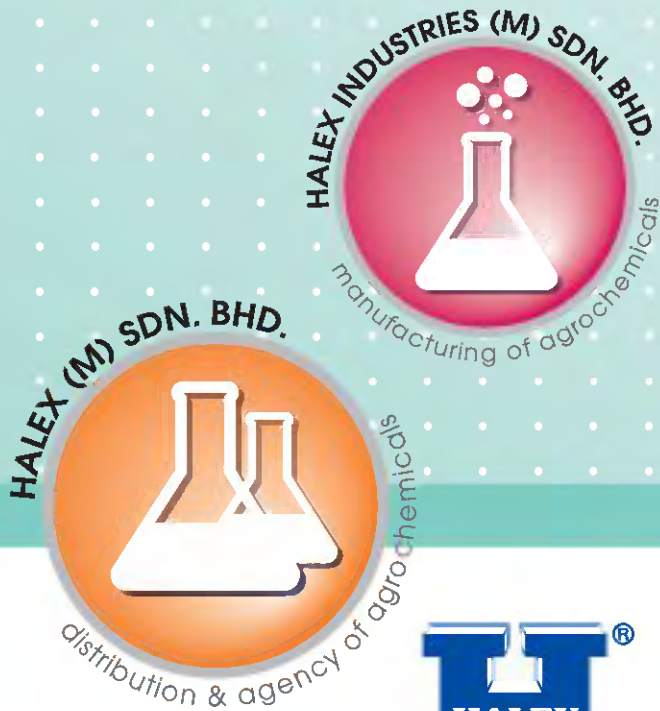


..... for the  
little **extra**

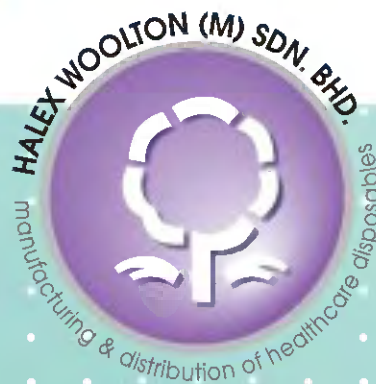


annual report 2010



..... for the little extra

**HALEX HOLDINGS  
BERHAD**  
(206220-U)





# OSHIN® 20WP

Tanaman 作物	Serangga Perosak 害虫	Kadar Racun 用剂量		Isi Padu Semburan Sehektar 每公顷喷液量
		10 Liter Air 10公升水	Sehektar 每公顷	
Kacang Manis 豌豆	Ulat Pelombong Daun 潜叶蝇 ( <i>Liriomyza</i> sp.)	10 g (克)	450 g (克)	450 liter (公升)
Cili 辣椒	Kutu Trip 蚜马 ( <i>Thrips palmi</i> )	10 g (克)	1000 g (克)	1000 liter (公升)
Padi 稻米	Bena Perang 褐飞虱 ( <i>Nilaparvata lugens</i> )	4 g (克)	75 g (克)	200 liter (公升)
Terung 茄子	Lelompat Daun 浮尘子 ( <i>Empoasca fabae</i> )	5 g (克)	400 g (克)	800 liter (公升)
Kailan 芥兰	Kabuh Lenting 跳叶蚤 ( <i>Phyllotreta vittata</i> )			

- Racun serangga jenis racun perut (ingesan) dan sentuhan.
- Sembur **OSHIN® 20WP** berselang-seli dengan racun serangga lain yang mempunyai cara tindakan yang berbeza bagi melambatkan kesan rintangan.
- 摄取性与胃毒性(接触性)杀虫剂。
- **OSHIN® 20WP**须配合其他不同功效的杀虫剂间隔施用，以缓和害虫产生抗药力。



Didaftarkan oleh :  
**HALEX (M) SDN. BHD.** 合力馬有限公司(47751-V)  
 9, Jalan Taruka, Tampol Ind. Estate,  
 81200 Johor Bahru, Johor, Malaysia.  
 Tel: 6(07)-2371543 Faks: 6(07)-2370276

BACALAH LABEL KELUARAN SEBELUM MENGGUNAKANNYA

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**Pic.**

1. Tissue Culture (TC) of Banana Seedlings
2. TC Banana Seedling (Ready for Transplanting)
3. TC Banana Plants at Fruiting Stage
4. Sanderiana White for Japan Market
5. Cordyline Snow White for Cuttings Export
6. Orchids for Export Market
7. Yellow Palm for Cuttings Export
8. Millennium Plants for Chinese New Year

**Horticulture**

- Supplies cut follages/archids & ornamental pot plants for local and overseas markets

**Plant Tissue Culture**

- Provides contract services for micropropogation of orchids, amamentals, fallago plants and economic crops
- Seed pod culture

**Research & Development Facilities**

- Microbiology Laboratory
- Experimental Glass House

**HALEX BIOTECHNOLOGIES SDN. BHD.** (194063-1)

*Nursery & Plant Tissue Culture Laboratory:*

Lat 650 & 651, Ban Foo Village, Mukim Plentong,

81800 Ulu Tiram, Johor, Malaysia.

Tel: 07-8650523 Fax: 07-8650518

## corporate information

### BOARD OF DIRECTORS

Yeah Cheng Pah  
*Chairman cum Managing Director*

Law Ngak Tiaw  
*Nan-Independent Executive Director*

Ong E Ja @ Wang Ah Chuan  
*Nan-Independent Executive Director*

Husaini B Md Sadli @ Md Sardili  
*Nan-Independent Executive Director*

Supian Bin Yussaf  
*Nan-Independent Executive Director*

Chiew Khwai @ Chiew Swee King  
*Independent Non-Executive Director*

Tham Kut Cheang  
*Independent Non-Executive Director*

Song Kok Cheong  
*Independent Non-Executive Director*

Dato' Dr Yeang Hoong Yeet  
*Independent Non-Executive Director*

### AUDIT COMMITTEE

Tham Kut Cheang (Chairman)

Sang Kak Cheang

Dato' Dr Yeang Haang Yeet

### NOMINATION & REMUNERATION COMMITTEE

Yeoh Cheng Poh (Chairman)

Tham Kut Cheang

Sang Kak Cheang

### 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  
Hang Leang 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



# 30<sup>th</sup> Anniversary Celebration



Happy Birthday to HALEX



1



2



3



4



5



6



7



8

1. Drum Performance (二十四节令鼓) by JB Drum Enterprise
2. Cheque Presentations to Charity Organisations
  - Persatuan Kanak-kanak Spastik Johor
  - Rumah Cheshire Johor
  - Care Heart Association Johor Bahru
  - The Breast Cancer Support Group JB
  - JB Lions Renal Care Foundation
3. Guests from Kenya, Philippines & Sarawak
4. Recipients of Long Service Award - 10 years
5. Recipients of Long Service Award - 15 years
6. Recipients of Long Service Award - 20 years
7. Talentime Winner - The Wonder Girls
8. Local Guest

## directors' profile

### Yeoh Cheng Poh

*A Malaysian aged 62, is our Chairman cum Managing Director, and was appointed to the Board on 13 October 1990.*

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

Always keeping a heart for R&D, and an eye for commerce, Mr. Yeoh was instrumental in broadening Halex's agro-based trading business into agrochemical manufacturing and agro-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.

### Low Ngak Tiow

*A Malaysian aged 62, 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.

## directors' profile

### Ong E Jo @ Wong Ah Chuan

*A Malaysian aged 68, 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.

### Husaini bin Md. Sadli @ Md. Sardili

*A Malaysian aged 59, 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.





Signing of MOU between Halex & Malaysian Forestry Research & Development Board



Pleo Talk presented by Mr. Tan Hun Chong, Sumitomo Chemical



Participation in JB Lions Renal Care Foundation's Walkathon "Walk for Life"



Oshin Talk presented by Mr. Fukuhara, Mitsui Japan



Farm Visit with Mr. Ooe (second from left), Mitsui Japan in Cameron Highlands

# OUR ACTIVITIES



Technical Team Visit to Interphil Lab, Philippines



Marketing and R & D Team visit to Indonesia



Lucky Winner of TenderSoft Baby Wipes 'Spin & Win' Contest



Safety and Health Talk to Employees



GMP In-House Training

## directors' profile

### Supian bin Yussof

*A Malaysian aged 56, is our Executive Director appointed to the Board on 28 March 2008.*

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

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

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

### Chiew Khwai @ Chiew Swee King

*A Malaysian aged 63, 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 Agrachemical Trading Sdn Bhd. He left this company in 1978 to set up Pesticides & Fertilisers Sdn Bhd, an agrachemical 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 Kata 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.

## directors' profile

### Tham Kut Cheong

*A Malaysian aged 65, is our Independent Non-Executive Director, and was appointed to the Board on 30 January 2009.*

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

Mr. Tham serves as an Independent Director, and Chairman of the audit, nomination and remuneration committees of Taya 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 58, is our Independent Non-Executive Director, and was appointed to the Board on 30 January 2009.*

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

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

### Dato' Dr Yeang Hoong Yeet

*A Malaysian aged 61, is our Independent Non-Executive Director, and was appointed to the Board on 30 January 2009.*

He graduated from University of Malaya in 1973, majoring in botany. In the same year, he joined the Rubber Research Institute of Malaysia (RRIM) where he remained for 33 years. During his service at the RRIM, he also pursued his studies and received his PhD in plant physiology from University of Glasgow in 1980. He rose to head the Biotechnology and Strategic Research Unit in 1990 till 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 quantifying 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 Agang in 2001. In 2006, he received the Darjah Setia Pangkuan Negeri (DSPN) award from TYT Yang Di-Pertua Negeri Pulau Pinang.

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

## chairman's statement

Dear Valued Shareholders,

On behalf of the Board of Directors of Halex Holdings Berhad, I am pleased to present our Second Annual Report as a public listed company for the year ended 30 September 2010.

### Year 2010 In Review

The Halex Holdings Berhad group of companies achieved a consolidated turnover of RM89.66 million and a profit after tax of RM3.42 million against a turnover of RM88.58 million and a profit after tax of RM6.07 million in the preceding year.

#### Agrochemical Division

Due to favourable prices of agricultural commodities like palm oil, rubber, cocoa and pepper, the agrochemical business recorded a 3.19% increase in turnover and an increase in operating profit after tax of 24% in 2010. Notable contributions came from the sales of herbicides and some proprietary products like Oshin 20WP (Mitsui Chemicals), Dipel ES (Sumitomo Chemical) and Halex's own R&D foliar products, namely Halex Super-K, and Fruitti and Leafie Organisol.

#### Healthcare Disposable Division

Our healthcare disposable division achieved a turnover of over RM34 million, a modest growth of 1.25%, but recorded an after tax loss of RM0.29 million, due largely to the continuous increase in raw material prices against sales contracted earlier when the raw material prices were lower. Some machine down time due to shifting to the current bigger factory also contributed to higher operational cost.

#### Horticulture and Agro-biotechnologies Division

Due to weak demand from the Japanese market, our horticulture and agro-biotechnologies division recorded a drop in turnover of 13.09%, from RM6.68 million in 2009 to RM5.80 million in 2010, and a loss of RM0.077 million.

### Dividend

The Board is pleased to recommend a single tier dividend of 6%, or 3 cents per share for financial year ended 30 September 2010, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

#### Future Prospects

With favourable prices of most agricultural commodities, market analysts are projecting a bullish outlook for agriculture related industries. For our agrochemical business, the current price of crude palm oil at RM3,800 per ton and record breaking prices for rubber, cocoa and pepper will encourage planters to increase the frequencies of their fertilizer, weeding and pest and disease operations in anticipation of a higher yield return. The acceptance of our Oshin 20WP as the chemical for padi plant hopper control augurs well for our agrochemical business.

For our healthcare disposable division, the completion of earlier committed orders at low prices and full running of our machinery will allow the division to take advantage of the increasing healthcare disposable consumer market. Also our healthcare disposable division will be ready to launch some new products from our R&D team in 2011.

As for the horticulture and agro-biotechnologies business, we are expecting the Japanese market to improve in 2011. Locally, we have just launched our sales of tissue cultured banana plantlets which have been well received by the banana growers. Presently our tissue culture operation has also successfully

## chairman's statement (cont'd)

developed protocols for ginger and edible yam and they will be available for the market soon.

We will continue to place emphasis on our R&D activities to provide the Group with constant improvements and opportunities to explore new areas of growth.

### Corporate Social Responsibility

In her humble ways, Halex Holdings Berhad continues to donate regularly to welfare homes, disaster relief funds and providing job opportunities for people with special needs. During the company's 30th anniversary dinner on 27 March 2010, the Group donated RM10,000 to each of the following support organizations :

1. Persatuan Kanak-kanak Spastik, Johor
2. Rumah Cheshire, Johor
3. Care Heart Association, Johor Bahru
4. The Breast Cancer Support Group, Johor Bahru
5. JB Lions Renal Care Foundation

### Appreciation

On behalf of the Board, I would like to express my sincere gratitude to the management and our committed employees. I would also like to thank my fellow directors for their guidance and wisdom in providing leadership to the Group. Last but not least, I would like to thank our shareholders and business associates for their trust and belief in Halex.

## corporate governance statement

### Board of Directors

#### Principal Responsibilities

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

#### Board Composition

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

#### Board Balance

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

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

#### Board Meetings And Supply of Information to the Board

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

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

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

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

## corporate governance statement (cont'd)

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

No.	Name Of Members	Designation	Attendance	Percentage of Attendance
1	Yeoh Cheng Poh	Chairman cum Managing Director	5/5	100%
2	Low Ngak Tiow	Executive Director	5/5	100%
3	Ong E Jo @ Wong Ah Chuan	Executive Director	5/5	100%
4	Husaini B Md Sadli @ Md Sardili	Executive Director	5/5	100%
5	Supian B Yussof	Executive Director	5/5	100%
6	Chiew Khwai @ Chiew Swee King	Independent Non-executive Director	5/5	100%
7	Tham Kut Cheong	Independent Non-executive Director	5/5	100%
8	Song Kok Cheong	Independent Non-executive Director	4/5	80%
9	Dato' Dr Yeang Hoong Yeet	Independent Non-executive Director	5/5	100%

### Remuneration Committee and Directors' Remuneration

The Remuneration Committee comprises the following members:-

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

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

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

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

## corporate governance statement (cont'd)

Remuneration Band	-----No. of Directors----->	
	Financial Year Ended 30 September 2010	Financial Year Ended 30 September 2009
Executive Directors:		
RM100,001 – RM300,000	2	2
RM300,001 – RM500,000	2	2
RM500,001 – RM600,000	1	1
Non Executive Directors:		
Below RM50,000	2	4
RM50,001 – RM100,000	2	0

### Nomination Committee and Appointments to the Board

The Nomination Committee also comprises the following :-

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

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

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

### Re-election

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

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

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



## corporate governance statement (cont'd)

### Directors' Training

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

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

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

### Relationship with Shareholders and Investors

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

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

### Annual General Meeting

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

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

### 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.

## corporate governance statement (cont'd)

### Internal Control

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

### Relationship with Auditors

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

### Directors' Responsibility Statement

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

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

## audit committee report

### Audit Committee Members

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

### Audit Committee Terms Of Reference

#### 1. Composition

- (a) The Board shall elect an Audit Committee from amongst themselves ( pursuant to a resolution of the Board of Directors) comprising not less than three (3) members where the majority of them shall be composed of independent non-executive members of the Board.
- (b) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as maybe required by Bursa Malaysia Securities Berhad.
- (c) The term of office of the Audit Committee is two (2) years and may be re-nominated and appointed by the Board.
- (d) The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an independent director. The Chairman of the Audit Committee shall be approved by the Board.
- (e) All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit Committee cease to be a Director of the Company, his membership in the Audit Committee would cease forthwith.
- (f) No Alternate Director of the Board shall be appointed as a member of the Audit Committee.
- (g) If the number of members of the Audit Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

#### 2. Objectives

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

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

## audit committee report (cont'd)

### 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.

## audit committee report (cont'd)

### 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 resource 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.

## audit committee report (cont'd)

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 2010, 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 2010. The details of the attendance are as follows:

<b>Directors</b>	<b>No. of meetings attended</b>
Tham Kut Cheong	5/5
Song Kok Cheong	4/5
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

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## corporate information

### DIRECTORS

Yeoh Cheng Poh  
Law Ngak Tiaw  
Ong E Ja @ Wang Ah Chuan  
Husaini Bin Md Sadli @ Md Sardili  
Supian Bin Yussaf  
Chiew Khwai @ Chiew Swee King  
Tham Kut Cheong  
Song Kok Cheong  
Dato' Dr Yeang Hoong Yeet

### SECRETARY

Laang Jhe Haw (MIA 52193)

### AUDITORS

STYL Associates (AF:1929)  
Chartered Accountants

### PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad  
Agra Bank  
(formerly known as Bank Pertanian Malaysia)  
EON Bank Berhad  
AmBank (M) Berhad  
Hong Leong Bank Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad

### REGISTERED OFFICE

149A, Jalan Aminuddin Baki  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

### PRINCIPAL PLACE OF BUSINESS

No.9 Jalan Taruka  
Tampoi Industrial Estate  
81200 Johor Bahru  
Johor Darul Takzim

## 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 2010.

### 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 RM	COMPANY RM
Profit after taxation attributable to equity holders of the Company	<u>3,416,032</u>	<u>1,958,595</u>

### DIVIDENDS

A first and final single tier dividend of 6% amounting to RM2,400,000 in respect of the financial year ended 30 September 2009 was paid during the financial year.

At the forthcoming Annual General Meeting, a single tier final dividend of 6% on 80,000,000 ordinary shares amounting to RM2,400,000 in respect of the financial year ended 30 September 2010 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 2011.

### ISSUE OF SHARES AND DEBENTURES

No shares or debentures were issued during the financial year.

### RESERVES AND PROVISIONS

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

## SHARE OPTIONS

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

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

## INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets 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' report (cont'd)

### 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 Article of Association, Yeoh Cheng Poh, Chiew Khwai @ Chiew Swee King and Husaini Bin Md Sadli @ Md Sardili, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS

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

	Ordinary shares of RM0.50 each			Balance at 30.09.2010
	Balance at 01.10.2009	Bought	Sold	
<b><u>DIRECT INTEREST</u></b>				
YEOH CHENG POH	11,874,795	-	-	11,874,795
SUPIAN BIN YUSSOF	695,229	-	(54,200)	641,029
ONG E JO @ WONG AH CHUAN	9,172,666	81,000	-	9,253,666
LOW NGAK TIOW	10,897,685	30,000	-	10,927,685
HUSAINI BIN MD SADLI @ MD SARDILI	11,374,737	-	(1,205,800)	10,168,937
CHIEW KHWAI @ CHIEW SWEE KING	-	100,000	-	100,000
DATO' DR YEANG HOONG YEET	49,000	-	-	49,000
<b><u>INDIRECT INTEREST</u></b>				
DATO' DR.YEANG HOONG YEET*	5,000	-	-	5,000
YEOH CHENG POH**	-	225,000	-	225,000
LOW NGAK TIOW***	-	20,000	-	20,000

\* Deemed interest by virtue of the shares held by his spouse, Chew Chun Kang.

\*\* Deemed interest by virtue of the shares held by his spouse, Tan Siew Ean.

\*\*\* Deemed interest by virtue of the shares held by his daughter, Low Siow Tze.

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

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

### **DIRECTORS' BENEFITS**

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

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

### **OTHER STATUTORY INFORMATION**

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

In the opinion of the Directors:

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

### **AUDITORS**

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

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

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**ONG E JO @ WONG AH CHUAN**

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**YEOH CHENG POH**

JOHOR BAHRU  
DATE: 21 JANUARY 2011

## 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 Balance Sheets, Statements of Income, Changes in Equity and the Cash Flows of the Group and of the Company, together with the notes thereto, are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards 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 2010 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

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

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**ONG E JO @ WONG AH CHUAN**

JOHOR BAHRU  
DATE: 21 JANUARY 2011

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**YEOH CHENG POH**

## 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 Balance Sheets, Statements of Income, Changes in Equity and the Cash Flows 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 21 JANUARY 2011

}  
}  
}  
}  
}

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Before me:  
CHANG EE PENG @ CHANG IK PENG  
Commissioner for Oaths

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**LIM PANG YAN**

### Report on the Financial Statements

We have audited the financial statements of HALEX HOLDINGS BERHAD, which comprise the balance sheets as at 30 September 2010 of the Group and the Company, and the income statements, statements of changes in equity and cash flow statements 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 and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### 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 at 30 September 2010 and of their financial performance and cash flows for the financial year then ended.

### Report on Other Legal and Regulatory Requirements

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

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



## auditors' report (cont'd)

- b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 6 to the financial statements.
- c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

### Other Matters

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

**STYL ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM NO: AF - 1929

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

KUALA LUMPUR  
DATE: 21 JANUARY 2011

## balance sheets

AS AT 30 SEPTEMBER 2010

	Note	GROUP		COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	39,959,319	39,751,793	-	-
Investment property	5	90,000	90,000	-	-
Investment in subsidiary companies	6	-	-	5,510,125	5,510,125
Investment in quoted securities	7	93,063	88,292	-	-
Other investments	8	26,000	26,000	-	-
Intangible assets	9	26,729	26,729	-	-
Development costs	10	716,338	607,637	-	-
Prepaid lease payments	11	1,441,487	1,490,633	-	-
Amount due from subsidiary companies	12	-	-	35,434,685	28,557,977
<b>Total non-current assets</b>		<b>42,352,936</b>	<b>42,081,084</b>	<b>40,944,810</b>	<b>34,068,102</b>
<b>Current assets</b>					
Inventories	13	23,762,052	24,539,469	-	-
Trade receivables	14	16,651,223	17,704,452	-	-
Other receivables and deposits	15	1,800,942	1,727,888	1,000	1,000
Deposits with licensed banks	16	10,695,971	981,785	-	-
Tax recoverable		354,527	257,025	41,435	42,743
Cash and bank balances		4,105,096	10,974,948	6,621	7,468,141
<b>Total current assets</b>		<b>57,369,811</b>	<b>56,185,567</b>	<b>49,056</b>	<b>7,511,884</b>
<b>Total assets</b>		<b>99,722,747</b>	<b>98,266,651</b>	<b>40,993,866</b>	<b>41,579,986</b>

## balance sheets (cont'd)

### AS AT 30 SEPTEMBER 2010 (cont'd)

	Note	GROUP		COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	17	40,000,000	40,000,000	40,000,000	40,000,000
Revaluation reserves		1,387,466	1,387,466	-	-
Share premium		731,375	780,307	731,375	780,307
Equity attributable to equity holde of the Company		<u>42,118,841</u>	<u>42,167,773</u>	<u>40,731,375</u>	<u>40,780,307</u>
Exchange reserves		317,149	321,194	-	-
Unappropriated profit		<u>35,125,529</u>	<u>34,109,497</u>	<u>246,791</u>	<u>688,196</u>
<b>Shareholders' equity</b>		<u>77,561,519</u>	<u>76,598,464</u>	<u>40,978,166</u>	<u>41,468,503</u>
<b>Non-current liabilities</b>					
Term loans	18	4,760,274	7,194,476	-	-
Deferred taxation	19	402,902	384,002	-	-
<b>Total non-current liabilities</b>		<u>5,163,176</u>	<u>7,578,478</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade payables	20	4,018,795	3,499,425	-	-
Other payables and accruals	21	3,592,129	3,657,607	15,700	111,483
Bills payable	22	6,907,000	5,004,000	-	-
Term loans	18	1,231,200	1,231,200	-	-
Provision for taxation		269,237	125,112	-	-
Bank overdraft	22	979,691	572,365	-	-
<b>Total current liabilities</b>		<u>16,998,052</u>	<u>14,089,709</u>	<u>15,700</u>	<u>111,483</u>
<b>Total liabilities</b>		<u>22,161,228</u>	<u>21,668,187</u>	<u>15,700</u>	<u>111,483</u>
<b>Total equity and liabilities</b>		<u>99,722,747</u>	<u>98,266,651</u>	<u>40,993,866</u>	<u>41,579,986</u>

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

## income statements

### FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Note	GROUP		COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	23	89,661,057	88,580,327	2,403,151	23,280,830
Cost of sales		(66,939,227)	(64,144,837)	-	-
Gross profit		<u>22,721,830</u>	<u>24,435,490</u>	<u>2,403,151</u>	<u>23,280,830</u>
Other income		281,507	305,386	33,914	1,260
Selling and marketing expenses		(7,679,464)	(8,382,377)	-	-
Administrative expenses		(10,033,081)	(8,414,675)	(476,960)	(45,976)
Profit from operations		<u>5,290,792</u>	<u>7,943,824</u>	<u>1,960,105</u>	<u>23,236,114</u>
Finance costs		(509,245)	(414,174)	-	-
Profit before taxation	24	<u>4,781,547</u>	<u>7,529,650</u>	<u>1,960,105</u>	<u>23,236,114</u>
Taxation	25	(1,365,515)	(1,456,578)	(1,510)	(245,169)
Profit after taxation		<u><u>3,416,032</u></u>	<u><u>6,073,072</u></u>	<u><u>1,958,595</u></u>	<u><u>22,990,945</u></u>
<b>Attributable to:</b>					
Equity holders of the Company		3,416,032	6,073,072		
Minority interest		-	-		
Profit for the year		<u><u>3,416,032</u></u>	<u><u>6,073,072</u></u>		
Earnings per share attributable to ordinary equity holders of the Company					
- Basic (sen)	26	<u>4.27</u>	<u>11.74</u>		

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

## statements of changes in equity

FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Non-distributable				Distributable		Total RM
	Share Capital RM	Revaluation Reserves RM	Share Premium RM	Exchange Reserves RM	Unappropriated Profit RM		
<b>GROUP</b>							
Balance at 1 October 2008	12,280,000	1,387,466	1,181,621	292,999	50,311,604		65,453,690
Bonus issue	22,720,000	-	(1,181,621)	-	(21,538,379)		-
Issuance of shares at premium of RM0.28	5,000,000	-	2,800,000	-	-		7,800,000
Share listing expenses incurred	-	-	(2,019,693)	-	-		(2,019,693)
Profit for the year	-	-	-	-	6,073,072		6,073,072
Dividends (Note 27)	-	-	-	-	(736,800)		(736,800)
Currency translation differences	-	-	-	28,195	-		28,195
Balance at 30 September 2009	40,000,000	1,387,466	780,307	321,194	34,109,497		76,598,464
Share listing expenses incurred	-	-	(48,932)	-	-		(48,932)
Profit for the year	-	-	-	-	3,416,032		3,416,032
Dividends (Note 27)	-	-	-	-	(2,400,000)		(2,400,000)
Currency translation differences	-	-	-	(4,045)	-		(4,045)
Balance at 30 September 2010	<b>40,000,000</b>	<b>1,387,466</b>	<b>731,375</b>	<b>317,149</b>	<b>35,125,529</b>		<b>77,561,519</b>

## statements of changes in equity (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2010 (cont'd)

	Non-distributable		Distributable		Total RM
	Share Capital RM	Share Premium RM	Unappropriated Profit RM		
<b>COMPANY</b>					
Balance at 1 October 2008	12,280,000	1,181,621	(27,570)		13,434,051
Bonus issue	22,720,000	(1,181,621)	(21,538,379)		-
Issuance of shares at premium of RM0.28	5,000,000	2,800,000	-		7,800,000
Share listing expenses incurred	-	(2,019,693)	-		(2,019,693)
Profit for the year	-	-	22,990,945		22,990,945
Dividends (Note 27)	-	-	(736,800)		(736,800)
Balance at 30 September 2009	40,000,000	780,307	688,196		41,468,503
Share listing expenses incurred	-	(48,932)	-		(48,932)
Profit for the year	-	-	1,958,595		1,958,595
Dividends (Note 27)	-	-	(2,400,000)		(2,400,000)
Balance at 30 September 2010	<b>40,000,000</b>	<b>731,375</b>	<b>246,791</b>		<b>40,978,166</b>

The accompanying Notes form an integral part of the Financial Statement

## consolidated cash flow statement

FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Note	2010 RM	2009 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		4,781,547	7,529,650
Adjustments for:			
Allowance for diminution in value of investment written back		(24,270)	(5,939)
Allowance for doubtful debts written back-general		(200)	(5,900)
Allowance for doubtful debts-specific		128,800	28,640
Amortisation		49,146	49,146
Bad debts written off		99,947	11,708
Bad debts recovered		-	(2,376)
Depreciation		1,874,591	1,485,641
Exchange equalisation reserve		(4,045)	28,195
Loss/(Gain) on disposal of property, plant and equipment		67,092	(11,913)
Gain on disposal of investment in quoted shares		(3,736)	(372)
Property, plant and equipment written off		22,627	20,627
Dividend received		(2,149)	(3,790)
Interest expenses		509,245	414,174
Interest income		(130,249)	(33,647)
Operating profit before working capital changes		7,368,346	9,503,844
Inventories		777,417	2,136,652
Receivables		751,627	2,534,897
Payables		2,356,893	(2,309,200)
Cash generated from operations		11,254,283	11,866,193
Tax paid		(1,299,992)	(1,505,687)
Interest paid		(509,245)	(414,174)
Net cash from operating activities		9,445,046	9,946,332
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		130,249	33,647
Dividend received		2,149	3,790
Proceeds from disposal of property, plant and equipment		68,500	13,050
Purchase of property, plant and equipment		(2,240,336)	(3,035,073)
Proceeds from disposal of quoted shares		23,265	372
Development costs		(108,701)	(203,555)
Placement of deposits with licensed banks		593,210	(29,668)
Acquisition of quoted shares		(30)	(1,878)
Acquisition of intangible assets		-	(9,739)
Net cash used in investing activities		(1,531,694)	(3,229,054)

## consolidated cash flow statement (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2010 (CON'D)

	Note	2010 RM	2009 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Draw down of term loans		-	451,638
Proceeds of issuance of shares		-	7,800,000
Repayment of bank borrowings		(2,434,202)	(1,246,147)
Repayment of finance lease and hire purchase payables		-	(49,861)
Listing expenses paid		(48,932)	(2,019,693)
Dividends paid		(2,400,000)	(736,800)
Net cash (used in)/from financing activities		<u>(4,883,134)</u>	<u>4,199,137</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>3,030,218</b>	<b>10,916,415</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>10,476,408</b>	<b>(440,007)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	28	<u><b>13,506,626</b></u>	<u><b>10,476,408</b></u>

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



## cash flow statement

FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Note	2010 RM	2009 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		<u>1,960,105</u>	23,236,114
Operating profit before working capital changes		<u>1,960,105</u>	23,236,114
Receivables		-	1,123,714
Payables		(95,783)	100,483
Subsidiary companies		<u>(6,876,708)</u>	<u>(19,594,157)</u>
Cash (used in)/generated from operations		<u>(5,012,386)</u>	4,866,154
Tax paid		<u>(202)</u>	<u>(245,777)</u>
Net cash (used in)/from operating activities		<u>(5,012,588)</u>	<u>4,620,377</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment in subsidiary company		-	<u>(2,200,000)</u>
Net cash used in investing activities		-	<u>(2,200,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		-	7,800,000
Listing expenses paid		(48,932)	(2,019,693)
Dividends paid		<u>(2,400,000)</u>	<u>(736,800)</u>
Net cash (used in)/from financing activities		<u>(2,448,932)</u>	<u>5,043,507</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(7,461,520)</b>	7,463,884
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		<b>7,468,141</b>	4,257
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
	28	<u><b>6,621</b></u>	<u>7,468,141</u>

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

## notes to the financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2010

### 1. CORPORATE INFORMATION

The Company is principally engaged as an investment holding company.

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 JANUARY 2011.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment and investment properties and in compliance with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRSs") issued by Malaysian Accounting Standards Board ("MASB").

#### Changes in accounting policies and effects arising from adoption of new FRS

On 1 October 2009, the Group and the Company adopted FRS 8: Operating Segments which does not have any significant impact to the financial statements of the Group and the Company upon their initial application.

#### Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

Effective for financial periods beginning on or after 1 January 2010:

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS127:

Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

## notes to the financial statements (cont'd)

### Standards and interpretations issued but not yet effective (continued)

Amendments to FRS 2: Share-based Payments- Vesting Conditions and Cancellations  
Amendment to FRS 5: Non-current Assets Held For Sale and Discontinued Operations  
Amendment FRS 8: Operating Segments  
Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors  
Amendment to FRS 117: Leases  
Amendment to FRS 119: Employee Benefits  
Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance  
Amendment to FRS 123: Borrowing Costs  
Amendment to FRS 127: Consolidated and Separate Financial Statements  
Amendment to FRS 128: Investment in Associates  
Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies  
Amendment to FRS 131: Interests in Joint Ventures  
Amendments to FRS 132: Financial Instruments: Presentation  
Amendment to FRS 134: Interim Financial Reporting  
Amendment to FRS 138: Intangible Assets  
Amendments to FRS 139: Financial Instruments: Recognition and Measurement,  
FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of  
Embedded Derivatives  
Amendment to FRS 140: Investment Property  
IC Interpretation 9: Reassessment of Embedded Derivatives  
IC Interpretation 10: Interim Financial Reporting and Impairment  
IC Interpretation 11: FRS 2: Group and Treasury Share Transactions  
IC Interpretation 13: Customer Loyalty Programmes  
IC Interpretation 14: FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction  
TR i-3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 March 2010:

Amendments to FRS 132 Financial Instruments: Presentation - Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010:

FRS 1: First-time Adoption of Financial Reporting Standards  
FRS 3: Business Combinations (revised)  
FRS 127: Consolidated and Separate Financial Statements (amended)  
Amendments to FRS 2: Share-based Payments  
Amendments to FRS 5: Non-current Assets Held For Sale and Discontinued Operations  
Amendments to FRS 138: Intangible Assets  
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives  
IC Interpretation 12: Service Concession Arrangements  
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation  
IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters  
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

## notes to the financial statements (cont'd)

Amendments to FRS 7: Improving Disclosures about Financial Instruments  
IC Interpretation 4: Determining whether an Arrangement contains a Lease  
IC Interpretation 18: Transfers of Assets from Customers  
TR i - 3: Guidance on Disclosures of Transition to IFRSs  
TR i - 4: Shariah Compliant Sale Contracts

### **Standards and interpretations issued but not yet effective (continued)**

Effective for financial periods beginning on or after 1 January 2012:

IC Interpretation 15: Agreements for the Construction of Real Estate

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial implication.

### **FRS 101: Presentation of Financial Statements (revised)**

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

### **FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures**

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group and the Company's exposure to risks, enhanced disclosure regarding components of the Group and the Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company is exempted from disclosing the possible impact to the financial statements upon the initial application.

## notes to the financial statements (cont'd)

### Amendment to FRS 117: Leases

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group and the Company is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group and the Company shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group and the Company is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group and the Company is currently in the process of assessing the impact of this amendment.

### (b) Basis of consolidation

#### Subsidiaries

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

The financial statements of subsidiary companies acquired and disposed off during the financial year are included in the consolidated financial statements based on the acquisition method from the effective date of acquisition or up to the effective date of disposal respectively.

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

The excess between the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary company at the date of acquisition is included in the consolidated balance sheet as goodwill on consolidation and was amortised using the straight-line method over its estimated useful life or 5 years, whichever is shorter. Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary. Reserve on consolidation is not amortised.

The deficit between the costs of an acquisition over the fair value of the Group's share of net assets of the acquired subsidiary company at the date of acquisition is included in the consolidated balance sheet as reserve arising on consolidation.

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

### (c) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2(l).

Gains or losses arising from the disposal of an asset is determined as the difference between

## notes to the financial statements (cont'd)

the estimated net disposal proceeds and the carrying amount of the assets, and is recognised in the income statements.

Surplus arising on revaluation are credited to revaluation reserves. Any deficits arising from revaluation are charged against revaluation reserves to the extent of previous surpluses held for the relevant assets. Any excess revaluation deficits are charged to the income statement.

Freehold land is not depreciated. Other property, plant and equipment are depreciated on the reducing-balance and straight-line method at rates based on their estimated useful lives. The principal annual rates used are as follows:

	Rate
Buildings and structures	2 - 10 %
Plant and machinery	6 2/3 - 10 %
Forklifts	20 %
Motor vehicles	20 %
Tools, equipment, furniture, fixtures and fittings	10 - 50 %

### (d) Investment properties

Investment properties consist of investments in freehold land that are not substantially occupied for use by, or in the operations, of the Group.

Investment properties are treated as long term investments and are stated at valuation. Revaluations are based on valuations by an independent valuer at least once every 5 years. An increase in carrying amount arising from revaluation of investment properties is credited to equity as a revaluation surplus; any decrease is first offset against any unutilised revaluation surplus on an earlier valuation in respect of the same investment property and is thereafter recognised as an expense. A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense.

Upon disposal of an investment property, the difference between net disposal proceeds and the carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus is taken directly to retained profits.

### (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 balance sheet date.

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

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

## notes to the financial statements (cont'd)

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

### (f) **Subsidiary companies**

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

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

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

### (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(l).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

### (h) **Intangible assets**

#### Trademarks

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

### (i) **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(l).

## notes to the financial statements (cont'd)

### (j) Prepaid lease payments

Payment for rights to use land over a predetermined period is classified as prepaid lease rental and is stated at cost less amount amortised and accumulated impairment losses.

Prepaid lease payments are amortised on a straight-line basis over the term of respective leases which ranges from 31 to 43 years.

### (k) 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.

### (l) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories, deferred tax assets and financial assets, to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the assets belong.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

### (m) Foreign currency transactions

Foreign currency transactions are converted into Ringgit Malaysia at the rates of exchange prevailing at transaction dates and, where settlements have not taken place at balance sheet date, at the approximate rate prevailing at that date. All gains and losses on exchange conversion are included in the income statement.

The principal closing exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2010 RM	2009 RM
1 United States Dollar	3.15	3.55
1 Singapore Dollar	2.40	2.40
100 Japanese Yen	3.70	3.80



## notes to the financial statements (cont'd)

### (n) Provisions for liabilities

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

### (o) Income tax

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior years.

Deferred tax is recognised, using the liability method, on temporary differences except where the temporary differences arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

### (p) 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 doubtful.

### (q) Cash flow statement

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of change in value.

### (r) 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.

## notes to the financial statements (cont'd)

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.

(i) Defined contribution plans

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

**(s) Financial instruments**

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(i) Other non-current investments

Non-current investments other than investments in subsidiaries, associated companies and joint ventures are stated at cost less impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2(I).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

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

## notes to the financial statements (cont'd)

(v) Interest-bearing borrowings

Interest-bearing bank loans are recorded at the face value of the loan amounts.

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

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

(vi) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

### 3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) **Critical Judgment made in Applying Accounting Policies**

In the process of applying the Group's and Company's accounting policies, which are described in Note 2, management is of the opinion that there are no instances of application of judgment which are expected to have significant effect on the amounts recognised in the financial statements other than as follows:

**Impairment of tangible assets**

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

**Deferred tax**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**Fair value of investment properties**

The directors use their judgement in selecting and applying an appropriate valuation technique, by relying on the work of independent valuers, for investment 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.

## notes to the financial statements (cont'd)

### (ii) Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

#### Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

### 4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

<b>GROUP</b> VALUATION/COST	Balance at	Additions	Disposals/ Written off	Reclassified	Balance at
	01.10.2009				30.09.2010
	RM	RM	RM	RM	RM
<u>At valuation</u>					
Leasehold factory	2,495,164	-	-	-	2,495,164
Office premises	110,000	-	-	-	110,000
Apartment	250,000	-	-	-	250,000
<u>At cost</u>					
Freehold land	9,030,211	-	-	-	9,030,211
Freehold land and building	10,910,808	472,787	(146,800)	-	11,236,795
Condominium apartment	221,520	-	-	-	221,520
Leasehold factory	6,802,839	-	-	-	6,802,839
Capital work in progress	2,311,133	-	(7,761)	(710,533)	1,592,839
Building and structures	2,790,480	7,677	-	-	2,798,157
Plant and machinery	11,527,908	685,143	-	553,947	12,766,998
Forklifts	240,720	-	-	-	240,720
Motor vehicles	709,473	16,130	-	-	725,603
Tools, equipment, furniture, fixtures and fittings	5,281,060	1,058,599	(75,235)	156,586	6,421,010
	<b>52,681,316</b>	<b>2,240,336</b>	<b>(229,796)</b>	<b>-</b>	<b>54,691,856</b>

## notes to the financial statements (cont'd)

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

ACCUMULATED DEPRECIATION	Balance at 01.10.2009 RM	Charges for the year RM	Disposals/ Written off RM	Reclassified RM	Balance at 30.09.2010 RM
<u>At valuation</u>					
Leasehold factory	687,120	49,377	-	-	736,497
Office premises	35,200	2,200	-	-	37,400
Apartment	80,000	5,000	-	-	85,000
<u>At cost</u>					
Freehold land	-	-	-	-	-
Freehold land and building	51,163	224,736	(15,216)	-	260,683
Condominium apartment	8,860	-	-	-	8,860
Leasehold factory	1,513,518	125,838	-	-	1,639,356
Building and structures	523,155	95,788	-	-	618,943
Plant and machinery	5,998,380	782,731	-	-	6,781,111
Forklifts	154,150	14,324	-	-	168,474
Motor vehicles	614,881	42,563	-	-	657,444
Tools, equipment, furniture, fixtures and fittings	3,050,437	532,034	(56,361)	-	3,526,110
	<b>12,716,864</b>	<b>1,874,591</b>	<b>(71,577)</b>	<b>-</b>	<b>14,519,878</b>
IMPAIRMENT LOSS	Balance at 01.10.2009 RM	Charges for the year RM	Disposals/ Written off RM	Transfers RM	Balance at 30.09.2010 RM
Condominium apartment	212,659	-	-	-	212,659
	<b>212,659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212,659</b>
VALUATION/COST	Balance at 01.10.2008 RM	Additions RM	Disposals/ Written off RM	Reclassified RM	Balance at 30.09.2009 RM
<u>At valuation</u>					
Leasehold factory	2,495,164	-	-	-	2,495,164
Office premises	110,000	-	-	-	110,000
Apartment	250,000	-	-	-	250,000
<u>At cost</u>					
Freehold land	9,030,211	-	-	-	9,030,211
Freehold land and building	126,800	-	-	10,784,008	10,910,808
Condominium apartment	221,520	-	-	-	221,520
Leasehold factory	6,785,839	17,000	-	-	6,802,839
Capital work in progress	11,312,135	1,783,006	-	(10,784,008)	2,311,133
Building and structures	2,543,410	247,070	-	-	2,790,480
Plant and machinery	11,159,422	368,486	-	-	11,527,908
Forklifts	240,720	-	-	-	240,720
Motor vehicles	758,473	-	(49,000)	-	709,473
Tools, equipment, furniture, fixtures and fittings	4,756,589	619,511	(95,040)	-	5,281,060
	<b>49,790,283</b>	<b>3,035,073</b>	<b>(144,040)</b>	<b>-</b>	<b>52,681,316</b>

## notes to the financial statements (cont'd)

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

ACCUMULATED DEPRECIATION	Balance at 01.10.2008 RM	Charges for the year RM	Disposals/ Written off RM	Reclassified RM	Balance at 30.09.2009 RM
<u>At valuation</u>					
Leasehold factory	637,743	49,377	-	-	687,120
Office premises	33,000	2,200	-	-	35,200
Apartment	75,000	5,000	-	-	80,000
<u>At cost</u>					
Freehold land	-	-	-	-	-
Freehold land and building	12,680	38,483	-	-	51,163
Condominium apartment	8,860	-	-	-	8,860
Leasehold factory	1,387,680	125,838	-	-	1,513,518
Building and structures	421,284	101,871	-	-	523,155
Plant and machinery	5,279,592	718,788	-	-	5,998,380
Forklifts	136,244	17,906	-	-	154,150
Motor vehicles	617,834	46,047	(49,000)	-	614,881
Tools, equipment, furniture, fixtures and fittings	2,743,582	380,131	(73,276)	-	3,050,437
	<u>11,353,499</u>	<u>1,485,641</u>	<u>(122,276)</u>	<u>-</u>	<u>12,716,864</u>
IMPAIRMENT LOSS	Balance at 01.10.2008 RM	Charges for the year RM	Disposals/ Written off RM	Transfers RM	Balance at 30.09.2009 RM
Condominium apartment	212,659	-	-	-	212,659
	<u>212,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,659</u>
NET BOOK VALUE				2010 RM	2009 RM
<u>At valuation</u>					
Leasehold factory				1,758,667	1,808,044
Office premises				72,600	74,800
Apartment				165,000	170,000
<u>At cost</u>					
Freehold land				9,030,211	9,030,211
Freehold land and building				10,976,112	10,859,645
Condominium apartment				1	1
Leasehold factory				5,163,483	5,289,321
Capital work in progress				1,592,839	2,311,133
Building and structures				2,179,214	2,267,325
Plant and machinery				5,985,887	5,529,528
Forklifts				72,246	86,570
Motor vehicles				68,159	94,592
Tools, equipment, furniture, fixtures and fittings				2,894,900	2,230,623
				<u>39,959,319</u>	<u>39,751,793</u>

## notes to the financial statements (cont'd)

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

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

The fair value of the Company's properties is determined by the Directors based, among others, on a valuation carried out on 2004 by an independent firm of professional valuers that is not related to the Company, and current prices in an active market for similar properties.

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

Included in freehold building is term loan interest capitalised during the year amounting to Nil (2009 - RM392,066).

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

	<b>GROUP</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Building structures	237,833	185,915
Tools and equipment	317,080	237,013
Office equipment	336,593	346,643
Renovation	60,324	60,324
Furniture, fixtures and fittings	950,427	935,301
Plant and machinery	1,016,031	637,765
Motor vehicles	643,329	508,202
Signboard	320	320
	<b><u>3,561,937</u></b>	<b><u>2,911,483</u></b>

The Company has no property, plant and equipment as at 30 September 2010.

### 5. INVESTMENT PROPERTY

	<b>GROUP</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Freehold land - cost	36,750	36,750
Surplus on revaluation	53,250	53,250
	<b><u>90,000</u></b>	<b><u>90,000</u></b>

The Group's investment property was revalued by independent valuers, Messrs Colliers Jordan Lee & Jaafar (JH) Sdn. Bhd. in April 1994 on the "Open Market Value" basis. Upon revaluation, the surplus was transferred to the Revaluation Reserve account.

## notes to the financial statements (cont'd)

The fair value of the Company's investment property is determined by the Directors based, among others, on a valuation carried out on 2004 by an independent firm of professional valuers that is not related to the Company, and current prices in an active market for similar properties.

### 6. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2010	2009
	RM	RM
Unquoted shares - at cost	<u>5,510,125</u>	<u>5,510,125</u>

Details of the subsidiary companies are as follows:

NAME OF COMPANY	% EQUITY HELD		COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
	2010	2009		
<b>Direct</b>	<b>100</b>	100	Malaysia	Manufacturing, distribution and agency of agrochemicals
Halex (M) Sdn. Bhd.				
Halex Woolton (M) Sdn. Bhd.	<b>100</b>	100	Malaysia	Manufacturing and distribution of healthcare disposable products
<b>Indirect through Halex (M) Sdn. Bhd.</b>				
Halex Industries (M) Sdn. Bhd.	<b>100</b>	100	Malaysia	Manufacturing and importing agrochemicals and fertilisers
Halex Realty Sdn. Bhd.	<b>100</b>	100	Malaysia	Property and investment holding
Halex Chemicals (S) Pte. Ltd. #	<b>100</b>	100	Singapore	Trading of fertilisers and agrochemicals
Halex Trading Sdn. Bhd.	<b>100</b>	100	Malaysia	Trading of agricultural chemicals and fertilizers. Ceased business operation in July 2010
Halex Biotechnologies Sdn. Bhd.	<b>100</b>	100	Malaysia	Horticulture and agro-biotechnology

# Audited by other firm of auditors



## notes to the financial statements (cont'd)

### 7. INVESTMENT IN QUOTED SECURITIES

	GROUP	
	2010	2009
	RM	RM
Quoted securities - at cost	128,843	146,463
Add: Acquisition during the year	30	1,878
Less: Accumulated impairment losses	(35,810)	(60,049)
	<u>93,063</u>	<u>88,292</u>
At market value	<u>93,063</u>	<u>88,332</u>

### 8. OTHER INVESTMENTS

	GROUP	
	2010	2009
	RM	RM
Club membership - at cost	<u>26,000</u>	<u>26,000</u>

### 9. INTANGIBLE ASSETS

	GROUP	
	2010	2009
	RM	RM
Trademark - at cost	<u>26,729</u>	<u>26,729</u>

### 10. DEVELOPMENT COSTS

	GROUP	
	2010	2009
	RM	RM
At beginning of year	607,637	404,082
Add: Additional during the year	108,701	203,555
At end of year	<u>716,338</u>	<u>607,637</u>

Included in development costs incurred during the year is depreciation amounting to RM33,044 (2009 - RM33,140).

## notes to the financial statements (cont'd)

### 11. PREPAID LEASE PAYMENTS

	<b>GROUP</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
<u>At valuation</u>		
Prepaid lease payments	780,000	780,000
Less: Accumulated amortisation	(94,890)	(79,290)
Net book value	<u>685,110</u>	<u>700,710</u>
<u>At cost</u>		
Prepaid lease payments	954,534	954,534
Less: Accumulated amortisation	(198,157)	(164,611)
Net book value	<u>756,377</u>	<u>789,923</u>
Total	<u>1,441,487</u>	<u>1,490,633</u>

The leasehold lands with a remaining lease terms of 31 years, 40 years and 43 years respectively expires on 23 October 2041, 21 January 2050, and on 6 June 2053 respectively.

### 12. AMOUNT DUE FROM SUBSIDIARY COMPANIES

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

### 13. INVENTORIES

	<b>GROUP</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
<u>At cost:</u>		
Raw materials	10,433,140	11,819,081
Work-in-progress	833,459	318,391
Finished goods	5,243,662	5,111,017
Tissue culture	282,098	285,879
Goods for resale	6,036,103	6,117,798
Consumables	933,590	887,303
	<u>23,762,052</u>	<u>24,539,469</u>

## notes to the financial statements (cont'd)

### 14. TRADE RECEIVABLES

	GROUP	
	2010 RM	2009 RM
Trade receivables	16,925,163	17,849,792
Less: Allowance for doubtful debts	(273,940)	(145,340)
	<u>16,651,223</u>	<u>17,704,452</u>

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.

### 15. OTHER RECEIVABLES AND DEPOSITS

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables	91,944	228,842	-	-
Deposits	230,534	123,376	1,000	1,000
Prepayments	1,478,464	1,375,670	-	-
	<u>1,800,942</u>	<u>1,727,888</u>	<u>1,000</u>	<u>1,000</u>

### 16. DEPOSITS WITH LICENSED BANKS

The effective interest rate for deposits with licensed banks at the end of the financial year is between 2.1% and 3.08% (2009 - 2.1% and 3.7%).

Deposits with licensed banks amounting to RM314,750 (2009 - RM907,960) are pledged for banking facilities granted to the Group (Note 22).

### 17. SHARE CAPITAL

	2010		2009	
	Number of shares	RM	Number of shares	RM
Authorised:				
<u>Ordinary shares</u>				
At beginning of year at RM0.50/RM1 each	200,000,000	100,000,000	100,000,000	100,000,000
Split to RM0.50 per share during the year	-	-	100,000,000	-
At end of year at RM0.50 each	<u>200,000,000</u>	<u>100,000,000</u>	<u>200,000,000</u>	<u>100,000,000</u>
Issued and fully paid:				
<u>Ordinary shares</u>				
At beginning of year at RM0.50/RM1 each	80,000,000	40,000,000	12,280,000	12,280,000
Split to RM0.50 per share during the year	-	-	12,280,000	-
Bonus issued during the year	-	-	45,440,000	22,720,000
Allotment during the year	-	-	10,000,000	5,000,000
At end of year at RM0.50 each	<u>80,000,000</u>	<u>40,000,000</u>	<u>80,000,000</u>	<u>40,000,000</u>

## notes to the financial statements (cont'd)

### 18. TERM LOANS

	GROUP	
	2010	2009
	RM	RM
Due within 1 year	1,231,200	1,231,200
Due after 1 year and not later than 5 years	4,760,274	6,156,000
Due after 5 years	-	1,038,476
	<u>5,991,474</u>	<u>8,425,676</u>

The term loans are repayable by between 84 and 120 monthly instalments and interest are chargeable from 1.50% per annum above the bank's effective cost of funds.

The term loan facilities granted to the Group are secured by the following:

- i. a legal charge over certain freehold properties of the Group (Note 4);
- ii. corporate guarantees; and
- iii. joint and several guarantee by the Directors.

### 19. DEFERRED TAXATION

	GROUP	
	2010	2009
	RM	RM
At beginning of year	384,002	257,602
Recognised in the income statement (Note 25)	18,900	126,400
At end of year	<u>402,902</u>	<u>384,002</u>

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	
	2010	2009	2010	2009
	RM	RM	RM	RM
Other payables	1,666,555	1,544,624	-	-
Accruals	1,895,263	2,112,983	15,700	111,483
Deposits received	30,311	-	-	-
	<u>3,592,129</u>	<u>3,657,607</u>	<u>15,700</u>	<u>111,483</u>

## notes to the financial statements (cont'd)

### 22. BILLS PAYABLE AND BANK OVERDRAFT

The bills payable bear interest between 4.15% and 1% plus the bank's Base Lending Rate per annum whilst the bank overdraft bears interest at 1% above the bank's Base Lending Rate per annum. These banking facilities are secured by the following:

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

### 23. REVENUE

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales of goods	89,661,057	88,580,327	-	-
Gross dividends from subsidiary company	-	-	2,403,151	23,280,830
	<b>89,661,057</b>	<b>88,580,327</b>	<b>2,403,151</b>	<b>23,280,830</b>

### 24. PROFIT BEFORE TAXATION

This has been determined after charging the following items:

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Allowance for doubtful debts	128,800	28,640	-	-
Amortisation	49,146	49,146	-	-
Audit fees - statutory audits	61,900	53,100	13,500	12,000
- other services	-	35,500	-	5,000
- underprovision in prior year	2,505	-	-	-
Bad debts written off	99,947	11,708	-	-
Bank overdraft interest	15,136	78,061	-	-

## notes to the financial statements (cont'd)

### 24. PROFIT BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
BA discounting charges	96,041	103,148	-	-
Depreciation	1,841,546	1,452,501	-	-
Directors' remuneration				
- directors' fees	353,000	121,500	324,000	10,000
- salaries and other emoluments	1,559,870	1,553,148	23,000	7,000
Finance lease and hire purchase interest	-	264	-	-
LC and trust receipt charges	123,725	180,978	-	-
Loss on disposal of property, plant & equipment	67,092	-	-	-
(Gain)/Loss on foreign exchange				
- Realised	72,268	(25,134)	-	-
- Unrealised	-	23,438	-	-
Property, plant and equipment written off	22,627	20,627	-	-
Rental of land	18,720	-	-	-
Term loan interest	274,343	51,723	-	-
and crediting:				
Allowance for diminution in value of investment written back	24,270	5,939	-	-
Allowance for doubtful debts written back	200	5,900	-	-
Bad debts recovered	-	2,376	-	-
Gain on foreign exchange	2,092	233,427	-	-
Gain on disposal of property, plant and equipment	-	11,913	-	-
Gain on disposal of investment in quoted shares	3,736	372	-	-
Gross dividends received from quoted investments	2,149	3,790	-	-
Interest received	33,914	1,260	33,914	1,260
Interest on fixed deposits	130,249	32,387	-	-
Insurance claim received	14,050	2,160	-	-
Insurance commission received	953	4,775	-	-

### 25. TAXATION

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

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Provision for current year	1,352,403	1,283,271	-	244,469
(Over)/Underprovision in prior years	(5,788)	46,907	1,510	700
Deferred taxation (Note 19)	18,900	126,400	-	-
	<u>1,365,515</u>	<u>1,456,578</u>	<u>1,510</u>	<u>245,169</u>

## notes to the financial statements (cont'd)

### 25. TAXATION (cont'd)

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:

	2010 RM	2009 RM
<b>GROUP</b>		
Profit before taxation	<u>4,781,547</u>	<u>7,529,650</u>
Taxation at the Malaysian statutory tax rate of 25%	1,195,386	1,882,412
Expenses not deductible for tax purposes	444,080	555,726
Income not subjected to tax	(79,730)	(364,621)
Utilisation of reinvestment allowance	(29,876)	(121,061)
Effect on double tax deductions	(151,021)	(108,154)
Deductible temporary differences not recognised during the year	(115,249)	(693,087)
(Over)/Underprovision of income tax in prior years	(5,788)	46,907
Others	107,713	258,456
Tax expense for the year	<u>1,365,515</u>	<u>1,456,578</u>
	2010 RM	2009 RM
<b>COMPANY</b>		
Profit before taxation	<u>1,960,105</u>	<u>23,236,114</u>
Taxation at the Malaysian statutory tax rate of 25%	490,026	5,809,029
Expenses not deductible for tax purposes	17,484	11,493
Income not subjected to tax	(507,510)	(5,576,053)
Underprovision in prior years	1,510	700
Tax expense for the year	<u>1,510</u>	<u>245,169</u>

### 26. EARNINGS PER SHARE

	GROUP	
	2010	2009
Profit for the year (RM)	3,416,032	6,073,072
Weighted average number of ordinary shares in issue	80,000,000	51,731,068
Basic earnings per share (sen)	<u>4.27</u>	<u>11.74</u>

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

## notes to the financial statements (cont'd)

### 27. DIVIDENDS

	COMPANY	
	2010	2009
	RM	RM
<u>Dividends paid</u>		
A first and final single tier dividend of 6% in respect of the year ended 30 September 2008	-	736,800
A first and final single tier dividend of 6% in respect of the year ended 30 September 2009	<u>2,400,000</u>	-
	<u>2,400,000</u>	<u>736,800</u>

At the forthcoming Annual General Meeting, a single tier final dividend of 6% on 80,000,000 ordinary shares amounting to RM2,400,000 in respect of the financial year ended 30 September 2010 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 2011.

### 28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Deposits with licensed banks	10,381,221	73,825	-	-
Cash and bank balances	4,105,096	10,974,948	6,621	7,468,141
Bank overdraft	(979,691)	(572,365)	-	-
	<u>13,506,626</u>	<u>10,476,408</u>	<u>6,621</u>	<u>7,468,141</u>

### 29. EMPLOYEE INFORMATION

	GROUP		COMPANY	
	2010	2009	2010	2009
	RM	RM	RM	RM
Salaries and allowances	10,159,884	9,695,929	23,000	7,000
E.P.F. and Socso contributions	1,095,092	1,023,031	-	-
Other staff related expenses	1,008,828	528,623	-	-
	<u>12,263,804</u>	<u>11,247,583</u>	<u>23,000</u>	<u>7,000</u>

Included in staff of the Group are executive Directors' remuneration amounting to RM1,559,870 (2009 - RM1,553,148) as disclosed in Note 30.



## notes to the financial statements (cont'd)

### 30. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive:				
Fees	172,000	91,050	149,000	10,000
Salaries and other emoluments	1,559,870	1,553,148	-	7,000
	<u>1,731,870</u>	<u>1,644,198</u>	<u>149,000</u>	<u>17,000</u>
Non-executive:				
Fees	181,000	30,450	175,000	-
Salaries and other emoluments	-	-	23,000	-
	<u>181,000</u>	<u>30,450</u>	<u>198,000</u>	<u>-</u>
Total	<u>1,912,870</u>	<u>1,674,648</u>	<u>347,000</u>	<u>17,000</u>

### 31. RELATED PARTY TRANSACTIONS

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

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Dividends received from subsidiary company	-	-	2,403,151	23,280,830
Sales to related party	<u>787,264</u>	<u>663,812</u>	<u>-</u>	<u>-</u>

(b) Compensation of key management personnel ("KMP")

Key management personnel are those persons having authority and responsibility for planning, directly and controlling the activities of the entity either directly or indirectly.

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

#### Total KMPs' remuneration

	GROUP		COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Total	<u>1,731,870</u>	<u>1,644,198</u>	<u>149,000</u>	<u>17,000</u>

For the details of Board of Directors' remuneration, please refer to Note 30.

## notes to the financial statements (cont'd)

### 32. CONTINGENT LIABILITIES

	COMPANY	
	2010	2009
	RM	RM
Guarantees given to financial institutions for credit facilities granted to the subsidiary company	<u>31,850,000</u>	<u>26,350,000</u>

### 33. FINANCIAL INSTRUMENTS

#### Financial Risk Management Policies

The Group is exposed to a variety of risks in the normal course of business. The Group's risk management seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows:

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to 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 rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. 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 balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM	Total RM
<b>At 30 September 2010</b>							
<b>Group</b>							
<b>Deposits with licensed bank</b>							
Short term placements	8 & 16	2.86	10,695,971	-	-	-	10,695,971
<b>Fixed rate</b>							
Term loans	18	1.5%+ECOF	1,231,200	2,462,400	2,297,874	-	5,991,474
<b>Floating rate</b>							
Bankers' acceptances	22	4.13	6,907,000	-	-	-	6,907,000

## notes to the financial statements (cont'd)

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

#### (a) Interest rate risk (Cont'd)

	Note	WAEIR %	Within 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM	Total RM
<b>At 30 September 2009</b>							
<b>Group</b>							
<b>Deposits with licensed bank</b>							
Short term placements	8 & 16	2.20	981,785	-	-	-	981,785
<b>Fixed rate</b>							
Term loans	18	1.5%+ECOF	1,231,200	2,462,400	3,693,600	1,038,476	8,425,676
<b>Floating rate</b>							
Bankers' acceptances	22	3.46	5,004,000	-	-	-	5,004,000

Interest on financial instruments subject to floating interest rates is repriced annually. Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

#### (b) Credit risk

The Group is exposed to credit risk mainly from receivables. The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history.

The Group's exposure to credit risk in relation to its receivables, should all its customers fail to perform their obligations as at year end, is the carrying amount of these receivables as disclosed in the balance sheet.

The Group places its fixed deposits with credit worthy institutions. The carrying amount of financial assets in the financial statements, net of any provision of losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

#### (c) Market risk

The Group's principal exposure to market risk arises from quoted investments held for long term purposes. The Group manages its market risk by continuously monitoring the performance and market price of the quoted shares.

#### (d) Foreign currency risk

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

## notes to the financial statements (cont'd)

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

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

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

<b>Net financial assets/(financial liabilities)</b>				
<b>&lt;----- held in non-functional currency -----&gt;</b>				
<b>Functional Currency</b>	<b>United States Dollar RM</b>	<b>Singapore Dollar RM</b>	<b>Japanese Yen RM</b>	<b>Total RM</b>
<b>At 30 September 2010</b>				
<b>Group</b>				
<b>Trade receivables</b>				
Ringgit Malaysia	846,740	1,227,255	372,204	2,446,199
<b>Cash and bank balances</b>				
Ringgit Malaysia	613,857	144,086	-	757,943
<b>Trade payables</b>				
Ringgit Malaysia	1,000,348	16,483	-	1,016,831
<b>Net financial assets/(financial liabilities)</b>				
<b>&lt;----- held in non-functional currency -----&gt;</b>				
<b>Functional Currency</b>	<b>United States Dollar RM</b>	<b>Singapore Dollar RM</b>	<b>Japanese Yen RM</b>	<b>Total RM</b>
<b>At 30 September 2009</b>				
<b>Group</b>				
<b>Trade receivables</b>				
Ringgit Malaysia	1,554,316	1,258,133	251,604	3,064,053
<b>Cash and bank balances</b>				
Ringgit Malaysia	536,970	125,606	-	662,576
<b>Trade payables</b>				
Ringgit Malaysia	740,407	6,049	-	746,456

## notes to the financial statements (cont'd)

(e) Liquidity and cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flow associated with its monetary financial instruments.

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

#### Fair values

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate their respective net fair values.

(i) Financial assets

The Group's principal financial assets are investment in subsidiary companies, intangible assets, trade and other receivables, cash and bank balances and amounts owing by subsidiary companies.

The accounting policies applicable to the major financial assets are disclosed in Note 2.

(ii) Financial liabilities

Debts are classified as liabilities in accordance with the substance of the contractual agreement.

Significant financial liabilities include trade and other payables and accrued expenses.

### 34. 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.

## notes to the financial statements (cont'd)

### 34. SEGMENT INFORMATION (cont'd)

#### BUSINESS SEGMENTS

#### 2010

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

## notes to the financial statements (cont'd)

### 34. SEGMENT INFORMATION - GROUP (cont'd)

2009	Investment Holding	Agro- Chemical	Healthcare Disposables	Horticulture and Agro- Biotechnology	Eliminations	Consolidated
REVENUE AND EXPENSES	RM	RM	RM	RM	RM	RM
<b>Revenue</b>						
External sales	-	47,888,969	34,014,378	6,676,980	-	88,580,327
Dividend income	23,280,830	-	-	-	(23,280,830)	-
Inter-segment sales	-	11,445,304	57,218	34,662	(11,537,184)	-
<b>Total</b>	<b>23,280,830</b>	<b>59,334,273</b>	<b>34,071,596</b>	<b>6,711,642</b>	<b>(34,818,014)</b>	<b>88,580,327</b>
<b>Results</b>						
Segment results	23,230,228	6,934,752	2,358,047	737,914	(25,350,764)	7,910,177
Finance costs	-	(147,597)	(266,313)	(264)	-	(414,174)
Finance income	1,260	9,651	21,418	1,318	-	33,647
<b>Profit before taxation</b>	<b>23,231,488</b>	<b>6,796,806</b>	<b>2,113,152</b>	<b>738,968</b>	<b>(25,350,764)</b>	<b>7,529,650</b>
Taxation						(1,456,578)
<b>Profit for the financial year</b>						<b>6,073,072</b>
Attributable to :						
Equity holders of the Company						6,073,072
Minority interests						-
						<b>6,073,072</b>
<b>ASSETS AND LIABILITIES</b>						
Segment assets #	7,560,757	22,587,341	58,997,778	8,863,750		98,009,626
Segment liabilities @	112,783	7,073,526	13,463,685	509,079		21,159,073
<b>OTHER INFORMATION</b>						
Capital expenditure						
- Property plant and equipment	-	82,036	2,562,078	390,959		3,035,073
Amortisation of prepaid lease payment	-	10,000	39,146	-		49,146
Depreciation	-	194,396	1,018,899	272,346		1,485,641
						<b>1,534,787</b>

# 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.

## notes to the financial statements (cont'd)

### 34. SEGMENT INFORMATION - GROUP (cont'd)

#### GEOGRAPHICAL SEGMENTS

	2010	2009
	RM	RM
Africa	931,309	3,853,296
Australasia	48,594	187,192
East Asia	5,341,475	6,688,471
Europe	60,098	19,095
North America	-	21,225
South America	-	7,090
South Asia	871,664	2,253,141
South East Asia	10,054,978	8,513,327
Malaysia	<u>72,352,939</u>	<u>67,037,490</u>
	<u>89,661,057</u>	<u>88,580,327</u>

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## additional compliance information

(a) **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 Unutilised (RM)	Time Frame
Extension/expansion works on factory building and operations	2,000,000	Nil	2,000,000	Within 1 year
Nursery land and development costs	1,100,000	Nil	1,100,000	Within 1 year
Capital and R&D expenditures	1,500,000	715,000	785,000	Within 1 year
Repayment of bank borrowings	1,200,000	1,200,000	Nil	N/A
Working capital	450,000	450,000	Nil	N/A
Estimated listing expenses	1,550,000	1,550,000	Nil	N/A
Total	7,800,000	3,915,000	3,885,000	

(c) **Share Buybacks**

The Company did not have a share buy-back scheme in place during the financial year.

(d) **Options, Warrants or Convertible Securities**

There were no options, warrants or convertible securities issued during the financial year.

(e) **American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**

During the financial year, the Company did not sponsor any ADR or GDR programme.

(f) **Sanctions and Penalties**

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

(g) **Non-Audit Fees**

There were no non-audit fees paid to its external auditors by the Company for the financial year ended 30 September 2010.

(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 2010.

(j) **Profit Guarantee**

No profit guarantee was given by the Company in respect of the financial year.

## additional compliance information (cont'd)

(k) **Material Contracts**

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

(l) **Revaluation Policy**

The Company's revaluation policy in respect of its properties is to revalue its assets once every 5 years.

(m) **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 2010.

## corporate social responsibility

### Corporate Social Responsibility

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

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

**(a) The Workforce**

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

**(b) The Community**

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

**(c) The Environment**

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

**(i) Paperless environment**

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

**(ii) Recycling**

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

**(iii) Energy Savings**

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

## analysis of shareholdings

### Shareholding Structure as at 26 January 2011

#### Share Capital

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

### Distribution of Shareholdings as at 26 January 2011

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	3	0.23	50	0.00
100 – 1,000	312	24.13	168,636	0.21
1,001 – 10,000	570	44.08	3,611,907	4.51
10,001 – 100,000	349	26.99	11,360,717	14.20
100,001 – 1,000,000	50	3.87	15,253,124	19.07
Over 1,000,000	9	0.70	49,605,566	62.01
<b>TOTAL</b>	<b>1,293</b>	<b>100.00</b>	<b>80,000,000</b>	<b>100.00</b>

### Substantial Shareholders as at 26 January 2011

Name	Direct Interest	%	Deemed interest	%
1. Yeoh Cheng Poh	11,874,795	14.84	343,000	0.43
2. Low Ngak Tiow	10,927,685	13.66	20,000	0.03
3. Ong E Jo @ Wong Ah Chuan	9,267,666	11.58	-	-
4. Husaini B Md Sadli @ Md Sardili	9,084,437	11.36	-	-

### Directors' Shareholding as at 26 January 2011

Name	Direct Interest	%	Deemed interest	%
1. Yeoh Cheng Poh	11,874,795	14.84	343,000	0.43
2. Low Ngak Tiow	10,927,685	13.66	20,000	0.03
3. Ong E Jo @ Wong Ah Chuan	9,267,666	11.58	-	-
4. Husaini B Md Sadli @ Md Sardili	9,084,437	11.36	-	-
5. Supian Bin Yussof	632,029	0.79	-	-
6. Chiew Khwai @ Chiew Swee King	600,000	0.75	-	-
7. Tham Kut Cheong	-	-	-	-
8. Song Kok Cheong	-	-	-	-
9. Dato' Dr Yeang Hoong Yeet	49,000	0.06	5,000	0.01

## analysis of shareholdings (cont'd)

### Thirty Largest Registered Shareholders As At 26 January 2011

<u>No.</u>	<u>Name</u>	<u>Shareholdings</u>	<u>%</u>
1.	Yeoh Cheng Poh	11,874,795	14.84
2.	Low Ngak Tiow	10,927,685	13.66
3.	Ong E Ja @ Wang Ah Chuan	9,259,666	11.57
4.	Husaini Bin Md Sadli @ Md Sardili	9,084,437	11.36
5.	Quantum Expansion Sdn Bhd	2,602,546	3.25
6.	Sundat (S) Pte Ltd	2,055,742	2.57
7.	Yap Kon Meng	1,539,195	1.92
8.	Kenny Tan Keng Seng	1,242,800	1.55
9.	Affin Naminees (Tempatan) Sdn Bhd Beneficiary : Pledged securities account for Ronny Ng	1,018,700	1.27
10.	Fong Hoo Meng	998,415	1.25
11.	Mahd Said Bin Ibrahim	770,687	0.96
12.	Mayban Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged securities account for Chen Sen Loon	661,200	0.83
13.	Supian Bin Yussaf	632,029	0.79
14.	Chan Siow Leng	630,000	0.79
15.	Tay Lee Lee	626,000	0.78
16.	Kwak Han Wun	602,800	0.75
17.	Chiew Khwai @ Chiew Swee King	500,000	0.63
18.	HLB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Chang Chai Kin	500,000	0.63
19.	Kow Song Tong	500,000	0.63
20.	Hasmoni Bin Hj Salim	489,470	0.61
21.	Chan Siaw Khaan	486,900	0.61
22.	Lim Mui Miaw	465,000	0.58
23.	Yew Tuck Kai	439,300	0.55
24.	Chew Chin Heng @ Chew Tiang Heng	416,100	0.52
25.	Lim Wai Yee	371,000	0.46
26.	Ng Hui Lin	364,500	0.46
27.	Tan Siew Ean	343,000	0.43
28.	Chua Foon Cheng	330,000	0.41
29.	Chen Sen Loon	294,966	0.37
30.	Ismail Bin Harun	288,821	0.36
		<u>60,315,754</u>	<u>75.39</u>
		=====	=====

## list of properties as at 30 september 2010

Property	Description/ Existing use	Approximate age of building	Tenure	Land area (5q m)	Built-up area (5q m)	Net Book Value at 30/09/2010 (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	29 years	Freehold	-	32	72,600	01.04.1994^
Geran no.24222 Lot no. 3277 Mukim Batang Kali District of Ulu Selangor State of Selangor	Apartment unit for staff recreation	24 years	Freehold	1	103	165,000	01.04.1994^
H5(D) 215977 PTD no. 19116 Town & district of Johor Bahru Johor	3 storey factory cum office building, for Halex Woolton	11 years	60 year lease expiring on 26.12.2053	4,860	4,768	4,704,023	18.11.1999*
H5(D) 49124 Lot no. 6383 Town & district of Johor Bahru Johor	Single storey detached factory with an annexed double storey office building, for Halex Woolton	23 years	60 years lease expiring on 23.10.2041	4,046	2,137	1,593,906	25.01.1987*
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	2 years	Freehold	45,033	13,656	18,226,112	17.08.2009*

**list of properties as at 30 september 2010** (cont'd)

Property	Description/ Existing use	Approximate age of building	Tenure	Land area (Sq m)	Built-up area (Sq m)	Net Book Value at 30/09/2010 (RM)	Date of Acquisition (or CFO)* / Valuation^
H5(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	12 years	60 years lease expiring on 21.01.2050	12,237	3,562	2,280,220	15.08.1998*
Lot 1167, GM 227, EMR 870 Mukim Senai 81000 Kulai Johor	Nursery for Halex Biotechnologies	N/A	Freehold	27,746	-	871,788	05.10.1995*
Lot 650 & 651 GM 547 & 361 Ban Foo Village Mukim Plentong 81800 Ulu Tiram Johor	Nursery for Halex Biotechnologies (including a tissue culture facility and microbiology lab)	N/A	Freehold	54,576	1,820	908,423  1,665,932	27.11.1995*  03.02.2009*
HS(D) 13599 PTD no.1588 Mukim Pantai Timur, District of Kota Tinggi, Johor	Condominium unit / vacant	9 years	99 year lease expiring on 14.08.2091	-	111	Nil	13.11.2001*
Lot 249, GM 202 EMR 124, Mukim of Ulu Sungei Sedili Besar District of Kota Tinggi, Johor	Agriculture land / investment	N/A	Freehold	26,279	-	90,000	01.04.1994^

## notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of Halex Holdings Berhad will be held at 10:30 am at the Sapphire 3 - Level 4, Grand Paragon Hotel, 18 Jalan Harimau, Taman Century, 80250 Johor Bahru on 25 March 2011 for the following businesses:

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 September 2010 and the Directors' and Auditors' Reports thereon; (Resolution 1)
2. To declare a final single tier dividend of 6% amounting to RM2,400,000.00 in respect of the year ended 30 September 2010 (Resolution 2)
3. To approve the payment of Directors' fees of RM347,000.00 for the financial year ended 30 September 2010 (Resolution 3)
4. To re-elect the following Directors who retire pursuant to Article 86 of the Company's Articles of Association: -
  - a. Yeoh Cheng Poh (Resolution 4)
  - b. Chiew Khwai @ Chiew Swee King (Resolution 5)
  - c. Husaini Bin Md Sadli @ Md Sardili (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)

### 6. SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolution:

#### Ordinary Resolution

#### Authority To Allot Shares Pursuant To Section 132D Of The Companies Act, 1965.

(Resolution 8)

"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 centum (10%) of the issued capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues."

### 7. SPECIAL RESOLUTION

#### Proposed Amendments to the Articles of Association of the Company

(Special Resolution)

"THAT existing Article 151 in the Articles of Association of the Company be deleted in its entirety and the following be substituted in lieu thereof:



## notice of annual general meeting (cont'd)

### New Article 151 – Payment of Dividend

Any dividend or other money payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or, if several persons are entitled in consequence of the death or bankruptcy of the holder, to any one of such persons or to such persons and such address as such persons may by writing direct or by directly crediting the dividend entitlement into the member's bank account as provided to the Central Depository from time to time. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or such person as he holder may direct and payment of the cheque or the direct crediting to the member's bank account shall be a good discharge to the Company. Every such cheque or warrant shall be sent or directly credited at the risk of the person entitled to the money represented thereby. Where the members have provided to the Central Depository the relevant contact details for purposes of electronic notifications, the Company shall notify them electronically once the Company has paid the cash dividends out of its accounts. Any dividend or other money payable in cash on or in respect of a share may by directly crediting the dividend entitlement into the member's bank account of the member or person entitled thereto in consequence of the death or bankruptcy of the holder may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where the Company has acted on any such directions."

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

By order of the Board,

**LAANG JHE HOW (MIA 25193)**

(Company Secretary)

Kuala Lumpur

Dated: 2 March 2011

### Notes:

1. A member shall be entitled to appoint more than two (2) proxies to attend and vote at the Meeting and a member who appoints more than 1 proxy shall specify the proportions of his shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of a  
n  
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.

## notice of annual general meeting (cont'd)

### **Explanatory Notes to Special Business:**

#### **Resolution 8**

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

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

The Company is seeking the approval from shareholders on the renewal of the above mandate for the purpose of possible fund raising exercise including but no limited to further placement of shares for working capital requirements. The Company did not exercise the mandate under Section 132D of the Act given by the shareholders at the nineteenth AGM held on 26 March 2010.

#### **Special Resolution**

##### **Proposed Amendments to the Articles of Association of the Company**

The proposed Special Resolution will render the Company's Articles of Association to be in line with the Main Market Listing Requirements and to enable the Company to implement the electronic Dividend Payment ("eDividend")

## statement accompanying notice of annual general meeting

### 1. Date, Time and Venue of the Twentieth Annual General Meeting (“AGM”)

The Twentieth AGM of the Company will be held as follows:

Date : 25 March 2011  
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 Twentieth AGM

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

- a. Yeoh Cheng Poh
- b. Chiew Khwai @ Chiew Swee King
- c. Husaini Bin Md Sadli @ Md Sardili

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 2010 are presented in the “Directors’ Profile” section on pages 5 to 9. Their securities holdings in the Group are presented in the “Directors’ Interest” section on page 74.

### 3. Board Meetings held in the financial year ended 30 September 2010

Five (5) Board Meetings were held during the financial year ended 30 September 2010. A record of the Directors’ attendances at the Board Meeting is presented in the “Statement of Corporate Governance” appearing on pages 12 to 16 of the Annual Report.

## 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 Twentieth Annual General Meeting of the Company to be held at the **Sapphire 3 - Level 4, Grand Paragon Hotel, Johor Bahru** on Friday, **25 March 2011 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 2010 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 2010.		
3.	To approve the payment of Directors' fees for the financial year ended 30 September 2010.		
4.	To re-elect the Director, Mr Yeoh Cheng Poh who retires in accordance with Article 86 of the Company's Articles of Association.		
5.	To re-elect the Director, Mr Chiew Khwai @ Chiew Swee King who retires in accordance with Article 86 of the Company's Articles of Association.		
6.	To re-elect the Director, En Husaini Bin Md Sadli who retires in accordance with Article 86 of the Company's Articles of Association		
7.	To re-appoint Messrs. STYL Associates as Auditors and to authorize the Board of Directors to fix their remuneration.		
	<b>AS SPECIAL BUSINESS</b>		
8.	To approve the Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965.		
	<b>AS SPECIAL RESOLUTION</b>		
9.	To propose Amendment to the Articles of Association of the Company.		

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 \_\_\_\_\_, 2011

**No. of ordinary shares held**

\_\_\_\_\_  
Signature of Member/Common Seal

\* Delete whichever not applicable

### NOTES:

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

*fold here*

STAMP

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

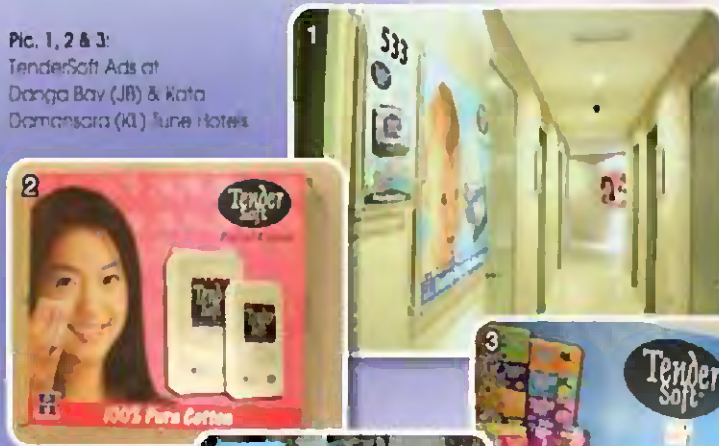
*fold here*

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Pic. 4:  
Baby Wipes  
Promotion



Pic. 5 & 6:  
Expansion of Wet Tissue  
Manufacturing Facility

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- Facial Cotton
- Cotton Buds
- Cotton Balls
- Cotton Wool
- Sanitary Towel

### Wet Tissue Products

- Baby Wipes
- Antiseptic Wipes
- Hygienic Wipes
- Facial Cleansing Wipes
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## HALEX WOOLTON (M) SDN. BHD. (161532-H)

Lot 142, Jalan Koto Tinggi, Bt 12 1/2, Mukim of Plentong,  
81800 Ulu Tirom, Johor Bahru, Johor, Malaysia.  
Tel: 6(07)-8618311 Fax: 6(07)-8634399  
E-mail: halexwut@halex-group.com





**HALEX HOLDINGS BERHAD** (206220-U)

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

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

[www.halex-group.com](http://www.halex-group.com)

# HALEX HOLDINGS BERHAD

(Company No 206220-U)  
(Incorporated in Malaysia under the Companies Act, 1965)



## ERRATA

To: Shareholders of Halex Holdings Berhad

Dear Sir / Madam,

### ANNUAL REPORT 2010 TO SHAREHOLDERS DATED 2 MARCH 2011

1. Please be informed that there are printing errors in the following pages of the Annual Report 2010
2. *Page 80, Notice of Annual General Meeting, Explanatory Notes to Special Business should read as follows:*

#### **Resolution 8**

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

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

The Company is seeking the approval from shareholders on the renewal of the above mandate for the purpose of possible fund raising exercise including but not limited to further placement of shares for working capital requirements. The Company did not exercise the mandate under Section 132D of the Act given by the shareholders at the nineteenth AGM held on 26 March 2010.

3. *Item 6 of the Proxy Form should read as follows:*

To re-elect the Director, En Husaini Bin Md Sadli @ Md Sardili who retires in accordance with Article 86 of the Company's Articles of Association

By Order of the Board,

**LAANG JHE HOW (MIA 25193)**  
Company Secretary

Kuala Lumpur  
2 March 2011