

PROLEXUS BERHAD
Company No. 250857-T

(Incorporated in Malaysia)

Interim Financial Report
30 April 2012

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

Interim report for the financial period ended 30 April 2012
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 30 April 2012 RM'000	As At 31 July 2011 (Audited) RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	36,277	36,452
Intangible assets	2,712	2,712
	<u>38,989</u>	<u>39,164</u>
Current Assets		
Inventories	16,661	16,216
Trade receivables	12,380	24,724
Other receivables, deposits and prepayments	5,059	5,028
Amount due from an associated company	-	22
Tax recoverable	443	446
Derivative financial instruments	343	780
Fixed deposits with licensed banks	2,022	562
Cash and bank balances	15,491	8,373
	<u>52,399</u>	<u>56,111</u>
Non-current assets held for sale	196	196
	<u>52,595</u>	<u>56,307</u>
TOTAL ASSETS	<u>91,584</u>	<u>95,471</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	40,000	40,000
Treasury shares	(1,489)	(1,717)
Reserves	17,632	10,065
	<u>56,143</u>	<u>48,348</u>
Non-controlling interests	5,756	4,931
Total equity	<u>61,899</u>	<u>53,279</u>
Non-current liabilities		
Borrowings	-	104
Deferred taxation	2,600	2,452
	<u>2,600</u>	<u>2,556</u>
Current Liabilities		
Trade payables	9,301	10,590
Other payables and accruals	11,396	14,671
Borrowings	6,388	14,375
Provision for taxation	-	-
	<u>27,085</u>	<u>39,636</u>
Total liabilities	29,685	42,192
TOTAL EQUITY AND LIABILITIES	<u>91,584</u>	<u>95,471</u>
Net assets per share (RM)	1.60	1.40

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Audited Financial Statements as at 31 July 2011 and the accompanying notes attached to this interim financial report.

PROLEXUS BERHAD (250857-T)
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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	30 April		30 April	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	44,630	43,187	139,782	127,291
Cost of sales	(37,246)	(36,935)	(116,591)	(110,260)
Gross profit	7,384	6,252	23,191	17,031
Inventories write down	-	-	(400)	-
Other operating income	280	89	766	317
Administrative expenses	(2,653)	(2,089)	(7,566)	(6,462)
Selling and distribution expenses	(1,858)	(1,744)	(7,853)	(6,282)
Operating profit	3,153	2,508	8,138	4,604
Interest income	22	25	30	56
Finance cost	(265)	(368)	(940)	(1,150)
Interest expense waived	-	-	1,365	-
Profit before taxation	2,910	2,165	8,593	3,510
Taxation	(150)	(530)	(400)	(990)
Profit for the period	2,760	1,635	8,193	2,520
Attributable to:				
Equity holders of the Company	2,575	1,814	7,368	3,278
Non-controlling interests	185	(179)	825	(758)
	2,760	1,635	8,193	2,520
Earnings per share (sen)				
attributable to equity holders of the Company:				
- Basic	6.98	4.98	19.98	9.00
- Diluted	6.98	4.98	19.98	9.00

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements as at 31 July 2011 and the accompanying notes attached to this interim financial report.

PROLEXUS BERHAD (250857-T)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

	Individual Quarter		Cumulative Quarter	
	30 April		30 April	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period	2,760	1,635	8,193	2,520
Other comprehensive income / (loss)				
Foreign currency translation	49	2	199	139
Total comprehensive income / (loss)	<u>2,809</u>	<u>1,637</u>	<u>8,392</u>	<u>2,659</u>
Total comprehensive income / (loss) attributable to :				
Equity holders of the Company	2,924	1,705	7,567	3,244
Non-controlling interests	(115)	(181)	825	(698)
	<u>2,809</u>	<u>1,524</u>	<u>8,392</u>	<u>2,546</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements as at 31 July 2011 and the accompanying notes attached to this interim financial report.

PROLEXUS BERHAD (250857-T)
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	--- Non-distributable ---		Distributable			Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Reserves RM'000	Retained Profits RM'000	Non- controlling Interests RM'000	
At 1 August 2011	40,000	(1,717)	7,718	2,347	4,931	53,279
Profit / (loss) for the period	-	-	-	7,368	825	8,193
Other comprehensive income/(loss)	-	-	115	84	-	199
Total comprehensive income/(loss)	-	-	115	7,452	825	8,392
Resale of treasury shares	-	228	-	-	-	228
At 30 April 2012	40,000	(1,489)	7,833	9,799	5,756	61,899
At 1 August 2010	40,000	(1,717)	8,588	(4,123)	5,568	48,316
Effect of adopting FRS 139	-	-	-	-	-	-
At 1 August 2010 (restated)	40,000	(1,717)	8,588	(4,123)	5,568	48,316
Profit / (loss) for the period	-	-	-	3,278	(758)	2,520
Other comprehensive income/(loss)	-	-	79	-	60	139
Total comprehensive income/(loss)	-	-	79	3,278	(698)	2,659
At 30 April 2011	40,000	(1,717)	8,667	(845)	4,870	50,975

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements as at 31 July 2011 and the accompanying notes attached to this interim financial report.

PROLEXUS BERHAD (250857-T)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Cumulative Quarter Ended 30 April 2012 RM'000	Cumulative Quarter Ended 30 April 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,593	3,510
Adjustments for non-cash items	2,771	3,466
Operating profit before working capital changes	11,364	6,976
Net changes in working capital	8,952	3,046
Cash generated from operations	20,316	10,022
Net income tax (paid) / refund	(545)	(1,534)
Interest paid	(940)	(1,150)
Net cash generated from operating activities	18,831	7,338
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,596)	(8,194)
Proceeds from disposal of property, plant and equipment	-	296
Interest received	30	56
Net cash generated from/(used in) investing activities	(2,566)	(7,842)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(8,091)	128
Interest expense waived	1,365	-
Hire purchase creditors	(90)	(90)
Repayment of term loan	-	(1,888)
Net cash generated from/(used in) financing activities	(6,816)	(1,850)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,449	(2,354)
Effect of exchange rate differences on cash and cash equivalents		
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,042	12,800
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17,491	10,446

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements as at 31 July 2011 and the accompanying notes attached to this interim financial report.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

CASH AND CASH EQUIVALENTS

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

	Cumulative Quarter Ended 30 April 2012 RM'000	Cumulative Quarter Ended 30 April 2011 RM'000
Fixed deposits with licensed banks	2,022	2,022
Cash and bank balances	15,491	8,446
Bank overdrafts	-	-
	<hr/>	<hr/>
	17,513	10,468
Fixed deposits pledged to bank	(22)	(22)
	<hr/>	<hr/>
	17,491	10,446
	<hr/>	<hr/>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's Audited Financial Statements as at 31 July 2011 and the accompanying notes attached to this interim financial report.

Interim report for the financial period ended 30 April 2012
(The figures have not been audited)

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 2011. 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 2011.

2. (a) Adoption of new/revised FRSs, amendments/improvements to FRSs and IC Interpretations

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 2011 except for the adoption of the following new/revised FRSs, amendments/improvements to FRSs and IC Int.

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to FRSs</u>		
FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
FRS 3	Business Combinations	1 January 2011
FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
FRS 101	Presentation of Financial Statements	1 January 2011
FRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2011
FRS 128	Investments in Associates	1 January 2011
FRS 131	Interests in Joint Ventures	1 January 2011
FRS 132	Financial Instruments : Presentation	1 January 2011
FRS 134	Interim Financial Reporting	1 January 2011
FRS 139	Financial Instruments : Recognition and Measurement	1 January 2011
<u>IC Int</u>		
IC Int 4	Determining Whether an Arrangement contains a Lease	1 January 2011
IC Int 18	Transfers of Assets from Customers	1 January 2011
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
<u>Amendments to IC Int</u>		
IC Int 13	Customer Loyalty Programmes	1 January 2011
IC Int 14	Prepayments of a Minimum Funding Requirement	1 July 2011

The directors anticipate that the adoption of these revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int will have no material impact on the financial statements of the Group and of the Company in the period for initial application.

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EXPLANATORY NOTES

2. (b) Standards Issued But Not Yet Effective

The following are revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int which are not yet effective and have not been early adopted by the Group and by the Company :

<u>Revised FRSs</u>		Effective for financial periods beginning on or after
FRS 124	Related Party Disclosures	1 January 2012
<u>IC Int</u>		
IC Int 15	Agreements for the Construction of Real Estate	1 January 2012

The directors anticipate that the adoption of these revised FRSs, amendments/improvements to FRSs, IC Int and amendments to IC Int will have no material impact on the financial statements of the Group and of the Company in the period for initial application.

2. (c) New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Framework

To converge with International Financial Reporting Standards (IFRSs) in 2012, the Malaysian Accounting Standards Board (MASB) had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group will be considering the implications of the new MFRS Framework on its financial statements in due course.

3. Seasonality or cyclical operations

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

4. Unusual items

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

5. 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.

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EXPLANATORY NOTES

6. 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 30 April 2012 other than the resale of 456,100 treasury shares amounting to RM228,000.

7. 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
<u>Period ended</u>					
<u>30 April 2012</u>					
REVENUE					
External sales	134,428	87	5,267	-	139,782
Inter-segment sales	4,708	1,444	-	(6,152)	-
Total revenue	<u>139,136</u>	<u>1,531</u>	<u>5,267</u>	<u>(6,152)</u>	<u>139,782</u>

RESULT					
Segment results	6,089	1,049	1,328	-	8,466
Unallocated expenses					(328)
Operating profit					<u>8,138</u>
Interest expense waived					1,365
Interest income					30
Finance cost					(940)
Profit before taxation					<u>8,593</u>

	Manufacturing RM'000	Marketing & Retailing RM'000	Advertising Services RM'000	Elimination RM'000	Consolidated Total RM'000
<u>Period ended</u>					
<u>30 April 2011</u>					
REVENUE					
External sales	123,755	140	3,396	-	127,291
Inter-segment sales	5,449	-	-	(5,449)	-
Total revenue	<u>129,204</u>	<u>140</u>	<u>3,396</u>	<u>(5,449)</u>	<u>127,291</u>

RESULT					
Segment results	5,506	(322)	(305)	-	4,879
Unallocated expenses					(275)
Operating profit					<u>4,604</u>
Interest income					56
Finance cost					(1,150)
Profit before taxation					<u>3,510</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

8. Property, plant and equipment

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

9. Material events subsequent to the end of financial period

As at 25 June 2012, 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.

10. Changes in composition of the Group

There were no changes in the composition of the Group during the three months period ended 30 April 2012.

11. Contingent liabilities

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

12. Authorisation for issue

On 25 June 2012, the Board of Directors authorized the issue of this interim report.

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(The figures have not been audited)

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

1) Review of Group Performance

Comparison with corresponding quarter of the preceding financial year

Revenue of the Group for the current quarter of RM 44,630,000 is higher when compared with the revenue of the corresponding quarter of the preceding financial year of RM 43,187,000. The increase in revenue is attributable to the garment division where revenue increased from RM41,694,000 to RM 43,098,000 while revenue of the advertising division remained relatively unchanged at RM1,532,000. The increase in revenue of the garment division is mainly due to the increase in revenue of the China plant to RM9,885,000 for the current quarter compared to RM800,000 for the corresponding quarter of the previous year offset by the decrease in revenue of the Malaysian plants. The lower orders received for the Malaysian plants are due to the overstocking positions of our customers. Profit before taxation for the current quarter increased to RM2,910,000 from that of the corresponding quarter of the previous year of RM2,165,000 and is due to the improved performance of the China plant.

Comparison with preceding quarter

Revenue of the Group for the current quarter of RM 44,630,000 is lower when compared with the revenue of the preceding quarter of RM48,481,000 and is attributable to the garment division. The decrease in revenue of the garment division is mainly due the decrease in revenue of the Malaysian plant and is attributable to the overstocking position of our customers. Profit before taxation of the current quarter of RM2,910,000 is lower than that of the preceding quarter of RM3,578,000 and is mainly due to the recognition in the preceding quarter of interest waived of RM1,365,000 arising from the settlement of borrowings from Aegis One.

2) Current Year Prospects

In view of the global economic uncertainties and barring any unforeseen circumstances, the Group is cautiously optimistic that its performance will be maintained in the final quarter of the financial year.

3) Profit forecast

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

4) Variance of Actual Profit from Forecast Results or Profit Guarantee

Not applicable.

5) Taxation

	Individual Quarter 30 April		Cumulative Quarter 30 April	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Taxation charge	(150)	(530)	(400)	(990)

The effective tax rate of the Group for the current quarter is lower than the statutory tax rate due principally to tax incentives.

PROLEXUS BERHAD (250857-T)
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ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS

6) Profit on Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments and/or properties during the financial period ended 30 April 2012.

7) Quoted Securities

There were no purchases and disposals of quoted securities during the financial period ended 30 April 2012.

8) Status of Corporate Proposal

As at 30 April 2012, there is no corporate proposal that is outstanding.

9) Group Borrowings and Debts Securities

Details of the Group's borrowings as at 30 April 2012 are as follows:

	Short Term RM'000	Long Term RM'000
Secured	2,027	-
Unsecured	4,361	-
Total	<u>6,388</u>	<u>-</u>

Borrowings denominated in foreign currency as at 30 April 2012 are as follows:

	Secured Short Term RM'000
Trade financing denominated in Renminbi	<u>2,027</u>

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

10) Derivative Financial Instruments

<u>30 April 2012</u>	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
Current Non-hedging derivatives :				
Forward currency contract	29,566	29,566	29,223	343

The Group (within express guidelines prescribed by the Board of Directors) uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge a subsidiary's sales denominated in US Dollar for which firm commitments existed at the end of the reporting period, extending to September 2012.

During the quarter, the Group recognised a gain of RM343,000 arising from fair value of changes of derivative assets. The fair value changes are attributable to changes in foreign exchange forward rate.

11) Material Litigations

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

12) Dividend

The Board of Directors does not recommend any dividend for the financial period ended 30 April 2012.

13) Realised and Unrealised Profits Disclosure

The breakdown of the retained profits of the Group into realised and unrealised profits are as follows:-

	As at 30 April 2012 RM'000	As at 31 July 2011 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	15,885	8,325
- Unrealised	(521)	(413)
	15,364	7,912
Less consolidated adjustment	(5,565)	(5,565)
Total Group retained profits as per consolidated accounts	9,799	2,347

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

14) Earnings per Share

	Individual Quarter 30 April		Cumulative Quarter 30 April	
	2012	2011	2012	2011
(a) Basic earnings per share				
Profit for the period attributable to equity holders (RM'000)	2,575	1,814	7,368	3,278
Weighted average number of ordinary shares in issue ('000)	36,868	36,411	36,868	36,411
Basic earnings per share (sen)	<u>6.98</u>	<u>4.98</u>	<u>19.98</u>	<u>9.00</u>
(b) Diluted earnings per share				
Profit for the period attributable to equity holders (RM'000)	2,575	1,814	7,368	3,278
Weighted average number of ordinary shares in issue ('000)	36,868	36,411	36,868	36,411
Diluted earnings per share (sen)	<u>6.98</u>	<u>4.98</u>	<u>19.98</u>	<u>9.00</u>

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)
25 June 2012