

**PROLEXUS BERHAD**  
Company No. 250857-T

(Incorporated in Malaysia)

Interim Financial Report  
31 January 2010

**PROLEXUS BERHAD (250857-T)**  
**(Incorporated in Malaysia)**

Interim report for the financial period ended 31 January 2010  
(The figures have not been audited)

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**PROLEXUS BERHAD (250857-T)**  
**(Incorporated in Malaysia)**

Interim report for the financial period ended 31 January 2010  
(The figures have not been audited)

**CONDENSED CONSOLIDATED BALANCE SHEET**

	As At 31 January 2010  RM'000	As At 31 July 2009 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	25,173	26,348
Prepaid lease payments	655	661
Intangible assets	2,712	2,712
	28,540	29,721
<b>Current Assets</b>		
Inventories	9,913	14,854
Trade receivables	16,229	16,940
Other receivables, deposits and prepayments	2,557	2,229
Amount due from an associated company	17	16
Fixed deposits with licensed banks	8,022	3,522
Cash and bank balances	4,503	5,686
	41,241	43,247
<b>TOTAL ASSETS</b>	69,781	72,968
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent company</b>		
Share capital	40,000	40,000
Treasury shares	(1,717)	(1,717)
Reserves	(3,624)	(6,775)
	34,659	31,508
Minority interests	2,531	2,755
<b>Total equity</b>	37,190	34,263
<b>Non-current liabilities</b>		
Deferred taxation	1,810	1,120
Borrowings	5,360	7,153
	7,170	8,273
<b>Current Liabilities</b>		
Trade payables	8,291	9,959
Other payables and accruals	8,542	7,934
Amount due to a director	36	25
Provision for taxation	1,199	929
Borrowings	7,353	11,585
	25,421	30,432
<b>TOTAL EQUITY AND LIABILITIES</b>	69,781	72,968
<b>Net assets per share (RM)</b>	1.10	1.01

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's Audited Financial Statements as at 31 July 2009. The accompanying notes are an integral part of this balance sheet.

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**CONDENSED CONSOLIDATED INCOME STATEMENT**

	3 months period ended 31 January		6 months period ended 31 January	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	29,089	29,143	68,467	72,631
Cost of sales	(24,020)	(27,066)	(57,256)	(65,078)
Gross profit	5,069	2,077	11,211	7,553
Other operating income	(8)	1	10	2
Administrative expenses	(2,530)	(1,288)	(4,760)	(4,183)
Selling and distribution expenses	(847)	(918)	(1,591)	(4,075)
Operating profit/(loss)	1,684	(128)	4,870	(703)
Interest income	41	20	47	46
Finance cost	(325)	(552)	(762)	(939)
Profit/(loss) before taxation	1,400	(660)	4,155	(1,596)
Taxation	(376)	71	(1,228)	17
Profit/(loss) for the period	1,024	(589)	2,927	(1,579)
Attributable to:				
Equity holders of the parent company	1,089	(578)	3,151	(1,463)
Minority interests	(65)	(11)	(224)	(116)
	1,024	(589)	2,927	(1,579)
<b>Earnings per share attributable to equity holders of the parent company:</b>				
Basic earning/(loss) per share (sen)	2.99	(1.59)	8.65	(4.02)
Diluted earning/(loss) per share (sen)	2.99	(1.59)	8.65	(4.02)

The Condensed Consolidated Income Statement should be read in conjunction with the Group's Audited Financial Statements as at 31 July 2009. The accompanying notes are an integral part of this statement.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

		--- Non-distributable ---		Distributable		
	Share	Treasury	Revaluation	Retained	Minority	Total
	Capital	Shares	Reserve	Profits	Interest	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 August 2009	40,000	(1,717)	1,413	(8,188)	2,755	34,263
Net profit/(loss) for the period	-	-	-	3,151	(224)	2,927
Purchase of own shares	-	-	-	-	-	-
Disposal of Treasury shares	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
At 31 January 2010	<u>40,000</u>	<u>(1,717)</u>	<u>1,413</u>	<u>(5,037)</u>	<u>2,531</u>	<u>37,190</u>
At 1 August 2008	40,000	(1,717)	1,419	(9,161)	3,460	34,001
Net profit/(loss) for the period	-	-	-	(1,463)	(116)	(1,579)
Purchase of own shares	-	-	-	-	-	-
Disposal of Treasury shares	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-
At 31 January 2009	<u>40,000</u>	<u>(1,717)</u>	<u>1,419</u>	<u>(10,624)</u>	<u>3,344</u>	<u>32,422</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements as at 31 July 2009. The accompanying notes are an integral part of this statement.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	6 months period ended 31 January 2010 RM'000	6 months period ended 31 January 2009 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	4,155	(1,596)
Adjustments for non-cash items	2,926	4,878
Operating profit before working capital changes	<u>7,081</u>	<u>3,282</u>
Net changes in working capital	4,044	7,014
Cash generated from operations	<u>11,125</u>	<u>10,296</u>
Income tax paid	(268)	729
Interest paid	(522)	(939)
Net cash generated from operating activities	<u>10,335</u>	<u>10,086</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1,069)	(675)
Proceeds from disposal of property, plant and equipment	49	-
Interest received	56	46
Others investment	12	-
Net cash generated from/(used in) investing activities	<u>(952)</u>	<u>(629)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	(2,833)	(6,092)
Hire purchase creditors	(80)	(55)
Repayment of unsecured fixed rate term loan	-	(100)
Net cash generated from/(used in) financing activities	<u>(2,913)</u>	<u>(6,247)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,470	3,210
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	5,750	2,157
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>12,220</u>	<u>5,367</u>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the consolidated cash flow statement comprise the following amount:

	As At 31 January 2010 RM'000	As At 31 January 2009 RM'000
Fixed deposits with licensed banks	8,022	1,006
Cash and bank balances	4,503	4,361
Bank overdrafts	(283)	-
	<hr/>	<hr/>
	12,242	5,367
Fixed deposits pledged to bank	(22)	-
	<hr/>	<hr/>
	12,220	5,367

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements as at 31 July 2009. The accompanying notes are an integral part of this statement.

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**EXPLANATORY NOTES**

**1. Basis of preparation**

This interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2009. These explanatory notes attached to the interim financial report provides an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statement for the year ended 31 July 2009.

**2. Seasonality or cyclical operations**

The Group is not affected by seasonality or cyclicity of operation.

**3. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income and cash flows for the current financial period.

**4. Material changes in estimates of amounts reported**

There were no changes in estimates of amounts reported in prior interim period or financial year that have a material effect in the current financial period.

**5. Debt and equity securities**

There were no issuance and repayment of debt and equity securities, share buy backs, share cancellations and resale of treasury shares for the quarter ended 31 January 2010.



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**EXPLANATORY NOTES**

**6. Segmental reporting**

Segment information is presented in respect of the Group's business segments:

	Manufacturing RM'000	Marketing & Retailing RM'000	Advertising Services RM'000	Elimination RM'000	Consolidated Total RM'000
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3 months period ended  
31 January 2010

**REVENUE**

External sales	27,572	113	1,404	-	29,089
Inter-segment sales	989	-	-	(989)	-
Total revenue	<u>28,561</u>	<u>113</u>	<u>1,404</u>	<u>(989)</u>	<u>29,089</u>

**RESULT**

Segment results	1,990	(13)	(99)	-	1,878
Unallocated expenses					(194)
Operating profit					<u>1,684</u>
Interest Income					41
Finance cost					(325)
Profit before taxation					<u>1,400</u>

	Manufacturing RM'000	Marketing & Retailing RM'000	Advertising Services RM'000	Elimination RM'000	Consolidated Total RM'000
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3 months period ended  
31 January 2009

**REVENUE**

External sales	27,255	321	1,567	-	29,143
Inter-segment sales	2,167	-	-	(2,167)	-
Total revenue	<u>29,422</u>	<u>321</u>	<u>1,567</u>	<u>(2,167)</u>	<u>29,143</u>

**RESULT**

Segment results	348	(238)	7	-	117
Unallocated expenses					(245)
Operating loss					<u>(128)</u>
Interest Income					20
Finance cost					(552)
Loss before taxation					<u>(660)</u>

The activities of the Group are primarily located in Malaysia and as such segmental reporting by geographical area is not presented.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and the terms of which have been established on a negotiated basis that are not materially different from that obtainable in transactions with unrelated parties. Those transactions are eliminated on consolidation.

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**EXPLANATORY NOTES**

**7. Property, plant and equipment**

The valuations of land and buildings have been brought forward, without amendment from the previous audited financial statements.

**8. Material events subsequent to the end of financial period**

As at 26 March 2010, there were no material events subsequent to the end of the current financial period-to-date that have not been reflected in the financial statements for the said period.

**9. Changes in composition of the Group**

There were no material changes in the composition of the Group during the three months period ended 31 January 2010.

**10. Contingent liabilities**

There were no significant changes in contingent liabilities since the last annual balance sheet date.

**11. Authorisation for issue**

On 26 March 2010, the Board of Directors authorized the issue of this interim report.

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**ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS**

**1) Review of the Performance of the Company and Its Principal Subsidiaries**

Revenue of the Group for the current quarter of RM29,089,000 decreased by RM54,000 when compared with the corresponding quarter of the preceding financial year and decreased by RM10,289,000 when compared with that of the immediate preceding quarter. The lower revenue for the current quarter when compared with the immediate preceding quarter is mainly due to the lower orders received.

The Group achieved profit before taxation of RM1,400,000 for the current quarter when compared with the loss before taxation of RM660,000 for the corresponding quarter of the preceding financial year. The improvement in performance is mainly due to cost rationalization, improved management and oversight.

**2) Material Change in Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter**

The Group recorded a profit before tax of RM1,400,000 for the current quarter compared to a profit of RM2,755,000 for the immediate preceding quarter. The lower profit is mainly due to lower revenue recorded in the current quarter.

**3) Current Year Prospects**

The Group expects to maintain the improved performance during the forthcoming quarters.

**4) Profit forecast**

The Group did not make any profit forecast or profit guarantee during the current financial period.

**5) Variance of Actual Profit from Forecast Results or Profit Guarantee**

Not applicable.

**6) Taxation**

	3 months period ended 31 January		6 months period ended 31 January	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Taxation	(376)	71	(1,228)	17

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate due principally to expenses not deductible for tax purpose and the origination of deferred tax liabilities.

**7) Profit on Sale of Unquoted Investments and/or Properties**

There were no material disposals of unquoted investments and/or properties during the financial period ended 31 January 2010.

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**ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS**

**8) Quoted Securities**

There were no purchases and disposals of quoted securities during the financial period ended 31 January 2010.

**9) Status of Corporate Proposal**

As at 31 January 2010, there is no corporate proposal that is outstanding.

**10) Group Borrowings and Debts Securities**

Details of the Group's borrowings as at 31 January 2010 are as follows:

	Short Term RM'000	Long Term RM'000
Secured	5,853	960
Unsecured	1,500	4,400
Total	<u>7,353</u>	<u>5,360</u>

There was no borrowing denominated in foreign currency as at 31 January 2010.

**11) Off Balance Sheet Financial Instruments**

As at 19 March 2010 (being a date not earlier than 7 days from the date of issuance of this interim report), forward foreign exchange sale contracts that were entered into by certain subsidiary companies amounted to US\$5,000,000. These contracts were entered into as hedges for committed sales denominated in USD to minimize the exposure of potential changes in foreign exchange rates. The maturity periods of these contracts range from April 2010 to July 2010.

The gains and losses arising from forward contracts are dealt with through the Income Statement.

The credit risk is minimal as the contracts were entered into with reputable banks.

**12) Material Litigations**

There was no material litigation pending since the last annual balance sheet date.

**13) Dividend**

No dividend has been proposed for current quarter.

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**ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS**

**14) Earnings per Share**

(a) Basic earnings/(loss) per share

	3 months ended		6 months ended	
	31 January		31 January	
	2009	2008	2009	2008
Net profit/(loss) attributable to shareholders (RM'000)	1,089	(578)	3,151	(1,463)
Weighted average number of ordinary shares in issue ('000)	36,411	36,411	36,411	36,411
Basic earnings/(loss) per share (sen)	2.99	(1.59)	8.65	(4.02)

(b) Diluted earnings/(loss) per share

Net profit/(loss) attributable to shareholders (RM'000)	1,089	(578)	3,151	(1,463)
Weighted average number of ordinary shares in issue ('000)	36,411	36,411	36,411	36,411
Diluted earnings/(loss) per share (sen)	2.99	(1.59)	8.65	(4.02)

**15) Audit Qualification**

The audit report of the Group's preceding year financial statements is not qualified.

*By Order of the Board*  
**PROLEXUS BERHAD (250857-T)**

Lee Peng Loon  
Company Secretary  
(MACS 01258)  
26 March 2010