

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
Registration No. 199201019353 (250857-T)

(Incorporated in Malaysia)

Interim Financial Report
31 January 2024

CONTENTS

	PAGE
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	4 - 5
EXPLANATORY NOTES	6 – 10
ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS	11 – 16

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 31 January 2024 RM'000	Audited 31 July 2023 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		161,476	166,793
Right-of-use assets		13,378	14,399
Intangible assets		3,284	3,286
Other investments		638	638
Goodwill on consolidation		2,712	2,712
		<u>181,488</u>	<u>187,828</u>
Current Assets			
Inventories		28,831	28,772
Trade receivables		57,410	54,172
Other receivables		5,198	4,440
Current tax assets		1,030	1,817
Other investments		70,943	72,495
Deposits with financial institutions		8,395	8,985
Cash and bank balances		49,395	58,369
		<u>221,202</u>	<u>229,050</u>
TOTAL ASSETS		<u>402,690</u>	<u>416,878</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital		126,071	126,071
Treasury shares		(128)	(128)
Reserves		12,240	9,446
Retained profits		148,441	166,638
		<u>286,624</u>	<u>302,027</u>
Non-controlling interests		27,748	29,519
Total equity		<u>314,372</u>	<u>331,546</u>
Non-Current Liabilities			
Deferred tax liabilities		317	95
Lease liabilities		453	900
Borrowings	22	31,743	36,724
		<u>32,513</u>	<u>37,719</u>
Current Liabilities			
Trade payables		4,822	7,474
Other payables		15,020	13,729
Contract liabilities		773	1,028
Lease liabilities		99	586
Borrowings	22	33,656	24,545
Current tax liabilities		1,435	251
		<u>55,805</u>	<u>47,613</u>
Total liabilities		<u>88,318</u>	<u>85,332</u>
TOTAL EQUITY AND LIABILITIES		<u>402,690</u>	<u>416,878</u>
Net assets per share attributable to owners of the parent (RM)		1.04	1.09

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Audited Consolidated Financial Statements for the financial year ended 31 July 2023 and the accompanying notes attached to this interim financial report.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter 31 January		Cumulative 6 Months 31 January	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	8	68,863	63,230	108,045	120,377
Cost of sales		(56,541)	(53,886)	(92,966)	(100,458)
Gross profit		<u>12,322</u>	<u>9,344</u>	<u>15,079</u>	<u>19,919</u>
Other operating income		343	23,950	3,091	35,605
Administrative expenses		(15,572)	(5,927)	(28,520)	(10,584)
Selling and distribution expenses		(3,242)	(2,924)	(5,587)	(4,737)
Other operating expenses		(80)	(113)	(102)	(232)
Operating (loss)/profit		<u>(6,229)</u>	<u>24,330</u>	<u>(16,039)</u>	<u>39,971</u>
Finance cost	19	(995)	(1,100)	(1,929)	(1,999)
Share of result of a joint venture		-	(12)	-	(25)
(Loss)/Profit before taxation		<u>(7,224)</u>	<u>23,218</u>	<u>(17,968)</u>	<u>37,947</u>
Taxation	20	(2,393)	(872)	(2,947)	(4,224)
(Loss)/Profit for the period		<u>(9,617)</u>	<u>22,346</u>	<u>(20,915)</u>	<u>33,723</u>
Other comprehensive (loss)/income, net of tax					
Foreign currency translation differences for foreign operations		(693)	(4,894)	3,741	(89)
Total comprehensive (loss)/income for the period		<u>(10,310)</u>	<u>17,452</u>	<u>(17,174)</u>	<u>33,634</u>
(Loss)/Profit attributable to:					
Owners of the parent		(8,637)	22,813	(18,481)	33,322
Non-controlling interests		(980)	(467)	(2,434)	401
		<u>(9,617)</u>	<u>22,346</u>	<u>(20,915)</u>	<u>33,723</u>
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(9,215)	17,951	(15,403)	32,454
Non-controlling interests		(1,095)	(499)	(1,771)	1,180
		<u>(10,310)</u>	<u>17,452</u>	<u>(17,174)</u>	<u>33,634</u>
(Loss)/Earnings per share attributable to owners of the parent (sen):					
- Basic	25	(3.13)	8.31	(6.70)	12.14
- Diluted	25	(3.13)	8.31	(6.70)	12.14

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Consolidated Financial Statements for the financial year ended 31 July 2023 and the accompanying notes attached to this interim financial report.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Owners of the Parent →							Total	Non-controlling Interests	Total Equity
	← Non-distributable →					→ Distributable				
	Share Capital	Treasury Shares	Exchange Translation Reserve	Statutory Reserve	ESOS Reserve	Fair Value Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 August 2023	126,071	(128)	9,604	941	284	(1,383)	166,638	302,027	29,519	331,546
Loss for the year	-	-	-	-	-	-	(18,481)	(18,481)	(2,434)	(20,915)
Exchange translation differences for foreign operations	-	-	3,078	-	-	-	-	3,078	663	3,741
Total comprehensive income/(loss) for the period	-	-	3,078	-	-	-	(18,481)	(15,403)	(1,771)	(17,174)
Transactions with owners:										
Share options lapsed	-	-	-	-	(284)	-	284	-	-	-
Total transactions with owners	-	-	-	-	(284)	-	284	-	-	-
At 31 January 2024	126,071	(128)	12,682	941	-	(1,383)	148,441	286,624	27,748	314,372
At 1 August 2022	126,071	(737)	7,994	941	287	(1,320)	144,549	277,785	30,162	307,947
Profit for the year	-	-	-	-	-	-	33,322	33,322	401	33,723
Exchange translation differences for foreign operations	-	-	(868)	-	-	-	-	(868)	779	(89)
Total comprehensive (loss)/income for the period	-	-	(868)	-	-	-	33,322	32,454	1,180	33,634
Transactions with owners:										
Resales for the vesting of treasury shares	-	609	-	-	-	-	1,206	1,815	-	1,815
Total transactions with owners	-	609	-	-	-	-	1,206	1,815	-	1,815
At 31 January 2023	126,071	(128)	7,126	941	287	(1,320)	179,077	312,054	31,342	343,396

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Consolidated Financial Statements for the financial year ended 31 July 2023 and the accompanying notes attached to this interim financial report.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31 January 2024 RM'000	6 months ended 31 January 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(17,968)	37,947
Adjustments for :		
Amortisation of intangible assets	3	5
Amortisation of right-of-use assets	520	356
Depreciation of property, plant and equipment	5,927	5,770
Fair value loss/(gain) on other investments	15,197	(30,671)
Loss on disposal of property, plant and equipment	380	1
Income distribution from other investments	(103)	(114)
Interest expense	1,929	1,999
Interest income	(403)	(437)
Property, plant and equipment written off	378	4
Termination of lease term	672	-
Share of result of a joint venture	-	25
Gain on other investment	(1,109)	(5,748)
Unrealised loss on foreign exchange	180	1,922
Operating profit before working capital changes	<u>5,603</u>	<u>11,059</u>
Changes in working capital:		
Change in inventories	196	(1,944)
Change in receivables	(2,482)	6,399
Change in payables	(216)	(5,596)
Change in contract liabilities	(255)	(433)
Cash generated from operations	<u>2,846</u>	<u>9,485</u>
Tax paid	(1,859)	(2,109)
Interest paid	(1,929)	(1,999)
Net cash (used in)/generated from operating activities	<u>(942)</u>	<u>5,377</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	558	414
Proceeds from disposal of property, plant and equipment	332	1
Purchase of property, plant and equipment	(1,310)	(2,227)
Net purchase of other investments	(12,433)	(6,671)
Net cash used in investing activities	<u>(12,853)</u>	<u>(8,483)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(942)	(209)
Repayment of term loans	(6,939)	(6,149)
Drawdown/(Repayment) of trade financing	4,844	(2,267)
Change in other borrowing	6,063	-
Proceeds from resale of treasury shares	-	1,815
Net cash generated from/(used in) financing activities	<u>3,026</u>	<u>(6,810)</u>

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	6 months ended 31 January 2024 RM'000	6 months ended 31 January 2023 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,769)	(9,916)
Effects of foreign exchange rate changes on cash and cash equivalents	1,360	1,105
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	65,068	75,915
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	55,659	67,104
Cash and cash equivalents comprise:		
Deposits with financial institutions	8,395	23,789
Cash and bank balances	49,395	45,583
	57,790	69,372
Less: Deposits pledged	(2,131)	(2,268)
Cash and cash equivalents	55,659	67,104

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's Audited Consolidated Financial Statements for the financial year ended 31 July 2023 and the accompanying notes attached to this interim financial report.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

EXPLANATORY NOTES

1. Basis of preparation

The interim condensed consolidated financial statements (“Report”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: ‘Interim Financial Reporting’ and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. For the period up to and including the financial year ended 31 January 2024, the Group prepared its financial statements in accordance with MFRS, International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act, 2016 in Malaysia.

The accounting policies and presentation adopted by the Group in this Report are consistent with those adopted in the audited financial statements for the financial year ended 31 July 2023.

2. Significant accounting policies

The accounting policies and methods of computation adopted in this Report are consistent with those adopted in the audited financial statements for the financial year ended 31 July 2023 except for the adoption of the following amendments to MFRSs which are applicable to the Group:

MFRS 17 - Insurance Contracts	Effective 1 January 2023
Amendments to MFRS 17 - Insurance Contracts	Effective 1 January 2023
Amendments to MFRS 17 - Initial Application of MFRS 17 and MFRS 9 - Comparative Information	Effective 1 January 2023
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current	Effective 1 January 2023
Amendments to MFRS 101 - Disclosure of Accounting Policies	Effective 1 January 2023
Amendments to MFRS 108 - Definition of Accounting Estimates	Effective 1 January 2023
Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Effective 1 January 2023
Amendments to MFRS 112 - International Tax Reform- Pillar Two Model Rules	Effective 1 January 2023

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group.

Standards issued but not yet effective

The Group has not applied the following new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group:

Amendments to MFRS 16 - Lease Liability in a Sale and Leaseback	Effective 1 January 2024
Amendments to MFRS 101 - Non-current Liabilities with Covenants	Effective 1 January 2024
Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements	Effective 1 January 2024
Amendments to MFRS 121 - Lack of Exchangeability	Effective 1 January 2025
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D)

2. Significant accounting policies (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group intends to adopt the above MFRSs when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group.

3. Seasonality or cyclical operations

The Group is not materially 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 quarter.

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 quarter.

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 current quarter.

7. Dividend paid

No dividend was paid for the current quarter.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D)

8. Segmental reporting

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

	<u>Apparels</u>	<u>Textile</u>	<u>Advertising</u>	<u>Others</u>	<u>Elimination</u>	<u>Consolidated</u> <u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 January 2024						
REVENUE						
External sales	99,277	3,606	4,915	247	-	108,045
Inter-segment sales	-	198	-	2,455	(2,653)	-
Total revenue	<u>99,277</u>	<u>3,804</u>	<u>4,915</u>	<u>2,702</u>	<u>(2,653)</u>	<u>108,045</u>
RESULTS						
Segment results	5,482	(8,843)	1,159	(14,240)	-	(16,442)
Interest expense	(218)	(1,458)	(4)	(313)	64	(1,929)
Interest income	336	11	54	66	(64)	403
Taxation	(2,224)	-	(435)	(288)	-	(2,947)
Profit/(Loss) for the period	<u>3,376</u>	<u>(10,290)</u>	<u>774</u>	<u>(14,775)</u>	<u>-</u>	<u>(20,915)</u>

	<u>Apparels</u>	<u>Textile</u>	<u>Advertising</u>	<u>Others</u>	<u>Elimination</u>	<u>Consolidated</u> <u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 January 2023						
REVENUE						
External sales	106,355	6,393	7,428	201	-	120,377
Inter-segment sales	-	1,904	-	2,454	(4,358)	-
Total revenue	<u>106,355</u>	<u>8,297</u>	<u>7,428</u>	<u>2,655</u>	<u>(4,358)</u>	<u>120,377</u>
RESULTS						
Segment results	3,745	(3,732)	3,384	36,162	(25)	39,534
Share of result of a joint venture	-	(25)	-	-	-	(25)
Interest expense	(318)	(1,687)	(8)	(14)	28	(1,999)
Interest income	221	11	205	28	(28)	437
Taxation	(3,658)	-	(566)	-	-	(4,224)
(Loss)/Profit for the period	<u>(10)</u>	<u>(5,433)</u>	<u>3,015</u>	<u>36,176</u>	<u>(25)</u>	<u>33,723</u>

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.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D)

Geographical Segments

The Group's geographical revenue for the financial period-to-date is as follows:

	Period-to-date	
	31 January 2024	31 January 2023
	RM'000	RM'000
Malaysia	12,516	17,322
United States of America	38,900	66,932
European countries	19,255	12,882
Asia	31,964	14,953
Other countries	5,410	8,288
	<u>108,045</u>	<u>120,377</u>

9. Event subsequent to the end of reporting period

As at 22 March 2024, 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 period.

11. Contingent liabilities

There were no significant changes in contingent liabilities since the last reporting period.

12. Capital commitments

As at the reporting date, the capital commitment of the Group is as follows:

Property, plant and equipment:	RM'000
- Authorised and contracted for	<u>119</u>
	<u>119</u>

13. Contract liabilities

Balance at 1 August 2023 as per MFRS 15	RM'000
	1,028
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at beginning	(1,028)
Increase in contract liabilities as a result of receiving deposits from customers upon placing sales orders as at 31 January 2024	<u>773</u>
Balance at 31 January 2024	<u>773</u>

Contract liabilities comprised of advances received from customers for rendering services.

**TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)**

Interim report for the period ended 31 January 2024
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D)

14. Authorisation for issue

On 22 March 2024, the Board of Directors authorised the issuance of this interim report.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

15. Review of Group's performance

	Individual Quarter		Cumulative 6 Months	
	31 January		31 January	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Revenue	68,863	63,230	108,045	120,377
(Loss)/Profit before taxation	<u>(7,224)</u>	<u>23,218</u>	<u>(17,968)</u>	<u>37,947</u>

Comparison with corresponding quarter of the preceding financial year

The Group's revenue increased by RM5.7 million to RM68.9 million for the current quarter from RM63.2 million for the corresponding quarter of the preceding financial year. This was primarily contributed by higher sales from the apparel division.

The Group recorded a loss before taxation of RM7.2 million in the current quarter compared to a profit before taxation of RM23.2 million in the corresponding quarter of the preceding financial year. This was mainly due to lower other operating income and higher administrative expenses.

Comparison with preceding quarter

	3 months ended	3 months ended
	31 January 2024	31 October 2023
	RM'000	RM'000
Revenue	68,863	39,182
Loss before taxation	<u>(7,224)</u>	<u>(10,744)</u>

Revenue of the Group in the current quarter increased to RM68.9 million from RM39.2 million for the 3 months financial period ended 31 October 2023. This was attributable to higher sales from all business segments namely apparel, textile and advertising division.

The Group recorded a loss before taxation of RM7.2 million as compared to a loss before taxation of RM10.7 million for the preceding quarter. The reduction in loss was mainly attributable to higher revenue from all business segments as mentioned above.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)

16. Current year prospects

The global economy continues to experience the impact from persistent high interest rates despite the global inflation has shown signs of moderation. The International Monetary Fund has projected a global growth of 3.1% in 2024, below the historical average of 3.8%. Meanwhile, according to the World Bank's report, the Malaysian economy is expected to grow 4.3% in 2024. Whilst the Group's financial performance has shown signs of improvement during the quarter under review, the foreign currency volatility and weak consumer sentiment arising from macroeconomic factors continue to pose a challenge to the Group's businesses. Nevertheless, the Group will continue to monitor the prevailing market conditions and adopt the appropriate strategies to enhance the Group's financial performance.

17. Profit forecast

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

18. Variance of actual profit from forecast results or profit guarantee

Not applicable.

19. (Loss)/Profit for the period

Included in (loss)/profit for the period are the following:

	Individual Quarter		Cumulative 6 Months	
	31 January		31 January	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	2,768	2,909	5,927	5,770
Amortisation of right-of-use assets	250	133	520	355
Amortisation of intangible assets	1	2	3	5
Fair value loss/(gain) on other investments	9,036	(19,565)	15,197	(30,671)
(Gain)/loss on disposal of property, plant and equipment	(243)	1	380	1
Income distribution from other investments	(88)	(66)	(103)	(114)
Interest expense	995	1,100	1,929	1,999
Interest income	(282)	(158)	(403)	(437)
Property, plant and equipment written off	(1)	-	378	4
Termination of lease term	672	-	672	-
Loss/(Gain) on other investment	1,216	(4,912)	(1,109)	(5,748)
Unrealised (gain)/loss on foreign exchange	(694)	2,844	180	1,922

Other than the above items, there were no gain or loss on disposal of quoted or unquoted investments, write off of receivables or inventories, impairment of assets as well as exceptional items.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)

20. Taxation

	3 months ended		6 months ended	
	31 January		31 January	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Tax expenses	2,180	872	2,734	4,224
Deferred tax expenses	213	-	213	-
	<u>2,393</u>	<u>872</u>	<u>2,947</u>	<u>4,224</u>

The effective tax rate of the Group is higher than statutory tax rate mainly due to tax losses incurred in a few of the Company's subsidiaries and the non-taxable loss on other investments.

21. Status of corporate proposal

On 10 August 2023, KAF Investment Bank Bernad (“**KAF IB**”) had announced on behalf of the Board of Directors of Techbase Industries Berhad (formerly known as Prolexus Berhad) (“**Techbase**” or the “**Company**”) (“**Board**”) that the Company proposed to undertake a renounceable rights issue which entails the issuance of up to RM102,578,353 nominal value of 2,051,567,055 five (5)-year, 0.10%, irredeemable convertible unsecured loan stocks (“**ICULS**”) at 100.0% of its nominal value of RM0.05 each, on the basis of five (5) ICULS for every one (1) existing ordinary share in Techbase held on an entitlement date to be determined later (“**Rights Issue of ICULS**”).

On 12 October 2023, KAF IB announced on behalf of the Board that the Security Commission Malaysia had approved the Rights Issue of ICULS.

On 31 October 2023, KAF IB announced on behalf of the Board that the listing application to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) in relation to the Rights Issue of ICULS had been submitted.

On 18 December 2023, KAF IB announced on behalf of the Board that Bursa Securities had approved the Proposed Rights Issue of ICULS. The shareholders of the Company have approved the Proposed Rights Issue of ICULS at the extraordinary general meeting held on 19 January 2024.

On 15 February 2024, KAF IB announced on behalf of the Board that the conversion price of the ICULS has been fixed at RM0.20 for one (1) new Techbase share.

On 16 February 2024, KAF IB announced on behalf of the Board that the entitlement date has been fixed at 5.00 p.m. on 4 March 2024 together with other relevant important dates pertaining to the Rights Issue of ICULS.

Save as disclosed above, there is no other corporate proposal which has been announced by the Company but yet to be completed.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)

22. Group borrowings and debts securities

Details of the Group's borrowings as at 31 January 2024 are as follows:

	RM'000
<u>Secured</u>	
Short term	33,656
Long term	31,743
Total	<u>65,399</u>

Borrowings denominated in foreign currency as at 31 January 2024 are as follows:

	Short Term RM'000
Borrowings denominated in RMB	3,317
Borrowings denominated in USD	2,316
	<u>5,633</u>

23. Material litigations

Legal claim against Trans Pacific Textile (M) Sdn Bhd ("**TPTM**")

A subsidiary of the Company, TPTM received a Notice of Arbitration from Pembinaan Thong Lian Sdn Bhd ("**PTLSB**"). TPTM had engaged PTLSB for the construction of a textile factory and waste water treatment plant ("**Project**") via its Letter of Acceptance dated 24 January 2017 and Letter of Supplemental Agreement dated 2 May 2017. As the completion of the Project was behind the original schedule, TPTM was awarded liquidated ascertained damages ("**LAD**") of RM6.52 million following an adjudication proceeding.

Following the decision of the Adjudicator, PTLSB initiated an arbitration to claim the following:-

- (i) LAD of RM6.52 million;
- (ii) Retention sum of RM1.51 million;
- (iii) Damages suffered for alleged breach of contract by TPTM and the architect;
- (iv) Interest on any sums awarded in the Arbitral tribunal from such date as the Arbitrator deems fit and proper;
- (v) Cost of the arbitration; and
- (vi) Such other or further reliefs as the Arbitral Tribunal shall deem fit.

TPTM has engaged a legal firm to represent it to defend the claim brought by PTLSB. The parties have agreed on the appointment of the sole arbitrator and the first preliminary meeting was conducted on 25 August 2022.

All pleadings have been filed by both parties detailing out the position of both parties in this arbitration as well as the common bundles of documents, agreed facts and list of witnesses.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)

23. Material litigations (Cont'd)

On 22 January 2024, PTLSB had delivered an application to amend their statement of case which was allowed by the Arbitral Tribunal on 31 January 2024. Further, the Arbitral Tribunal had also fixed new deadlines for the parties to exchange the expert reports, witness statements and joint expert report on 23 February 2024, 29 February 2024 and 12 April 2024 respectively.

Following the order of the Arbitral Tribunal, TPTM had on 23 February 2024 filed an application under Section 18 of the Arbitration Act 2005 at the High Court to appeal against the said order allowing PTLSB to amend its statement of case. The first case management was conducted on 7 March 2024 whereby the Court fixed 21 March 2024 for PTLSB to file and deliver their Affidavit in Reply, 4 April 2024 for TPTM to file and deliver its Affidavit in Response and 8 April 2024 as the next case management date to give further directions. So far, no hearing date has been fixed by the Court for this application.

In addition, on 18 March 2024, the Arbitral Tribunal had confirmed that the arbitration proceedings are stayed pending the disposal of the application filed by TPTM at the High Court and consequently vacated all hearing dates.

As at the date of this interim report, TPTM has received a copy of PTLSB's Affidavit in Reply to which TPTM would have to respond by 4 April 2024 as indicated above.

The Directors of the Company do not expect the outcome of the action to have a material effect on our Group's financial position. Furthermore, the solicitors having conduct of the matter are of the opinion that there is a more than equal chance for success on the primary defences and the heads of TPTM's claims in the counterclaim.

24. Proposed dividend

No dividend was proposed during the current and previous corresponding quarter.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 31 January 2024
(The figures have not been audited)

ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)

25. (Loss)/Earnings per share

	Individual Quarter 31 January		Cumulative 6 Months 31 January	
	2024	2023	2024	2023
(a) Basic (loss)/earnings per share				
(Loss)/Profit for the period attributable to parent (RM'000)	(8,637)	22,813	(18,481)	33,322
Weighted average number of ordinary shares in issue ('000)	275,918	274,491	275,918	274,491
Basic (loss)/earnings per share (sen)	<u>(3.13)</u>	<u>8.31</u>	<u>(6.70)</u>	<u>12.14</u>

	Individual Quarter 31 January		Cumulative 6 Months 31 January	
	2024	2023	2024	2023
(b) Diluted (loss)/earnings per share				
(Loss)/Profit for the period attributable to parent (RM'000)	(8,637)	22,813	(18,481)	33,322
Weighted average number of ordinary shares in issue ('000)	275,918	274,491	275,918	274,491
Diluted (loss)/earnings per share (sen)	<u>(3.13)</u>	<u>8.31</u>	<u>(6.70)</u>	<u>12.14</u>

26. Audit qualification

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

By Order of the Board

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)

Tan Tong Lang (MAICSA 7045482 / SSM PC No. 202208000250)
Tan Lay Khoon (MAICSA 7077867 / SSM PC No. 202208000544)

Company Secretaries
22 March 2024