3.73 million in 2012. The lower sales and profitability was due to lower demand resulting from weakening commodities prices such as palm oil and rubber during the year. The acute shortage and price increase of two major herbicides, GLYPHOSATE and GLUFOSINATE, were also significant reasons for the weaker performance.

Healthcare Disposable Division

Our Healthcare Disposable Division achieved a turnover of over RM 44.72 million, representing a growth of 9.00%. Profit after tax also improved to RM 1.08 million from a low of RM0.15 million in the preceding year. The improved profitability was a result of new orders at higher prices and better sales of higher margined products such as wipes and our Angry Birds range of products.

Horticulture and Agro-biotechnologies Division

Our Horticulture and Agro-biotechnologies Division recorded a small increase in turnover of 3.43% to RM 6.62 million in 2012 from RM 6.40 million in 2011 due to strong demand from our overseas customers and favourable exchange rates. The company however recorded a lower profit after tax of RM 0.046 million, resulting from higher selling cost and lower productivity from our nurseries, due to shortage of workers.

Dividend

The Board is pleased to recommend a single tier dividend of 6%, or 3.00 sen per share for the financial year ended 30 September 2012, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Bonus Issue

Pursuant to the Extraordinary General Meeting on 4 September 2012, the Board issued 20,000,000 bonus shares on the basis of one bonus share for every four existing shares held at 5:00pm on 25 September 2012. The bonus issue, apart from increasing the Company's issued and paid up capital to a level which is more reflective of the current scale of operations and assets and encourages trading liquidity in the Company's shares, is also aimed at rewarding existing shareholders of the Company for their continuous support.

Future Prospects

Due to the weak and uncertain global economic conditions, most economists view 2013 as a Challenging Year. However, the Malaysian economy as projected by the Ministry of Finance, will continue to grow at a relatively healthy pace of 4.5% to 5.5%; due to strong domestic consumption and investment through the support of various government initiatives and policies.

For 2013, the performance of our Agrochemical Division will be greatly influenced by the prices of agricultural commodities, mainly palm oil and rubber, and to a smaller extent, cash crops like vegetables and fruits. Since the second half of 2012, the CPO (crude palm oil) price has continued to erode due to weak overseas demand and building up of the CPO stocks. It was reported in December 2012 that the CPO price had fallen more than 30% from its peak a year ago and the CPO inventory has reached 2.63 million tons. The government's new incentives, effective in January 2013, to lower CPO export duty and full abolishment of duty free CPO export quota, coupled with the traditionally low CPO production months (January to March), are expected to reverse the down trend of the CPO price. Our Agrochemical Division is expecting registration approval for 2 or 3 agency products before June 2013 and these propriety chemicals will be able to contribute significantly to our revenue and profit margin.

For our Healthcare Disposable Division, the implementation of the minimum wage scheme, effective January 2013, will add further challenges to the already intense competition in the Malaysian consumer market .However, the return to normalcy and price easing in the supply of raw materials assisted by the numerous government incentives to contain inflation, should augur well for sales of our wet wipes, paper and cotton disposables. The profitability of the Division will nevertheless require further improvement in the production efficiencies and to minimize wastage. The Angry Birds range of products which had faced a slight delay in launching in 2012 are expected to make a bigger contribution this year. Halex Woolton will be introducing some new products and also exploring new markets in 2013.

Our Horticulture and Agro-biotechnologies Division will benefit from the recent government policy in easing work permit approval for foreign workers. We can proceed to plant up our newly acquired 11.8 acres of agricultural land in Kota Tinggi, Johor with cut foliages for the export market and also increase production of tissue cultured banana plantlets for the local market. With our own plantings we can minimize outside purchases and have better quality control of our produce thereby minimizing unnecessary fumigation cost. Through our tissue culture and greenhouse facilities we are continuously developing new protocols for ornamental plants and cash crops and testing new foliage varieties for the export market.

Halex is cautiously optimistic that with her well diversified business operations: Agrochemicals, Healthcare Disposables and Horticulture and Agro-biotechnologies, she will be able to return a satisfactory performance for 2013.

Maintaining a healthy balance sheet, Halex is poised for future acquisition of synergistic businesses that can add value and accelerate the growth of the group.

Corporate Social Responsibility

Continuing in her humble ways, Halex Holdings Berhad donates regularly to welfare homes, disaster relief funds and providing job opportunities to people with special needs. On 10 November 2012 our human resource personnel visited the Kiwanis Careheart Centre For The Intellectually Disabled in Johor Bahru to gauge what further assistance we can render to the Centre. On the environmental aspect, our Agrochemical Division is making progress in recycling the plastic and paper board drums while our Horticulture and Agro-biotechnologies Division is recycling the plant waste and foliage clippings as worm feeds in our vermiculture project.

Appreciation

On behalf of the Board, I would like to express my sincere gratitude to the management and staff for their loyal and dedicated services, and to our bankers, valued customers, business associates and stakeholders, their cooperation and continuous support. I would also like to thank my fellow directors for their patience, guidance and wisdom in providing leadership to the Group.

GROUP
FINANCIAL SUMMARY

THREE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2012 RM'000	2011 RM'000	2010 RM'000
Revenue	102,037	101,291	89,661
Profit before taxation	5,418	5,809	4,782
Profit attributable to owners of the Company	4,389	4,358	3,416
Other Comprehensive income	9,050	3	-
Total Comprehensive income	13,439	4,361	
3,416			
Total assets	107,501	102,605	99,723
Share capital	50,000	40,000	40,000
Reserves	40,081	39,523	37,562
Equity attributable to owners of the Company	90,081	79,523	77,562
Total Liabilities	17,420	23,082	22,161
Total equity and liabilities	107,501	102,605	99,723

FINANCIAL STATISTICS

	2012	2011	2010
Basic earnings per share (sen)	5.47	5.45	4.27
Dividends per share (sen) – Net	3.00	3.50	3.00
Share price as at 30 September (RM)	0.62	0.56	0.58
Historical price earnings ratio (times)	11.33	10.28	13.58
Dividend yield – net %	4.84	6.25	5.17
Dividend cover (times)	1.82	1.56	1.42
Net assets per share attributable to Owners of the Company (RM)	0.90	0.99	0.97
Return on shareholders' equity (%)	4.87	5.48	4.40

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 recommendations 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 theirs 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	Dato' Dr Yeang Hoong Yeet	Non-Executive Chairman	5/5	100%
2	Yeoh Cheng Poh	Managing Director	5/5	100%
3	Low Ngak Tiow	Executive Director	5/5	100%
4	Ong E Jo @ Wong Ah Chuan	Executive Director	5/5	100%
5	Husaini B Md Sadli @ Md Sardili	Executive Director	5/5	100%
6	Supian B Yussof	Executive Director	5/5	100%
7	Chiew Khwai @ Chiew Swee King	Independent Non-executive Director	5/5	100%
8	Tham Kut Cheong	Independent Non-executive Director	5/5	100%
9	Song Kok Cheong	Independent Non-executive Director	5/5	100%

Remuneration Committee and Directors' Remuneration

The Remuneration Committee comprises the following members:-

1	Yeoh Cheng Poh *(Chairman)*	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 2012	Financial Year Ended 30 September 2011
Executive Directors:		
RM100,001 – RM150,000	1	1
RM150,001 – RM200,000	1	1
RM300,001 – RM350,000	1	1
RM400,001 – RM450,000	1	1
RM550,001 – RM600,000	1	1
Non Executive Directors:		
Below RM50,000	4	4

Nomination Committee and Appointments to the Board

The Nomination Committee comprises the following :-

1	Song Kok Cheong *(Chairman with effect from 25 January 2013 in conjunction with his appointment as Senior Independent Director)*	Independent Non-Executive Director
2	Tham Kut Cheong *(Chairman until 25 January 2013)*	Independent Non-Executive Director
3	Dato' Dr Yeang Hoong Yeet	Non-Executive Chairman

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's 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.

The Directors have attended other training, seminars and education programmes as follows :

1.	Yeoh Cheng Poh	19 May 2012
	- Charting the Company's Direction	
2.	Low Ngak Tiow	19 May 2012
	- Charting the Company's Direction	
3.	Ong E Jo @ Wong Ah Chuan	19 May 2012
	- Charting the Company's Direction	
4.	Husaini Bibn Md Sadli @ Md Sardili	19 May 2012
	- Charting the Company's Direction	
5.	Supian Bin Yussof	19 May 2012
	- Exploring Your Business' Blue Ocean For Greater Growth	
6.	Tham Kut Cheong	
	- Business Sustainability- Making a Difference in Performance	30 March 2012
	- Malaysian Code on Corporate Governance 2012	13 July 2012
7.	Song Kok Cheong	
	- Business Sustainability- Making a Difference in Performance	30 March 2012
	- Malaysian Code on Corporate Governance 2012	13 July 2012

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.

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 (Non-Executive Chairman)
Secretary	Laang Jhe How (Company Secretary)

Audit Committee Summary of Terms Of Reference

1. Composition

(i) 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.

(ii) 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 may be required by Bursa Malaysia Securities Berhad.

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

(iv) 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.

(v) 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.

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

(vii) 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 2012, 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 2012. 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 function, 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.

STATEMENT ON INTERNAL CONTROL cont'd

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 2012.

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	4,388,775	18,897,997

DIVIDENDS

A first and final single tier dividend of 7% amounting to RM2,800,000 in respect of the financial year ended 30 September 2011 was paid during the financial year.

At the forthcoming Annual General Meeting, a single tier final dividend of 6% amounting to RM3,000,000 in respect of the financial year ended 30 September 2012 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 2013.

ISSUE OF SHARES AND DEBENTURES

Bonus share issue during the financial year is as follows:

Date of Issue	Class of Shares	Number of Shares	Term of Issue	Purpose of issue
25.09.2012	Ordinary	20,000,000	Bonus	Capitalisation of share premium and retained earnings

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

No 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, Tham Kut Cheong, Song Kok Cheong and Dato' Dr. Yeang Hoong Yeet, 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:

	Number of ordinary shares of RM0.50 each			
	Balance at 01.10.2011	**Allotted/ Bought**	**Sold**	**Balance at 30.09.2012**
DIRECT INTEREST				
YEOH CHENG POH	11,874,795	2,968,698	-	14,843,493
SUPIAN BIN YUSSOF	632,029	158,007	-	790,036
ONG E JO @ WONG AH CHUAN	9,396,466	2,459,130	-	11,855,596
LOW NGAK TIOW	10,927,685	2,731,921	-	13,659,606
HUSAINI BIN MD SADLI @ MD SARDILI	2,856,437	257,009	(1,828,400)	1,285,046
CHIEW KHWAI @ CHIEW SWEE KING	1,728,000	557,000	-	2,285,000
DATO' DR. YEANG HOONG YEET	49,000	12,250	-	61,250
INDIRECT INTEREST				
DATO' DR. YEANG HOONG YEET*	5,000	1,250	-	6,250
YEOH CHENG POH**	383,700	178,425	-	562,125
LOW NGAK TIOW***	20,000	5,000	-	25,000
ONG E JO @ WONG AH CHUAN****	-	23,750	-	23,750

* 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.
**** Deemed interest by virtue of the shares held by his son, Ong Jun Jie.

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**

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 2012 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

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

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALEX HOLDINGS BERHAD

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 2012 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 2012 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALEX HOLDINGS BERHAD

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 auditors' 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

SI CHAY BENG
APPROVED COMPANY AUDITOR
TREASURY APPROVAL NO. 1200/08/14 (J)

KUALA LUMPUR
DATE: 25 JANUARY 2013

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2012

		GROUP		COMPANY	
		2012	2011	**2012**	2011
	Note	**RM**	RM	**RM**	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	**50,007,201**	42,192,780	**-**	-
Investment properties	5	**290,000**	90,000	**-**	-
Investment in subsidiary companies	6	**-**	-	**5,510,125**	5,510,125
Investment in quoted securities	7	**102,442**	101,565	**-**	-
Other investments	8	**26,000**	26,000	**-**	-
Intangible assets	9	**44,013**	26,729	**-**	-
Development costs	10	**727,915**	808,794	**-**	-
Amount due from subsidiary companies	11	**-**	-	**51,010,060**	35,019,685
Total non-current assets		**51,197,571**	43,245,868	**56,520,185**	40,529,810
Current assets					
Inventories	12	**21,929,718**	28,660,649	**-**	-
Trade receivables	13	**16,468,965**	17,329,430	**-**	-
Other receivables and deposits	14	**2,906,354**	914,875	**1,000**	1,000
Deposits with licensed financial institutions	15	**10,375,877**	8,138,437	**-**	-
Tax recoverable		**451,569**	440,992	**41,435**	41,435
Cash and bank balances		**4,171,182**	3,874,527	**49,203**	13,116
Total current assets		**56,303,665**	59,358,910	**91,638**	55,551
Total assets		**107,501,236**	102,604,778	**56,611,823**	40,585,361

STATEMENTS OF
FINANCIAL POSITION cont'd
AS AT 30 SEPTEMBER 2012

		GROUP		COMPANY	
	Note	**2012 RM**	2011 RM	**2012 RM**	2011 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	**50,000,000**	40,000,000	**50,000,000**	40,000,000
Revaluation reserves	16	**9,863,445**	1,387,466	**-**	-
Share premium	16	**-**	731,375	**-**	731,375
Equity attributable to owners of the		**59,863,445**	42,118,841	**50,000,000**	40,731,375
Exchange reserves	16	**345,014**	320,276	**-**	-
Retained earnings/(Accumulated loss)		**29,872,924**	37,083,351	**6,580,011**	(169,028)
Shareholders' equity		**90,081,383**	79,522,468	**56,580,011**	40,562,347
Non-current liabilities					
Term loans	17	**2,290,322**	3,526,525	**-**	-
Finance lease payables	18	**63,191**	-	**-**	-
Deferred taxation	19	**393,302**	401,502	**-**	-
Total non-current liabilities		**2,746,815**	3,928,027	**-**	-
Current liabilities					
Trade payables	20	**3,388,249**	5,686,945	**-**	-
Other payables and accruals	21	**4,185,363**	4,319,433	**31,812**	23,014
Bills payable	22	**5,097,000**	6,223,509	**-**	-
Term loans	17	**1,231,200**	1,231,200	**-**	-
Finance lease payables	18	**16,469**	-	**-**	-
Provision for taxation		**147,016**	378,439	**-**	-
Bank overdraft	22	**607,741**	1,314,757	**-**	-
Total current liabilities		**14,673,038**	19,154,283	**31,812**	23,014
Total liabilities		**17,419,853**	23,082,310	**31,812**	23,014
Total equity and liabilities		**107,501,236**	102,604,778	**56,611,823**	40,585,361

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2012

		GROUP		COMPANY	
		2012	2011	**2012**	2011
	Note	**RM**	RM	**RM**	RM
Revenue	23	**102,036,861**	101,290,576	**19,343,981**	2,403,151
Cost of sales		**(77,432,048)**	(76,184,679)	**-**	-
Gross profit		**24,604,813**	25,105,897	**19,343,981**	2,403,151
Other income	24	**496,637**	448,353	**182**	-
Selling and marketing expenses		**(11,078,972)**	(9,211,780)	**-**	-
Administrative expenses		**(8,151,141)**	(9,868,469)	**(446,166)**	(418,970)
Profit from operations		**5,871,337**	6,474,001	**18,897,997**	1,984,181
Finance costs		**(453,447)**	(665,368)	**-**	-
Profit before taxation	25	**5,417,890**	5,808,633	**18,897,997**	1,984,181
Taxation	26	**(1,029,115)**	(1,450,811)	**-**	-
Profit after taxation		**4,388,775**	4,357,822	**18,897,997**	1,984,181
Other comprehensive income:					
- Foreign currency translation		**24,738**	3,127	**-**	-
- Revaluation of property, plant and equipment		**9,025,735**	-	**-**	-
Other comprehensive income for the year, net of tax		**9,050,473**	3,127	**-**	-
Total comprehensive income for the year		**13,439,248**	4,360,949	**18,897,997**	1,984,181
Profit after taxation attributable to:					
Owners of the parent		**4,388,775**	4,357,822		
Total comprehensive income attributable to:					
Owners of the parent		**13,439,248**	4,360,949		
Earnings per share attributable to owners of the parent					
- Basic (sen)	27	**5.47**	5.45		
- Diluted (sen)	27	**5.47**	5.45		

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

STATEMENT OF
CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2012

			Attributable to Owners of the parent				
			Non distributable			Distributable	
		Share Capital	Revaluation Reserves	Share Premium	Exchange Reserves	Retained Earnings	Total
Group	Note	RM	RM	RM	RM	RM	RM
Balance at 1 October 2010		40,000,000	1,387,466	731,375	317,149	35,125,529	77,561,519
Profit after taxation		-	-	-		4,357,822	4,357,822
Other comprehensive income for the year							
- Foreign currency translation		-	-	-		-	3,127
Profit after taxation/Total comprehensive income for the year		-	-	-	3,127	4,357,822	4,360,949
Dividend paid	28	-	-	-	-	(2,400,000)	(2,400,000)
Balance at 30 September 2011		40,000,000	1,387,466	731,375	320,276	37,083,351	79,522,468
Bonus issued		**10,000,000**	**-**	**(651,042)**	**-**	**(9,348,958)**	**-**
Share issuance expenses		**-**	**-**	**(80,333)**	**-**	**-**	**(80,333)**
Profit after taxation		**-**	**-**	**-**		**4,388,775**	**4,388,775**
Other comprehensive income for the year							
- Foreign currency translation		**-**	**-**	**-**		**-**	**24,738**
- Transfer of revaluation surplus upon disposal of property, plant and		**-**	**(549,756)**	**-**		**549,756**	**-**
- Revaluation of property, and equipment		**-**	**9,025,735**	**-**		**-**	**9,025,735**
Profit after taxation/Total comprehensive income for the year		**-**	**8,475,979**	**-**	**24,738**	**4,938,531**	**13,439,248**
Dividend paid	28	**-**	**-**	**-**	**-**	**(2,800,000)**	**(2,800,000)**
Balance at 30 September 2012		**50,000,000**	**9,863,445**		**345,014**	**29,872,924**	**90,081,383**

COMPANY	Note	Share Capital RM	Share Premium RM	(Accumulated Loss)/ Retained Earnings RM	Total RM
		Non distributable		Distributable	
Balance at 1 October 2010		40,000,000	731,375	246,791	40,978,166
Profit after taxation/Total comprehensive income for the financial year		-	-	1,984,181	1,984,181
Dividend paid	28	-	-	(2,400,000)	(2,400,000)
Balance at 30 September 2011		40,000,000	731,375	(169,028)	40,562,347
Bonus issue		**10,000,000**	**(651,042)**	**(9,348,958)**	**-**
Share issuance expenses		**-**	**(80,333)**	**-**	**(80,333)**
Profit after taxation/Total comprehensive income for the financial year		**-**	**-**	**18,897,997**	**18,897,997**
Dividend paid	28	**-**	**-**	**(2,800,000)**	**(2,800,000)**
Balance at 30 September 2012		**50,000,000**	**-**	**6,580,011**	**56,580,011**

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

STATEMENT OF CONSOLIDATED CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**5,417,890**	5,808,633
Adjustments for:		
Allowance for diminution in value of quoted securities written back	**(877)**	(8,447)
Allowance for impairment	**-**	9,512
Allowance for impairment written back	**(81,300)**	(53,640)
Amortisation	**80,879**	47,178
Bad debts written off	**44,659**	18,830
Depreciation	**1,714,074**	2,017,788
Loss/(Gain) on disposal of property, plant and equipment	**99**	(83,096)
Property, plant and equipment written off	**85,767**	4,485
Dividend income	**(2,890)**	(2,532)
Interest expenses	**453,447**	665,368
Interest income	**(265,446)**	(242,465)
Operating profit before working capital changes	**7,446,302**	8,181,614
Inventories	**6,730,931**	(4,898,597)
Receivables	**(281,052)**	233,158
Payables	**(3,559,275)**	1,711,963
Net cash generated from operations	**10,336,906**	5,228,138
Tax paid	**(1,487,693)**	(1,429,474)
Tax refund	**208,378**	-
Interest paid	**(453,447)**	(665,368)
Net cash from operating activities	**8,604,144**	3,133,296
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**265,446**	242,465
Dividend received	**2,890**	2,532
Proceeds from disposal of property, plant and equipment	**1,100**	1,636,500
Purchase of property, plant and equipment	**(1,513,047)**	(4,414,830)
Development costs	**-**	(92,456)
Placement of deposits with licensed financial institutions	**(49,186)**	(1,205,730)
Purchase of intangible assets	**(17,284)**	-
Acquisition of quoted shares	**-**	(55)
Net cash used in investing activities	**(1,310,081)**	(3,831,574)

STATEMENT OF CONSOLIDATED CASH FLOWS cont'd
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 RM	2011 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Share issuance expenses		**(80,333)**	-
Repayment of bank borrowings		**(1,236,203)**	(1,233,749)
Repayment of hire purchase payables		**(10,340)**	-
Dividend paid		**(2,800,000)**	(2,400,000)
Net cash used in financing activities		**(4,126,876)**	(3,633,749)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,167,187**	(4,332,027)
EFFECT OF EXCHANGE RATE CHANGES		**24,738**	3,127
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**9,177,726**	13,506,626
CASH AND CASH EQUIVALENTS AT END OF YEAR	29	**12,369,651**	9,177,726

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

STATEMENT
OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**18,897,997**	1,984,181
Adjustment for:			
Interest income		**(182)**	-
Operating profit before working capital changes		**18,897,815**	1,984,181
Payables		**8,798**	7,314
Net cash from operating activities		**18,906,613**	1,991,495
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest received		**182**	-
Dividends paid		**(2,800,000)**	(2,400,000)
Share issuance expenses		**(80,333)**	-
Subsidiary companies		**(15,990,375)**	415,000
Net cash used in financing activities		**(18,870,526)**	(1,985,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**36,087**	6,495
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**13,116**	6,621
CASH AND CASH EQUIVALENTS AT END OF YEAR	29	**49,203**	13,116

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

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 registered office and 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 25 Jan 2013 .

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.

- 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 3 [Improvements to FRSs (2010)]
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
  Improvements to FRS: issued in 2010
- Amendments to FRS 101 [Improvements to FRSs (2010)]
- Amendments to FRS 121 [Improvements to FRSs (2010)]
- IC Interpretation 4: Determining Whether an Arrangement contains a Lease
- IC Interpretation 18: Transfer of Assets from Customers
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- TR i - 4: Shariah Compliant Sale Contracts
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (Cont'd)

Changes in accounting policies (Cont'd)

The adoption of these new FRSs amendments and interpretations do not have any material impact on the financial performance or financial position of the Group and the Company.

Accounting standards issued but not yet effective

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

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1st January 2012, the MASB had on 19th November 2011 issue a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012 .

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1st January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1st January 2014. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are not Transitioning Entities are required to adopt the MFRSs framework for the next financial year, being the first set of financial statements prepared in accordance with the MFRSs framework.

As at 30 September 2012, all FRSs issued under the existing FRSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Int 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSs. As such, except those as discussed below, there are no significant effects arising from the transition to the MFRSs Framework. The effect is based on the Group's and the Company's best estimates at reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group's and the Company's first MFRSs based financial statements.

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")
MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1st January 2012 (TE: 1st January 2014) have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

Application of MFRS 141 Agriculture
MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises. The Group is currently assessing the impact of the adoption of this standard.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of consolidation

(i) Subsidiary Companies

Subsidiary companies are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power 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.

Investments in subsidiary companies are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

The accounting policies of subsidiary companies are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

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

The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

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

Acquisition on or after 1 October 2011

For acquisition on or after 1 October 2011, the Group measures goodwill at the acquisition date as:-
- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basic of consolidation (Cont'd)

Acquisitions prior to 1 October 2006
For acquisition prior to 1 October 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Loss of control

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

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

(iv) Non-controlling interests

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

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

(v) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity accounted associate companies are eliminated against the investment to the extent of the Group's interest in the associate companies. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(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 or revalued carrying amount. 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 property, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Freehold land has an unlimited useful life 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%

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 profit or loss.

(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 profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the profit or loss.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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 accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Any revaluation increase in property, plant and equipment is recognised in other comprehensive income as an asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in asset revaluation reserve of that asset; and other decreases are recognised in the profit or loss.

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 revaluation surplus included in equity is transferred directly 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 registered is valid for ten years from the date of application and renewable every ten years therefore have indefinite useful lives and 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).

Capitalised development expenditure relating to any research activities which are commercialised are amortised over 10 years.

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 are held primarily for trading purposes are presented as current whereas financial assets that are 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.

(v) Derecognition
A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(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 and other receivables and other financial assets carried at amortised cost
To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Impairment of financial assets (Cont'd)

Trade and other receivables and other financial assets carried at amortised cost (cont'd)
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.

(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.

2. **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

(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.

(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, finance lease payables 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, finance lease payables 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Financial liabilities (Cont'd)

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.

(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. For the purposes of statement of consolidated cash flows, cash and cash equivalents are presented net of bank overdraft.

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 13 and 14.

Depreciation of property, plant and equipment
Property, plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated the useful life of these assets to be within 2 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment of investment in subsidiary company
The Company carried out the impairment test based on the assessment of the fair value of the respective assets' or cash generating units' ("CGU") fair value less costs to sell or based on the estimation of the value-in-use ("VIU") of the CGUs to which the property, plant and equipment are allocated. Estimating the VIU requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

GROUP VALUATION/COST	Balance at 01.10.2011 RM	Additions RM	Revaluation Surplus RM	Elimination of Accumulated depreciation on Revaluation RM	Disposals/ Written off RM	Reclassified RM	Balance at 30.09.2012 RM
At valuation							
Leasehold factory	2,495,164	253,203	804,529	(1,945,596)	-	6,780,801	8,388,101
Leasehold land	780,000	-	970,400	(220,400)	-	83,334	1,613,334
Office premises	110,000	-	10,000	-	-	-	120,000
Apartment	250,000	-	100,000	-	-	-	350,000
Freehold land	-	25,080	5,812,067	-	-	10,146,853	15,984,000
Freehold land and building	-	305,989	970,586	(485,420)	-	11,236,795	12,027,950
Building and structures	-	8,432	28,554	(153,375)	-	2,819,348	2,702,959
At cost							
Freehold land	10,146,853	-	-	-	-	(10,146,853)	-
Freehold land and building	11,236,795	-	-	-	-	(11,236,795)	-
Condominium apartment	221,520	-	-	-	-	-	221,520
Leasehold factory	5,823,948	-	-	-	-	(5,823,948)	-
Leasehold land	83,334	-	-	-	-	(83,334)	-
Capital work-in-progress	2,099,277	-	-	-	-	(2,099,277)	-
Building and structures	2,819,348	-	-	-	-	(2,819,348)	-
Plant and machinery	14,979,977	273,057	-	-	-	-	15,253,034
Forklifts	240,720	79,000	-	-	-	-	319,720
Motor vehicles	777,573	181,245	-	-	(8,790)	-	950,028
Tools, equipment, furniture, fixtures and fittings	6,736,374	477,041	-	-	(263,783)	329,103	7,278,735
	58,800,883	1,603,047	8,696,136	(2,804,791)	(272,573)	(813,321)	65,209,381

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

ACCUMULATED DEPRECIATION	Balance at 01.10.2011 RM	Additions RM	Revaluation Surplus RM	Elimination of Accumulated depreciation on Revaluation RM	Disposals/ Written off RM	Reclassified RM	Balance at 30.09.2012 RM
At valuation							
Leasehold factory	**785,874**	**-**	**-**	**(2,012,171)**	**-**	**1,601,345**	**375,048**
Leasehold land	**110,490**	**-**	**-**	**(153,825)**	**-**	**43,335**	**-**
Office premises	**39,600**	**-**	**-**	**(39,600)**	**-**	**-**	**-**
Apartment	**90,000**	**-**	**-**	**(90,000)**	**-**	**-**	**-**
Freehold land	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Freehold land and building	**-**	**-**	**-**	**(485,419)**	**-**	**485,419**	**-**
Building and structures	**-**	**53,003**	**-**	**(153,375)**	**-**	**710,198**	**609,826**
At cost							
Freehold land	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Freehold land and building	**485,419**	**-**	**-**	**-**	**-**	**(485,419)**	**-**
Condominium apartment	**8,860**	**-**	**-**	**-**	**-**	**-**	**8,860**
Leasehold factory	**1,601,345**	**-**	**-**	**-**	**-**	**(1,601,345)**	**-**
Leasehold land	**43,335**	**-**	**-**	**-**	**-**	**(43,335)**	**-**
Building and structures	**710,198**	**-**	**-**	**-**	**-**	**(710,198)**	**-**
Plant and machinery	**7,655,146**	**917,395**	**-**	**-**	**-**	**-**	**8,572,541**
Forklifts	**179,934**	**24,968**	**-**	**-**	**-**	**-**	**204,902**
Motor vehicles	**613,743**	**87,301**	**-**	**-**	**(8,281)**	**-**	**692,763**
Tools, equipment, furniture, fixtures and fittings	**4,071,500**	**631,407**	**-**	**-**	**(177,326)**	**-**	**4,525,581**
	16,395,444	**1,714,074**	**-**	**(2,934,390)**	**(185,607)**	**-**	**14,989,521**

IMPAIRMENT LOSS	Balance at 01.10.2011 RM	Additions RM	Revaluation Surplus RM	Elimination of Accumulated depreciation on Revaluation RM	Disposals/ Written off RM	Reclassified RM	Balance at 30.09.2012 RM
Condominium apartment	**212,659**	**-**	**-**	**-**	**-**	**-**	**212,659**
	212,659	**-**	**-**	**-**	**-**	**-**	**212,659**

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

VALUATION/COST	As restated Balance at 01.10.2010 RM	Additions RM	Revaluation Surplus 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

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

ACCUMULATED DEPRECIATION	As restated Balance at 01.10.2010 RM	Charge for the year RM	Revaluation Surplus 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

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

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

	GROUP	
NET BOOK VALUE	**2012 RM**	2011 RM
At valuation		
Leasehold factory	**8,013,053**	1,709,290
Leasehold land	**1,613,334**	669,510
Office premises	**120,000**	70,400
Apartment	**350,000**	160,000
Freehold land	**15,984,000**	-
Freehold land and building	**12,027,950**	-
Building and structures	**2,093,133**	-
At cost		
Freehold land	**-**	10,146,853
Freehold land and building	**-**	10,751,376
Condominium apartment	**1**	1
Leasehold factory	**-**	4,222,603
Leasehold land	**-**	39,999
Capital work in progress	**-**	2,099,277
Building and structures	**-**	2,109,150
Plant and machinery	**6,680,493**	7,324,831
Forklifts	**114,818**	60,786
Motor Vehicles	**257,265**	163,830
Tools, equipment, furniture, fixtures and fittings	**2,753,154**	2,664,874
	50,007,201	42,192,780

The Group's properties were revalued by independent valuers, CB Richard Ellis Malaysia in April 2012 on the "Open Market Value" basis of valuation. Upon revaluation, the surplus was transferred to the Revaluation Reserve Account.

Had the revalued property, plant and equipment been carried under the cost model, the carrying amounts of each class of property, plant and equipment that would have been included in the financial statements of the Group as at 30 September are as follows:

	GROUP	
	2012 RM	2011 RM
Leasehold factory	**5,681,733**	5,836,314
Leasehold land	**994,000**	1,019,600
Office premises	**68,200**	70,400
Apartment	**155,000**	160,000
Freehold land	**10,146,853**	10,146,853
Freehold land and building	**10,546,641**	10,751,376
Building and structures	**1,762,350**	1,801,446
	29,354,777	29,785,989

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

Certain freehold land, freehold land and building, leasehold factory and leasehold land of the Group with an aggregate carrying value of RM30,478,161 (2011 – RM24,416,658) have been charged to banks for banking facilities granted to the subsidiaries (Notes 17 and 22).

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangements at cost of RM105,244 (2011 – Nil) (Note 18).

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

	GROUP	
	2012 RM	2011 RM
Building and structures	**264,642**	237,833
Tools, equipment, furniture, fixtures and fittings	**1,885,824**	1,688,787
Plant and machinery	**3,777,663**	1,016,051
Motor vehicles	**603,851**	532,135
	6,531,980	3,474,806

The Company has no property, plant and equipment as at 30 September 2012.

5. INVESTMENT PROPERTY

	GROUP	
At fair value	**2012 RM**	2011 RM
At beginning of year	**90,000**	90,000
Change in fair value recognised in other comprehensive income	**200,000**	-
At end of year	**290,000**	90,000

The fair value of the investment properties of the Group was recommened by the Directors as at the end of reporting period based on an indicative market value from the valuation exercise carried out by an independent professional valuers, CB Richard Ellis (Johor) Sdn. Bhd. in April 2012 on an open market value basis.

No rental income received from the investment properties.

Direct operating expenses arising from investment properties during the financial year are quit rent amounting to RM90 (2011 – RM90).

6. INVESTMENT IN SUBSIDIARY COMPANIES

	GROUP	
	2012 RM	2011 RM
Unquoted shares at cost	**5,510,125**	5,510,125

6. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Details of the subsidiary companies are as follows:

NAME OF COMPANY	% EQUITY HELD 2012	2011	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
Direct				
Halex (M) Sdn. Bhd.	**100**	100	Malaysia	Manufacturing, distributions and agency of agrochemicals
Halex Woolton (M) Sdn. Bhd.	**100**	100	Malaysia	Manufacturing and distributions of disposable heal thcare 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) Pte. 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 2012 RM	2011 RM
Quoted securities - at cost	**128,952**	128,897
Add: Acquisition during the year	**-**	55
Less: Allowance for dimunition in value of investment	**(26,510)**	(27,387)
Carrying amount	**102,442**	101,565
- at market value	**102,442**	101,565

8. OTHER INVESTMENTS

	GROUP	
	2012	2011
	RM	RM
Club membership - at cost	**26,000**	26,000

Club membership is stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the club membership.

9. INTANGIBLE ASSETS

	GROUP	
	2012	2011
Trademark - at cost	**RM**	RM
At beginning of year	**26,729**	26,729
Add: Addition during the year	**17,284**	-
At end of year	**44,013**	26,729

10. DEVELOPMENT COSTS

	GROUP	
	2012	2011
	RM	RM
Cost		
At beginning of year	**808,794**	716,338
Additions - internally developed	**-**	92,456
At end of year	**808,794**	808,794
Amortisation		
At beginning of year	**-**	-
Amortisation for the financial year	**80,879**	-
At end of year	**80,879**	-
Net carrying amount		
At end of year	**727,915**	808,794

Development costs principally comprise internally generated expenditure on development on major projects where it is reasonably anticipated that the costs will be recovered through future commercial activities.

Included in development costs incurred during the year is amortisation capitalised amounting to Nil (2011 – RM33,188).

Amortisation charge for the financial year of RM80,879 (2011 – Nil) has been expensed in the profit or loss under cost of sales.

11. AMOUNT DUE FROM SUBSIDIARY COMPANIES

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

12. INVENTORIES

	GROUP	
	2012 RM	2011 RM
At cost:		
Raw materials	**9,166,711**	13,666,941
Work-in-progress	**663,886**	514,397
Finished goods	**4,371,920**	6,177,013
Tissue culture	**287,115**	263,320
Goods for resale	**6,469,723**	7,058,211
Consumables	**970,363**	980,767
	21,929,718	28,660,649

13. TRADE RECEIVABLES

	GROUP	
	2012 RM	2011 RM
Trade receivables	**16,617,477**	17,559,242
Less: Allowance for impairment	**(148,512)**	(229,812)
	16,468,965	17,329,430

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:

	GROUP	
	2012 RM	2011 RM
Neither past due nor impaired	**14,900,222**	15,448,494
1 to 30 days past due not impaired	**975,372**	1,463,053
31 to 60 days past due not impaired	**274,174**	315,518
61 to 90 days past due not impaired	**101,452**	233,221
more than 91 days past due not impaired	**366,257**	98,956
	16,617,477	17,559,242
Less: Allowance for doubtful debts	**(148,512)**	(229,812)
	16,468,965	17,329,430

Receivables that are neither past due nor impaired
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.

Receivables that are past due but not impaired
The Group has trade receivables amounting to RM1,568,743 (2011 – RM1,880,936) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

13. TRADE RECEIVABLES (cont'd)

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	
	2012	2011
	RM	RM
At beginning of year	**(229,812)**	(273,940)
Add: Charge during the year	**-**	(9,512)
Less: Reversal of allowance for impairments	**81,300**	53,640
At end of year	**(148,512)**	(229,812)

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.

14. OTHER RECEIVABLES AND DEPOSITS

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Other receivables	243,233	56,919	-	-
Deposits	223,110	118,367	1,000	1,000
Prepayments	2,440,011	739,589	-	-
	2,906,354	914,875	1,000	1,000

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

15. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The effective interest rate for deposits with licensed financial institutions at the end of the financial year is between 3.00% and 3.25% (2011 – 2.25% and 3.25%) per annum.

Deposits with licensed financial institutions amounting to RM1,569,667 (2011 – RM1,520,481) are pledged for banking facilities granted to the Group (Note 22).

16. CAPITAL AND RESERVES

(a) Share capital

	GROUP AND COMPANY			
	Amount 2012 RM	**Number of shares 2012**	Amount 2011 RM	Number of shares 2011
Authorised:				
Ordinary shares of RM0.50 each	**100,000,000**	**200,000,000**	100,000,000	200,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each				
At beginning of year	**40,000,000**	**80,000,000**	40,000,000	80,000,000
Bonus issue on 25.09.2012	**10,000,000**	**20,000,000**	-	-
At end of year	**50,000,000**	**100,000,000**	40,000,000	80,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All the ordinary shares rank equally with regard to the Company's residual assets.

On 25 September 2012, the issued and paid up capital of the Group was increased from RM40,000,000 to RM50,000,000 through a bonus issue of 20,000,000 ordinary shares of RM0.50 each on the basis of four (4) new ordinary share for every one (1) existing ordinary share held affected by capitalising RM651,042 from share premium and RM9,348,958 from retained earnings. These shares rank pari passu to the existing ordinary shares.

(b) Revaluation reserves
The revaluation reserve is used to record increases in the fair value of freehold and leasehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(c) Share premium

	GROUP	
	2012 RM	2011 RM
At beginning of year	**731,375**	731,375
Bonus issue	**(731,375)**	-
At end of year	**-**	731,375

The share premium represents premium arising from the issuance of ordinary shares of the Company at issue price above par value.

(d) Exchange reserves
The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

17. TERM LOANS

	GROUP	
	2012 **RM**	2011 RM
Due within one year	**1,231,200**	1,231,200
Due after one year and not later than five years	**2,290,322**	3,526,525
	3,521,522	4,757,725

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.

18. FINANCE LEASE PAYABLES

	GROUP	
	2012 **RM**	2011 RM
Minimum lease payments		
- not later than one year	**20,928**	-
- later than one year and not later than five years	**69,745**	-
	90,673	-
Less: Amount representing finance charges	**(11,013)**	-
Present value of minimum lease payment	**79,660**	-
Represented by:		
Current		
- not later than one year	**16,469**	-
Non-current		
- later than one year and not later than five years	**63,191**	-
	79,660	-

The finance lease payables bear interest of 6.09% (2011 – Nil) per annum.

19. DEFERRED TAXATION

	GROUP	
	2012 **RM**	2011 RM
At beginning of year	**401,502**	402,902
Recognised in the statement of comprehensive income (Note 26)	**(8,200)**	(1,400)
At end of year	**393,302**	401,502

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	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Other payables	**1,750,072**	2,027,392	**-**	-
Accruals	**2,358,291**	2,292,041	**31,812**	23,014
Deposits received	**77,000**	-	**-**	-
	4,185,363	4,319,433	**31,812**	23,014

22. BILLS PAYABLE AND BANK OVERDRAFT

The bills payable bear interest between 4.30% per annum 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 deposits with licensed financial institutions (Note 15);
(iii) Joint and several guarantee by the Directors of the Company; and
(iv) Corporate guarantees of the Company.

23. REVENUE

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Sales of goods	**102,036,861**	101,290,576	**-**	-
Gross dividends from subsidiary company	**-**	-	**19,343,981**	2,403,151
	102,036,861	101,290,576	**19,343,981**	2,403,151

24. OTHER INCOME

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Allowance for diminution in value of quoted securities written back	**877**	8,447	**-**	-
Allowance for impairment written back	**81,300**	53,640	**-**	-
Gain on disposal of property, plant and equipment	**391**	83,096	**-**	-
Gain on foreign exchange realised from quoted investments	**115,174**	46,994	**-**	-
Gross dividends received	**2,890**	2,532	**-**	-
Insurance claim received	**3,491**	2,061	**-**	-
Insurance commission received	**3,016**	-	**-**	-
Interest on fixed deposits	**255,326**	242,465	**-**	-
Interest received	**10,120**	-	**182**	-
Legal fee recovered	**21,402**	-	**-**	-
Rental income	**2,550**	5,900	**-**	-
Sundry income	**100**	3,218	**-**	-
	496,637	448,353	**182**	-

25. PROFIT BEFORE TAXATION

This has been determined after charging the following items:

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Allowance for impairment	**-**	9,512	**-**	-
Amortisation	**80,879**	47,178	**-**	-
Audit fees	**83,693**	70,764	**28,000**	20,000
Bad debts written off	**44,659**	18,830	**-**	-
Bank overdraft interest	**24,759**	86,116	**-**	-
BA discounting charges	**95,584**	117,350	**-**	-
Depreciation	**1,714,074**	1,984,600	**-**	-
Directors' remuneration				
- directors' fees	**261,693**	266,603	**234,000**	234,000
- salaries and other emoluments	**1,760,839**	1,738,855	**24,000**	23,000
Hire purchase interest	**3,612**	-	**-**	-
LC and trust receipt charges	**120,567**	215,862	**-**	-
Loss on disposal of property, plant and equipment	**490**	-	**-**	-
Loss on foreign exchange - realised	**2,592**	27,846	**-**	-
- unrealised	**44,114**	-	**-**	-
Property, plant and equipment written off	**85,767**	4,485	**-**	-
Rental	**142,782**	-	**-**	-
Rental of equipment and warehouse	**22,320**	-	**-**	-
Rental of land	**18,720**	18,720	**-**	-
Term loan interest	**208,925**	246,040	**-**	-
and crediting:				
Allowance for diminution in value of investment written back	**877**	8,447	**-**	-
Allowance for impairment written back	**81,300**	53,640	**-**	-
Gain on disposal of property, plant and equipment	**391**	83,096	**-**	-
Gain on foreign exchange - realised	**115,174**	46,994	**-**	-
Gross dividends received from quoted investments	**2,890**	2,532	**-**	-
Insurance claim received	**3,491**	2,061	**-**	-
Insurance commission received	**3,016**	-	**-**	-
Interest on fixed deposits	**255,326**	242,465	**-**	-
Interest received	**10,120**	-	**182**	-
Legal fee recovered	**21,402**	-	**-**	-
Rental income	**2,550**	5,900	**-**	-

26. TAXATION

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

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Provision for current year	**1,038,568**	1,457,850	**-**	-
Overprovision in prior years	**(1,253)**	(5,639)	**-**	-
Deferred taxation (Note 19)	**(8,200)**	(1,400)	**-**	-
	1,029,115	1,450,811	**-**	-

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:

	2012 RM	2011 RM
GROUP		
Profit before taxation	**5,417,890**	5,808,633
Taxation at the Malaysian statutory tax rate of 25%	**1,354,473**	1,452,158
Expenses not deductible for tax purposes	**265,912**	269,845
Income not subjected to tax	**(117,213)**	(144,970)
Utilisation of reinvestment allowance	**(97,778)**	(36,755)
Effect on double tax deductions	**-**	(53,192)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(375,026)**	-
Deductible temporary differences not recognised during the year	**-**	(122,943)
Overprovision of income tax in prior	**(1,253)**	(5,639)
Others	**-**	92,307
Tax expense for the year	**1,029,115**	1,450,811

	2012 RM	2011 RM
COMPANY		
Profit before taxation	**18,897,997**	1,984,181
Taxation at the Malaysian statutory tax rate of 25%	**4,724,499**	496,045
Expenses not deductible for tax purposes	**15,345**	24,275
Income not subject to tax	**(4,739,844)**	(520,320)
Tax expense for the year	**-**	-

27. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

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

	GROUP	
	2012 RM	2011 RM
Profit for the year (RM)	**4,388,775**	4,357,822
Weighted average number of ordinary shares in issue	**80,273,224**	80,000,000
Basic earnings per share (sen)	**5.47**	5.45

(b) Diluted earnings per ordinary share

For diluted earnings per ordinary share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential ordinary shares.

28. DIVIDENDS

	GROUP AND COMPANY	
	2012 RM	2011 RM
Dividends paid		
A first and final single tier dividend of 6% in respect of the year ended 30 September 2010	**-**	2,400,000
A first and final single tier dividend of 7% in respect of the year ended 30 September 2011	**2,800,000**	-
	2,800,000	2,400,000

At the forthcoming Annual General Meeting, a single tier final dividend of 6% amounting to RM3,000,000 in respect of the financial year ended 30 September 2012 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 2013.

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	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Deposits with licensed financial institutions	**10,375,877**	8,138,437	**-**	-
Cash and bank balances	**4,171,182**	3,874,527	**49,203**	13,116
Bank overdraft (Note 22)	**(607,741)**	(1,314,757)	**-**	-
	13,939,318	10,698,207	**49,203**	13,116
Less: Deposits with licensed financial institutions pledged to bank (Note 15)	**(1,569,667)**	(1,520,481)	**-**	-
	12,369,651	9,177,726	**49,203**	13,116

30. EMPLOYEE INFORMATION

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Salaries and allowances	**11,284,726**	10,717,309	**24,000**	23,000
E.P.F. and Socso contributions	**1,227,852**	1,177,331	**-**	-
Other staff related expenses	**829,750**	1,057,655	**-**	-
	13,342,328	12,952,295	**24,000**	23,000

Included in staff of the Group are Executive Directors' remuneration amounting to RM1,710,001 (2011 – RM1,689,107) as disclosed in Note 31.

31. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Executive:				
Fees	**143,000**	143,000	**120,000**	120,000
Salaries and other emoluments	**1,710,001**	1,689,107	**-**	-
	1,853,001	1,832,107	**120,000**	120,000
Non-Executive:				
Fees	**118,693**	123,603	**114,000**	114,000
Salaries and other emoluments	**50,838**	49,748	**24,000**	23,000
	169,531	173,351	**138,000**	137,000
Total	**2,022,532**	2,005,458	**258,000**	257,000

32. RELATED PARTY TRANSACTIONS

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

	GROUP		COMPANY	
	2012 RM	2011 RM	**2012 RM**	2011 RM
Dividend received from subsidiary company				
- Halex (M) Sdn. Bhd.	**-**	-	**12,743,981**	2,403,151
- Halex Woolton (M) sdn. bhd.	**-**	-	**6,600,000**	-
Sales to related party which certain directors of a subsidiary have interests				
- Chop Bee Heng	**-**	342,633	**-**	-
- Pesticides & Fertiliser Sdn. Bhd.	**360,734**	357,798	**-**	-
- Kota Tinggi Estate Supplies Sdn. Bhd.	**19,500**	16,025	**-**	-

32. RELATED PARTY TRANSACTIONS (Cont'd)

(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:

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
Total	**1,853,001**	1,832,107	**120,000**	120,000

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

33. CONTINGENT LIABILITIES

	COMPANY	
	2012	2011
	RM	RM
Guarantees given to financial institutions for credit facilities granted to the subsidiary companies	**42,663,000**	42,663,000

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 available for sales (AFS) and loans and receivables (L&R), and financial liabilities as other financial liabilities measured at amortised cost (AC).

Group	AFS	L&R	AC	TOTAL
	RM	**RM**	**RM**	**RM**
At 30 September 2012				
Financial Assets				
Investment in quoted securities	**102,442**	**-**	**-**	**102,442**
Other investments	**26,000**	**-**	**-**	**26,000**
Trade receivables	**-**	**16,468,965**	**-**	**16,468,965**
Other receivables and deposits	**-**	**2,906,354**	**-**	**2,906,354**
Deposits with licensed financial institutions	**-**	**10,375,877**	**-**	**10,375,877**
Cash and bank balances	**-**	**4,171,182**	**-**	**4,171,182**
	128,442	**33,922,378**	**-**	**34,050,820**
Financial Liabilities				
Trade payables	**-**	**-**	**3,388,249**	**3,388,249**
Other payables and accruals	**-**	**-**	**4,185,363**	**4,185,363**
Term loans	**-**	**-**	**3,521,522**	**3,521,522**
Finance lease payables	**-**	**-**	**79,660**	**79,660**
Bills payable	**-**	**-**	**5,097,000**	**5,097,000**
Bank overdraft	**-**	**-**	**607,741**	**607,741**
	-	**-**	**16,879,535**	**16,879,535**

34. FINANCIAL INSTRUMENTS (Cont'd)

(a) Classification of financial instruments (Cont'd)

Group	AFS RM	L&R RM	AC RM	TOTAL RM
At 30 September 2011				
Financial Assets				
Investment in quoted securities	101,565	-	-	101,565
Other investments	26,000	-	-	26,000
Trade receivables	-	17,329,430	-	17,329,430
Other receivables and deposits	-	914,875	-	914,875
Deposits with licensed financial institutions	-	8,138,437	-	8,138,437
Cash and bank balances	-	3,874,527	-	3,874,527
	127,565	30,257,269	-	30,384,834
Financial Liabilities				
Trade payables	-	-	5,686,945	5,686,945
Other payables and accruals	-	-	4,319,433	4,319,433
Term loans	-	-	4,757,725	4,757,725
Bills payable	-	-	6,223,509	6,223,509
Bank overdraft	-	-	1,314,757	1,314,757
	-	-	22,302,369	22,302,369

Company	AFS RM	L&R RM	AC RM	TOTAL RM
At 30 September 2012				
Financial Assets				
Other receivables and deposits	**-**	**1,000**	**-**	**1,000**
Amount due from subsidiary companies	**-**	**51,010,060**	**-**	**51,010,060**
Cash and bank balances	**-**	**49,203**	**-**	**49,203**
	-	**51,060,263**	**-**	**51,060,263**
Financial liabilities				
Other payables and accruals	**-**	**-**	**31,812**	**31,812**
Company				
At 30 September 2011				
Financial Assets				
Other receivables and deposits	-	1,000	-	1,000
Amount due from subsidiary companies	-	35,019,685	-	35,019,685
Cash and bank balances	-	13,116	-	13,116
	-	35,033,801	-	35,033,801
Financial liabilities				
Other payables and accruals	-	-	23,014	23,014

34. FINANCIAL INSTRUMENTS (Cont'd)

(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.

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 2012						
Floating rate						
Deposits with licensed financial institutions	15	2.79	**10,375,877**	**-**	**-**	**10,375,877**
Term loans	17	1.50%+ ECOF	**1,231,200**	**2,290,322**	**-**	**3,521,522**
Bills payable	22	4.51	**5,097,000**	**-**	**-**	**5,097,000**
			16,704,077	**2,290,322**	**-**	**18,994,399**
Group						
At 30 September 2011 Floating rate						
Deposits with licensed financial institutions	15	2.86	8,138,437	-	-	8,138,437
Term loans	17	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

34. FINANCIAL INSTRUMENTS (Cont'd)

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

(i) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis
The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group	
	2012	2011
	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM
Effect on profit after taxation		
Increase of 100 Basis Point (bp)	**17,574**	(28,428)
Decrease of 100 Basis Point (bp)	**(17,574)**	28,428
Effect on equity		
Increase of 100 Basis Point (bp)	**17,574**	(28,428)
Decrease of 100 Basis Point (bp)	**(17,574)**	28,428

(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, corporate guarantees to financial institutions for banking facilities granted to subsidiary companies and amount due from subsidiary companies. For other financial assets (including investment in quoted securities, deposits with licensed financial institutions 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.

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

i. The carrying amount of each class of financial assets recognised in the statements of financial position.
ii. A nominal amount of RM42,663,000 (2011 – RM42,663,000) relating to corporate guarantees to 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 13. 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. As at the end of the reporting period, there was no indication that any subsidiary companies would defaulted on repayment.

Financial assets that are either past due or impaired
Information regarding trade receivables that are either past due or impaired is disclosed in Note 13.

34. FINANCIAL INSTRUMENTS (Cont'd)

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

(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 Dollar, 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 --------->			
	United States Dollar	Singapore Dollar	Japenese Yen	Total
	RM	RM	RM	RM
Group				
At 30 September 2012				
Trade receivables	**2,209,287**	**919,958**	**304,165**	**3,433,410**
Cash and bank balances	**1,846,167**	**237,692**	**-**	**2,083,859**
Trade payables	**(82,662)**	**(12,258)**	**-**	**(94,920)**
	3,972,792	**1,145,392**	**304,165**	**5,422,349**
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)
	881,547	1,609,288	342,003	2,832,838

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD and JPY exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2012	2011
		RM	RM
USD/RM	- Strengthened 5%	**198,640**	44,077
	- Weakened 5%	**(198,640)**	(44,077)
SGD/RM	- Strengthened 5%	**57,270**	80,464
	- Weakened 5%	**(57,270)**	(80,464)
JPY/RM	- Strengthened 5%	**15,208**	17,100
	- Weakened 5%	**(15,208)**	(17,100)

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

	On demand or within 1 year	2 - 5 years	More than 5 years	Total
At 30 September 2012	**RM**	**RM**	**RM**	**RM**
Trade payables	**3,388,249**	**-**	**-**	**3,388,249**
Other payables and accruals	**4,185,363**	**-**	**-**	**4,185,363**
Term loans	**1,231,200**	**2,290,322**	**-**	**3,521,522**
Hire purchase payables	**16,469**	**63,191**	**-**	**79,660**
Bills payable	**5,097,000**	**-**	**-**	**5,097,000**
Bank overdraft	**607,741**	**-**	**-**	**607,741**
	14,526,022	**2,353,513**	**-**	**16,879,535**
At 30 September 2011	**RM**	**RM**	**RM**	**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

COMPANY

	On demand or within 1 year	2 - 5 years	More than 5 years	Total
At 30 September 2012	**RM**	**RM**	**RM**	**RM**
Other payables and accruals	**31,812**	**-**	**-**	**31,812**
At 30 September 2011	**RM**	**RM**	**RM**	**RM**
Other payables and accruals	23,014	-	-	23,014

34. FINANCIAL INSTRUMENTS (Cont'd)

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

(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 Securities Berhad.

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 except for the following:

	CARRYING AMOUNT		FAIR VALUE	
	2012	2011	**2012**	2011
	RM	RM	**RM**	RM
The Group				
Finance lease payables	**79,660**	-	**76,311**	-
Term loans	**3,521,522**	4,757,725	**3,521,522**	4,757,725

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 2012 and 30 September 2011.

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.

36. CAPITAL MANAGEMENT (Cont'd)

The gearing ratio for the Group as at 30 September 2012 and 30 September 2011 are as follows:

	GROUP	
	2012	2011
	RM	RM
Trade payables	**3,388,249**	5,686,945
Other payables and accruals	**4,185,363**	4,319,433
Bills payable	**5,097,000**	6,223,509
Term loans	**3,521,522**	4,757,725
Hire purchase payables	**79,660**	-
Less: Cash and cash equivalents	**(13,939,318)**	(10,698,207)
Net debt	**2,332,476**	10,289,405
Equity attributable to the owners of the parent	**90,081,383**	79,522,468
Capital and net debt	**92,413,859**	89,811,873
Gearing ratio	**0.03**	0.11

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 – GROUP (Cont'd)

BUSINESS SEGMENTS

2012 REVENUE AND EXPENSES	Investment Holding RM	Agro-Chemical RM	Healthcare Disposables RM	Horticulture and Agro-Biotechnology RM	Elimination RM	Consolidated RM
Revenue						
External sales	-	50,694,557	44,723,765	6,618,539	-	102,036,861
Dividend income	19,343,981	-	-	-	(19,343,981)	-
Inter-segment sales	-	10,164,731	94,689	38,748	(10,298,168)	-
Total revenue	19,343,981	60,859,288	44,818,454	6,657,287	(29,642,149)	102,036,861
Results						
Segment results	18,893,566	4,604,588	1,412,735	39,892	(19,343,981)	5,606,800
Finance costs	-	(114,091)	(339,356)	-	-	(453,447)
Finance income	-	250,360	9,721	4,456	-	264,537
Profit before taxation	18,893,566	4,740,857	1,083,100	44,348	(19,343,981)	5,417,890
Taxation	-	-	-	-	-	(1,029,115)
Profit for the financial year						4,388,775
Attributable to:						
Owners of the parent						4,388,775
ASSETS AND LIABILITIES						
Segment assets #	340,420	34,335,074	60,881,286	11,492,887	-	107,049,667
Segment liabilities @	34,612	5,965,696	10,353,388	525,839	-	16,879,535
OTHER INFORMATION						
Capital expenditure						
- Property plant and equipment	-	514,620	1,039,840	48,587		1,603,047
- Intangible assets		17,284	-	-		17,284
						1,620,331
Amortisation	-	-	-	80,879		80,879
Depreciation	-	222,103	1,267,400	224,571		1,714,074
						1,794,953

37. SEGMENT INFORMATION – GROUP (Cont'd)

BUSINESS SEGMENTS

2011 REVENUE AND EXPENSES	Investment Holding RM	Agro-Chemical RM	Healthcare Disposables RM	Horticulture and Agro-Biotechnology RM	Elimination RM	Consolidated 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 revenue	2,403,151	65,399,535	41,126,342	6,400,047	(14,038,499)	101,290,576
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

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 INFORMATION – GROUP (Cont'd)

GEOGRAPHICAL SEGMENTS

	GROUP	
	2012 RM	2011 RM
Africa	**1,949,436**	1,526,530
Australia	**-**	300,034
East Asia	**8,656,421**	8,398,796
Europe	**721,798**	657,149
South America	**70,022**	58,026
South Asia	**620,486**	851,943
South East Asia	**14,286,810**	12,367,758
Malaysia	**75,731,888**	77,130,340
	102,036,861	101,290,576

(c) Major customers
There is no significant concentration of revenue from any major customers.

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 retained earnings 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 2012, into realised and unrealised profits, pursuant to the directive, is as follows:

	GROUP	**COMPANY**
	2012 RM	**2012 RM**
Total retained earnings of the Company and its subsidiaries		
- Realised	**30,093,076**	6,580,011
- Unrealised	**(393,600)**	-
	29,699,476	6,580,011
Add: Consolidated adjustments	**173,448**	-
Retained earnings as per financial statements	**29,872,924**	6,580,011

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.

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

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.

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ADDITIONAL
COMPLIANCE INFORMATION

(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.

(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 transferred to working capital (RM)
Extension/expansion works on factory building and operations	2,000,000	1,436,914	563,086
Nursery land and development costs	1,100,000	1,100,000	Nil
Capital and R&D expenditures	1,500,000	1,455,528	44,472
Repayment of bank borrowings	1,200,000	1,200,000	Nil
Working capital	450,000	450,000	Nil
Estimated listing expenses	1,550,000	1,550,000	Nil
Total	7,800,000	7,192,442	607,558

(c) Share Buybacks
The Company did not make any share buy-back during the financial year ended 30 September 2012.

(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
Non-audit fees paid to its external auditors by the Company for the financial year ended 30 September 2012 is RM25,000.

(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 2012.

(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 2012.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility ("CSR")
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 Non-Governmental Organisations ("NGO") 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, such as:-

(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 25 January 2013

Share Capital

Authorised Share Capital	RM100,000,000	(200,000,000 ordinary shares of RM0.50 each)
Issued and fully paid-up capital	RM50,000,000	(100,000,000 ordinary shares of RM0.50 each)
Adjusted issued & paid-up capital	RM50,000,000	(100,000,000 ordinary shares of RM0.50 each)
Class of shares	Ordinary Shares of RM0.50 each	
Voting Rights	One vote per share	

Distribution of Shareholdings as at 25 January 2013

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	14	1.32	571	0.00
100 – 1,000	191	18.07	62,222	0.06
1,001 – 10,000	366	34.63	1,604,300	1.60
10,001 – 100,000	401	37.94	11,973,003	11.97
100,001 - 1,000,000	68	6.43	18,265,028	18.27
Over 1,000,000	17	1.61	68,094,876	68.09
TOTAL	**1,057**	**100.00**	**100,000,000**	**100.00**

Substantial Shareholders as at 25 January 2013

Name	Direct Interest	%	Deemed interest	%
1. Yeoh Cheng Poh	14,843,493	14.84	572,125	0.57
2. Low Ngak Tiow	13,659,606	13.66	25,000	0.03
3. Ong E Jo @ Wong Ah Chuan	9,782,096	9.78	23,750	0.02
4. Malaysia Nominees (Tempatan) Sendirian Berhad Beneficiary : Pledged Securities account for Farmcochem Sdn Bhd	5,077,750	5.08	-	-

Directors' Shareholding as at 25 January 2013

Name	Direct Interest	%	Deemed interest	%
1. Yeoh Cheng Poh	14,843,493	14.84	572,125	0.57
2. Low Ngak Tiow	13,659,606	13.66	25,000	0.03
3. Ong E Jo @ Wong Ah Chuan	11,855,596	11.86	23,750	0.02
4. Husaini B Md Sadli @ Md Sardili	1,285,046	1.28	-	-
5. Supian Bin Yussof	730,036	0.73	-	-
6. Chiew Khwai @ Chiew Swee King	2,285,000	2.28	-	-
7. Tham Kut Cheong	-	-	-	-
8. Song Kok Cheong	-	-	-	-
9. Dato' Dr Yeang Hoong Yeet	61,250	0.06	6,250	0.01

Thirty Largest Registered Shareholders As At 25 January 2013

No.	Name	Shareholdings	%
1	Yeoh Cheng Poh	14,843,493	14.84
2	Low Ngak Tiow	13,659,606	13.66
3	Ong E Jo @ Wong Ah Chuan	9,782,096	9.78
4	Malaysia Nominees (Tempatan) Sendirian Berhad Beneficiary : Pledged securities account for Farmcochem Sdn Bhd	5,077,750	5.08
5	Quantum Expansion Sdn Bhd	3,253,182	3.25
6	Ng Choon Kwee	3,244,750	3.24
7	Hew Sen Kian	3,211,150	3.21
8	Sundat (S) Pte Ltd	2,569,677	2.57
9	Chiew Khwai @ Chiew Swee King	2,035,000	2.04
10	Mohd Said Bin Ibrahim	1,567,608	1.57
11	Farmcochem Sdn Bhd	1,493,250	1.49
12	Farmcochem Sdn Bhd	1,304,250	1.30
13	Husaini Bin Md Sadli @ Md Sardili	1,285,046	1.29
14	Alliancegroup Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Ong E Jo @ Wong Ah Chuan	1,250,000	1.25
15	Kow Song Tong	1,250,000	1.25
16	Fong Hoo Meng	1,248,018	1.25
17	Yap Kon Meng	1,020,000	1.02
18	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Chen Sen Loon	773,425	0.77
19	Kwok Hon Wun	753,500	0.75
20	Supian Bin Yussof	730,036	0.73
21	Wong Woon Peng @ Ong Inn Peng	703,800	0.70
22	HLB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Ong E Jo @ Wong Ah Chuan	652,500	0.65
23	Chew Chin Heng @ Chew Tiong Heng	582,375	0.58
24	Lim Mui Miaw	581,250	0.58
25	Tan Siew Ean	572,125	0.57
26	Yew Tuck Kai	562,500	0.56
27	Chan Siow Leng	436,825	0.44
28	Chen Sen Loon	431,407	0.43
29	Chan Siow Khoon	415,125	0.42
30	Chua Foon Cheng	412,500	0.41
		75,702,244	**75.70**

LIST OF PROPERTIES
AS AT 30 SEPTEMBER 2012

Property	Description/ Existing use	Approximate age of building	Tenure	Land area (Sq m)	Built-up area (Sq m)	Net Book Value as at 30/09/2012 (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	31 years	Freehold	-	32	120,000	12.04.2012^
Geran no.24222 Lot no.3277 Mukim Batang Kali District of Ulu Selangor State of Selangor	Apartment unit for staff recreation	26 years	Freehold	-	103	350,000	11.04.2012^
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	13 years	60 years lease expiring on 26.12.2053	4,860	4,768	6,000,000	4.11.2012^
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	4 years	Freehold	45,033	13,656	22,697,950	06.08.2012^
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	14 years	60 years lease expiring on 21.01.2050	12,237	3,562	2,630,843	06.04.2012^ 15.08.1998*
	Single storey detached factory, for Halex Industries	1 years			1,717	1,210,057	30.12.2011*
Lot 1167, GM 227, EMR 870 Mukim Senai 81000 Kulai Johor	Nursery for Halex Biotechnologies	N/A	Freehold	27,746	-	1,900,000	06.04.2012^
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	2,000,000 1,830,000	04.04.2012^ 04.04.2012^

LIST OF PROPERTIES
AS AT 30 SEPTEMBER 2012 cont'd

Property	Description/ Existing use	Approximate age of building	Tenure	Land area (Sq m)	Built-up area (sq m)	Net Book Value as at 30/09/2012 (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	-	1,414,000	06.04.2012^
HS(D) 13599 PTD no.1588 Mukim Pantai Timur, District of Kota Tinggi, Johor	Condominium unit / vacant	11 years	99 years 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	-	290,000	18.04.2012^

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty Second 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, 28 March 2013 for the following businesses:

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 September 2012 and the Directors' and Auditors' Reports thereon; **(Resolution 1)**

2. To declare a final single tier dividend of 6% amounting to RM3,000,000.00 in respect of the year ended 30 September 2012; **(Resolution 2)**

3. To approve the payment of Directors' fees amounting to RM234,000.00 for the financial year ended 30 September 2012; **(Resolution 3)**

4. To re-elect the following Directors, who retire in accordance with Article 86 of the Company's Articles of Association as follows : -

   a. Tham Kut Cheong **(Resolution 4)**
   b. Song Kok Cheong **(Resolution 5)**
   c. Dato' Dr Yeang Hoong Yeet **(Resolution 6)**

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

AS SPECIAL BUSINESS
To consider and, if deemed fit, to pass the following resolutions :

6. **Ordinary Resolution** **(Resolution 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 aggregate number of shares issued does not exceed ten per cent (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. **Ordinary Resolution** **(Resolution 9)**
   Proposed Renewal of Authority for Share Buy-Back

   "THAT subject to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares of RM0.50 each in the Company's issued and paid-up share capital through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company PROVIDED THAT:-

   a. The aggregate number of ordinary shares of RM0.50 each in the Company which may be purchased and/or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any one time.
   b. The maximum amount of funds to be allocated for the purchased share shall not exceed the aggregate amount of the share premium and unappropriated profit

c. The authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until :-

   (i) The conclusion of the next Annual General Meeting of the Company following the general meeting at which this resolution was passed at which time shall lapse unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to condition; or
   (ii) The expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed to Section 143(2) of the Act); or
   (iii) Revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

   whichever occurs first.

AND THAT the Board of Directors ("Board") be and are hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 67A of the Act) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares in such other manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and other relevant authorities for the time being in force;

AND THAT the Board be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Board may deem fit and expedient in the best interests of the Company."

8. **Special Resolution** **(Resolution 10)**
   Proposed Amendments to the Articles of Association

   "THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix 1 of the Annual Report 2012 of the Company be and are hereby approved."

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

By order of the Board,

LAANG JHE HOW (MIA 25193)
(Company Secretary)
Kuala Lumpur
Dated: 4 March 2013

Notes:

1. A member shall be entitled to appoint more than two (2) proxies to attend, vote and speak at the Meeting and a member who appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her 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 appointer or of his attorney duly authorized in writing or, if the appointer 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.
5. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 March 2013 ("General Meeting Record of Depositors") shall be entitled to attend, vote and speak at the Meeting or appoint a proxy or proxies to attend, vote and speak in his/her stead.

1. <u>Explanatory Notes on Ordinary Business:-</u>

Ordinary Resolution 1
Audited Financial Statements for the financial year ended 30 September 2012

The item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, the Agenda will not be put forward for voting.

2. <u>Explanatory Notes on Special Business:-</u>

a. Ordinary Resolution 8
Proposed Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act, 1965 at the Twenty Second AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the Twenty First AGM of the company held on 29 March 2012 (hereinafter referred to as the "Previous Mandate").

The Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

b. Ordinary Resolution 9
Proposed Renewal of Authority for Share Buy-Back
The proposed Ordinary Resolution 9, if passed, will empower the Company to purchase and/or hold up to ten per cent (10%) of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting. For further information, please refer to the Circular to Shareholders dated 4 March 2013 which is circulated together with this Annual Report.

c. Special Resolution 10
Proposed Amendments to the Articles of Association

The proposed Resolution 10, if passed, will bring the Company's Articles of Association in line with the amendments to the Main Market Listing Requirements of Bursa Securities, as set out in Appendix 1 of the Annual Report 2012 of the Company.

APPENDIX 1

The details of the proposed amendments to the Articles of Association of the Company are as follows:

No.	Existing Articles	Proposed Amendments
1.	Article 2 – Interpretation (New Interpretation)	Article 2 – Interpretation **Omnibus Account** - **An account in which securities are held for two or more beneficial owners in one securities account.** **Exempt Authorised Nominee** - **An authorized nominee defined under the Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act** **Share Issuance Scheme** - **A new scheme involving a new issuance of shares to the employees**
2.	Article 4 (iii) (New Provision)	Article 4 (iii) **No Director shall participate in a Share Issuance Scheme unless the members in general meeting have approved the specific allotment to be made to such Director.**
3.	Article 64 In every notice calling a meeting of the Company there shall appear with reasonable prominence, a statement that a Member entitled to attend and vote is entitled to appoint more than two (2) proxies to attend and vote instead of him, and that a proxy need not also be a Member. Where a Member appoints two (2) or more proxies, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.	Article 64 In every notice calling a meeting of the Company there shall appear with reasonable prominence, a statement that a Member entitled to attend, vote **and speak** is entitled to appoint not more than two (2) proxies to attend, vote **and speak** instead of him, and that a proxy need not also be a Member. Where a Member appoints two (2) proxies, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. **A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.**
4.	Article 65 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with Ordinary Shares of the Company standing to the credit of the said securities account.	Article 65 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint **not more than two (2) proxies** in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5.	Article 65 (a) (New Provision)	Article 65 (a) **Where a member of the Company is an Exempt Authorised Nominee, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies, which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where an Exempt Authorised Nominee appoints more than one (1) proxy in respect of each Omnibus Account, the appointment shall not be valid unless the Exempt Authorised Nominee specifies the proportion of the shareholding to be represented by each proxy.**

STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING

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

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

   Date : 28 March 2013
   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 Second AGM**

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

   a. Tham Kut Cheong
   b. Song Kok Cheong
   c. Dato' Dr Yeang Hoong Yeet

   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 2012 are presented in the "Directors' Profile" section on pages 5 to 8. Their securities holdings in the Group are presented in the "Directors' Interest" section on page 85.

3. **Board Meetings held in the financial year ended 30 September 2012**

   Five (5) Board Meetings were held during the financial year ended 30 September 2012. A record of the Directors' attendances at the Board Meeting is presented in the "Corporate Governance Statement" appearing on pages 12 to 16 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 20 March 2013, 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 Second Annual General Meeting of the Company to be held at the **Sapphire 3 – Level 4, Grand Paragon Hotel, Johor Bahru** on **Thursday, 28 March 2013** 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 2012 and the Directors' and Auditors' Reports thereon.		
2. To declare a final single tier dividend of 6 % in respect of the year ended 30 September 2012.		
3. To approve the payment of Directors' fees for the financial year ended 30 September 2012.		
4. To re-elect the Director, Mr Tham Kut Cheong who retires in accordance with Article 86 of the Company's Articles of Association.		
5. To re-elect the Director, Mr Song Kok Cheong who retires in accordance with Article 86 of the Company's Articles of Association.		
6. To re-elect the Director, Dato' Dr Yeang Hoong Yeet who retires in accordance with Article 86 of the Company's Articles of Association.		
7. To 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.		
9. To approve the Ordinary Resolution on the Proposed Renewal of Authority for Share Buy-Back.		
10. To approve the Special Resolution on the Proposed Amendments to the Articles of Association.		

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 ________________ 2013

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, vote and speak at the Meeting and a member who appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her 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 appointer or of his attorney duly authorized in writing or, if the appointer 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.
5. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 March 2013 ("General Meeting Record of Depositors") shall be entitled to attend, vote and speak at the Meeting or appoint a proxy or proxies to attend, vote and speak in his/her stead.

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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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1. Factory visit by Eastern Forever Sdn. Bhd., Sarawak

2. Tesco Malaysia audit at Ulu Tiram factory

3. TS Baby Wipes billboard in Malaysia

4. & 5. GMP training at Taruka factory

6. TS Baby Wipes Free Pillow promotion.

Angry Birds range of products launched in Tesco Malaysia & Watsons Malaysia/Singapore

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