

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY. If you have sold or transferred all your Shares, you should at once hand this Abridged Prospectus and the accompanying NPA and RSF to the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Bina Management (M) Sdn Bhd at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the accompanying NPA and RSF, have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from our shareholders for the Rights Issue was obtained at the EGM held on 7 April 2016. Approval from Bursa Securities has been obtained vide its letter dated 24 February 2016 for the admission of the Warrants to the Official List of Bursa Securities, the listing of and quotation for the Rights Shares and Warrants on the Main Market of Bursa Securities and the listing of and quotation for the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities. Admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for all the new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue.

Our Board has seen and approved all the documentation relating to this Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in these documents false or misleading.

This Abridged Prospectus together with the NPA and RSF are only despatched to our Entitled Shareholders who have provided our Share Registrar with a registered address in Malaysia and whose names appear on our Record of Depositors not later than 5.00 p.m. on 20 May 2016. This Abridged Prospectus together with the NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue would result in the contravention of any laws of such countries or jurisdictions. Neither we, KAF IB nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of the entitlements to the Rights Issue made by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

KAF Investment Bank Berhad, being the Principal Adviser and Joint Underwriter for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.



PROLEXUS BERHAD

(Company No.: 250857-T)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 62,531,620 NEW ORDINARY SHARES OF RM0.50 EACH IN PROLEXUS BERHAD ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE TOGETHER WITH UP TO 62,531,620 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH ONE (1) WARRANT FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.50 EACH HELD AS AT 5.00 P.M. ON 20 MAY 2016

Principal Adviser and Joint Underwriter



INVESTMENT BANK BERHAD (20657-W)

Joint Underwriter



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES:-

Entitlement date	:	Friday, 20 May 2016, at 5.00 p.m.
Last date and time for:-		
Sale of provisional allotment of rights	:	Friday, 27 May 2016, at 5.00 p.m.
Transfer of provisional allotment of rights	:	Wednesday, 1 June 2016, at 4.00 p.m.
Acceptance and payment	:	Monday, 6 June 2016, at 5.00 p.m. *
Excess application and payment	:	Monday, 6 June 2016, at 5.00 p.m. *

* or such later date and time as our Board and the Joint Underwriters may decide and announce not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 20 May 2016

ALL TERMS AND ABBREVIATIONS USED HEREIN SHALL HAVE THE SAME MEANINGS AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN THE RIGHTS ISSUE. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:-

Abridged Prospectus	: This Abridged Prospectus dated 20 May 2016 in relation to the Rights Issue
Act	: The Companies Act, 1965 as amended from time to time and include any re-enactment thereof
Amendments	: Amendments to certain clauses of the Memorandum and Articles of Association of Prolexus which was effected on 7 April 2016
Board	: Board of Directors of Prolexus
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	: A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
Closing Date	: 6 June 2016 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares or such later date and time as our Board and the Joint Underwriters may decide and announce not less than two (2) Market Days before the stipulated date and time
CMSA	: Capital Markets and Services Act 2007
Corporate Exercises	: The Rights Issue, Increase in Authorised Share Capital and Amendments, collectively
Deed Poll	: Deed poll dated 5 May 2016 constituting the Warrants
Director(s)	: Has the meaning given in Section 2(1) of the CMSA
EGM	: Extraordinary General Meeting
Entitled Shareholder(s)	: Shareholder(s) of Prolexus, whose names appear in the Record of Depositors of our Company on the Entitlement Date, who shall be entitled to participate in the Rights Issue
Entitlement Date	: 20 May 2016 at 5.00 p.m., being the date and time on which our Entitled Shareholders must be registered in the Record of Depositors of our Company in order to be entitled to participate in the Rights Issue
EPS	: Earnings per share

DEFINITIONS (CONT'D)

ESOS	:	The employees' share option scheme 2013/2018 of Prolexus
ESOS Option(s)	:	Outstanding unexercised options granted under the ESOS that are exercisable into new Shares
Excess Rights Shares with Warrants	:	Rights Shares together with the corresponding number of Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s)/ transferee(s) prior to the Closing Date
Foreign Entitled Shareholder(s)	:	Entitled Shareholder(s) who does/do not have a registered address in Malaysia or an address for service in Malaysia
FPE(s)	:	Financial period(s) ended/ending 31 January, as the case may be
FYE(s)	:	Financial year(s) ended/ending 31 July, as the case may be
Increase in Authorised Share Capital	:	Increase in the authorised share capital of Prolexus from RM100,000,000 comprising 200,000,000 Prolexus Shares to RM250,000,000 comprising 500,000,000 Prolexus Shares which was effected on 7 April 2016
Joint Underwriters	:	KAF IB and RHB IB, collectively
KAF IB or the Principal Adviser	:	KAF Investment Bank Berhad (20657-W)
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	29 April 2016, being the latest practicable date prior to the registration of this Abridged Prospectus
Market Day(s)	:	Any day(s) between Monday and Friday (both days inclusive) which is not a public holiday and which the Bursa Securities is open for trading of securities
Maximum Scenario	:	Assuming all of the existing Treasury Shares are resold in the open market of Bursa Securities at their respective acquisition prices and all of the 5,670,800 ESOS Options are exercised into new Prolexus Shares prior to the Entitlement Date
Minimum Scenario	:	Assuming none of the Treasury Shares are resold in the open market of Bursa Securities and none of the ESOS Options are exercised into new Prolexus Shares prior to the Entitlement Date
NA	:	Net assets
NPA	:	Notice of provisional allotment in relation to the Rights Issue
Official List	:	A list specifying all securities listed on the Main Market of Bursa Securities

DEFINITIONS (CONT'D)

Prolexus or the Company	:	Prolexus Berhad (250857-T)
Prolexus Group or Group	:	Prolexus and its subsidiaries, collectively
Prolexus Share(s) or Share(s)	:	Ordinary share(s) of RM0.50 each in Prolexus
Provisional Allotment	:	Rights Shares (together with the corresponding number of Warrants) provisionally allotted to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) pursuant to the Rights Issue
Record of Depositors	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
RHB IB	:	RHB Investment Bank Berhad (19663-P)
Rights Issue	:	Renounceable rights issue of up to 62,531,620 Rights Shares at an issue price of RM1.00 together with up to 62,531,620 Warrants on the basis of one (1) Rights Share together with one (1) Warrant for every two (2) existing Shares held by the Entitled Shareholders on the Entitlement Date
Rights Shares	:	New Prolexus Shares to be issued pursuant to the Rights Issue
RM and sen	:	Ringgit Malaysia and sen, respectively
RSF	:	Rights Subscription Form in relation to the Rights Issue
Rules of Bursa Depository	:	The rules of Bursa Depository as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
SICDA	:	Securities Industry (Central Depositories) Act, 1991 including the Securities Industry (Central Depositories) Amendment Act, 1998
TERP	:	Theoretical ex-rights price of Prolexus Shares
Treasury Shares	:	6,265,400 Prolexus Shares held as treasury shares as at the LPD
Undertaking Shareholders	:	Lau Mong Ying, Ahmad Mustapha Ghazali, JE Holdings Sdn Bhd (450120-M), Narspa Holdings Sdn Bhd (115263-H) and Metro Capital Asset Management Sdn Bhd (534973-H), collectively
Undertakings	:	Irrevocable written undertakings obtained from the Undertaking Shareholders to subscribe in full for their respective entitlements under the Rights Issue
Underwriting Agreement	:	Underwriting agreement dated 5 May 2016 entered into between our Company and the Joint Underwriters in relation to the Rights Issue

DEFINITIONS (CONT'D)

Underwritten Shares	: Up to 45,899,208 Rights Shares which are not covered by the Undertakings
USA	: United States of America
VWAMP	: Volume weighted average market price
Warrant(s)	: 5-year free detachable warrants to be issued pursuant to the Rights Issue

All references to “our Company” or “Prolexus” in this Abridged Prospectus are made to Prolexus Berhad and references to “our Group” are made to our Company and our subsidiaries. All references to “we”, “us”, “our” and “ourselves” are made to our Company, or where the context requires, our Group or any of our subsidiaries. All references to “you” in this Abridged Prospectus are made to our Entitled Shareholders and/or where the context otherwise requires, their renounee(s) and/or transferee(s).

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Nationality	Profession
Ahmad Mustapha Ghazali <i>(Executive Chairman)</i>	37-2, Block C, Jaya One 72A, Jalan Universiti 46200 Petaling Jaya Selangor	Malaysian	Director
Lau Mong Ying <i>(Managing Director)</i>	No. 28, Jalan Zapin Taman Kemajuan 83000 Batu Pahat Johor	Malaysian	Director
Lau Mong Fah <i>(Non-Independent Non-Executive Director)</i>	41, Lorong Nikmat Tiga Taman Gembira 58200 Kuala Lumpur	Malaysian	Director
Khadmudin Bin Mohamed Rafik <i>(Independent Non-Executive Director)</i>	No. 160-4 Jalan Kluang 83000 Batu Pahat Johor	Malaysian	Director
Lin, Cheng-Lang <i>(Independent Non-Executive Director)</i>	4 th Floor, No. 88 Lane 26, Section 4 ZhongXiao East Road Taipei, Taiwan	Taiwanese	Director
Chin Chew Mun <i>(Independent Non-Executive Director)</i>	13, Jalan Puteri 11/5 Bandar Puteri 47100 Puchong Selangor	Malaysian	Accountant
Boo Chin Liong <i>(Independent Non-Executive Director)</i>	No. 4, Jalan Kemboja Tanah Merah 83000 Batu Pahat Johor	Malaysian	Solicitor

AUDIT COMMITTEE

Name	Designation	Directorship
Chin Chew Mun	Chairman	Independent Non-Executive Director
Lau Mong Fah	Member	Non-Independent Non-Executive Director
Lin, Cheng-Lang	Member	Independent Non-Executive Director
Boo Chin Liong	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARIES** : Lee Peng Loon (MACS 01258)
51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
- P'ng Chiew Keem (MAICSA 7026443)
51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
- REGISTERED OFFICE** : 51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
- Tel No. : +604 210 8833
Fax No. : +604 210 8831
- HEAD OFFICE** : 531, Batu 2 ½, Jalan Kluang
83000 Batu Pahat
Johor
- Tel No. : +607 431 8388
Fax No. : +607 431 0133
Email : enquiries@prolexus.com.my
Website : www.prolexus.com.my
- SHARE REGISTRAR** : Bina Management (M) Sdn Bhd (50164-V)
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
- AUDITORS AND REPORTING ACCOUNTANTS** : Grant Thornton (AF 0042)
Chartered Accountants
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
- PRINCIPAL BANKERS** : Citibank Berhad (297089-M)
Menara Citibank
165, Jalan Ampang
50450 Kuala Lumpur
- Public Bank Berhad (6463-H)
Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
Peti Surat 12542
50947 Kuala Lumpur
- RHB Bank Berhad (6171-M)
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

CORPORATE DIRECTORY (CONT'D)

Standard Chartered Bank Malaysia Berhad (115793-P)
7, Jalan Kundang
Taman Bukit Pasir
83000 Batu Pahat
Johor

DUE DILIGENCE SOLICITORS : Teh & Lee
Unit A-3-3 & A-3-4, Northpoint Offices
Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur

PRINCIPAL ADVISER AND JOINT UNDERWRITER : KAF Investment Bank Berhad (20657-W)
14th Floor, Chulan Tower
No. 3, Jalan Conlay
50450 Kuala Lumpur

JOINT UNDERWRITER : RHB Investment Bank Berhad (19663-P)
Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

STOCK EXCHANGE LISTED AND LISTING SOUGHT : Main Market of Bursa Securities



PROLEXUS BERHAD

(Company No.: 250857-T)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

20 May 2016

BOARD OF DIRECTORS:

Ahmad Mustapha Ghazali (*Executive Chairman*)
Lau Mong Ying (*Managing Director*)
Lau Mong Fah (*Non-Independent Non-Executive Director*)
Lin, Cheng-Lang (*Independent Non-Executive Director*)
Khadmudin Bin Mohamed Rafik (*Independent Non-Executive Director*)
Chin Chew Mun (*Independent Non-Executive Director*)
Boo Chin Liong (*Independent Non-Executive Director*)

To: The Entitled Shareholders of Prolexus

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 62,531,620 RIGHTS SHARES AT AN ISSUE PRICE OF RM1.00 PER RIGHTS SHARE TOGETHER WITH UP TO 62,531,620 FREE DETACHABLE WARRANTS ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH ONE (1) WARRANT FOR EVERY TWO (2) EXISTING SHARES HELD AS AT 5.00 P.M. ON 20 MAY 2016

1.0 INTRODUCTION

- 1.1 On 11 December 2015, KAF IB had, on behalf of our Board, announced that our Company proposed to undertake, amongst others, the Rights Issue.
- 1.2 On 25 February 2016, KAF IB had announced on behalf of our Board that Bursa Securities had, vide its letter dated 24 February 2016, granted its approval-in-principle for the following:-
- (i) the admission of up to 62,531,620 Warrants to the Official List of Bursa Securities; and
 - (ii) the listing of and quotation for up to 62,531,620 Rights Shares, up to 62,531,620 Warrants and up to 62,531,620 new Prolexus Shares to be issued pursuant to the full exercise of the Warrants on the Main Market of Bursa Securities.

The approval of Bursa Securities for the Rights Issue is subject to the following conditions:-

	Conditions imposed	Status of compliance
(a)	Prolexus and KAF IB, being the Principal Adviser, must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	Complied and to be further complied

	Conditions imposed	Status of compliance
(b)	Prolexus and KAF IB to inform Bursa Securities upon the completion of the Rights Issue;	To be complied
(c)	Prolexus and KAF IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed;	To be complied
(d)	Prolexus to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a details computation of listing fees payable; and	To be complied
(e)	To incorporate the comments from Bursa Securities in the Circular to the shareholders of Prolexus.	Complied

- 1.3 On 7 April 2016, our shareholders had approved our Corporate Exercises at our EGM. A certified true extract of the resolution pertaining to the Rights Issue passed at the aforesaid EGM is set out in Appendix I of this Abridged Prospectus.
- 1.4 On 29 April 2016, KAF IB had, on our behalf, announced that the issue price of the Rights Shares and the exercise price of the Warrants have been fixed at RM1.00 and RM1.20 respectively.
- 1.5 On 5 May 2016, KAF IB had, on behalf of our Board, announced that our Company had:-
- (i) entered into the Underwriting Agreement with the Joint Underwriters in relation to the underwriting of the Underwritten Shares; and
 - (ii) executed the Deed Poll in relation to the Rights Issue.
- 1.6 On 6 May 2016, KAF IB had, on behalf of our Board, announced that the Entitlement Date for the Rights Issue has been fixed at 5.00 p.m. on 20 May 2016.
- 1.7 The official listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue will commence after, amongst others, the receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renounee(s)/transferee(s) have been duly credited and notices of allotment have been despatched to them.
- 1.8 No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or KAF IB in connection with the Rights Issue.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2.0 DETAILS OF THE RIGHTS ISSUE

2.1 Particulars of the Rights Issue

As at the LPD, our issued and paid-up share capital is RM59,696,220 comprising 119,392,440 Shares. Under the Maximum Scenario, a total of up to 62,531,620 Rights Shares together with up to 62,531,620 Warrants will be issued pursuant to the Rights Issue on the basis of one (1) Rights Share together with one (1) Warrant for every two (2) existing Prolexus Shares held by the Entitled Shareholders on the Entitlement Date.

The basis for the Rights Shares was arrived at after taking into consideration, amongst others, the amount of proceeds intended to be raised for the Group's expansion plans (as disclosed in Section 5 of this Abridged Prospectus) and the rationale and justifications in undertaking the Rights Issue (as set out in Section 4 of this Abridged Prospectus). In arriving at the basis for the Warrants, which are intended to be an added incentive to entice the Entitled Shareholders to subscribe for the Rights Shares, the Board had ensured that the aggregate number of new Prolexus Shares to be issued arising from the exercise of Warrants will not exceed 50% of the issued and paid-up capital of the Company (excluding treasury shares, if any, and before the exercise of the said Warrants) at all times pursuant to paragraph 6.50 of the Listing Requirements. The actual number of Rights Shares and Warrants to be issued pursuant to the Rights Issue would depend on the issued and paid-up share capital of our Company on the Entitlement Date.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can fully or partially subscribe for and/or renounce their entitlements to the Rights Shares together with Warrants. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Rights Issue. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in proportion to the acceptance of their Rights Shares entitlements.

Any unsubscribed Rights Shares together with Warrants shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s)/transferee(s). Our Board intends to allocate the Excess Rights Shares with Warrants in a fair and equitable manner on a basis as set out in Section 3.8 of this Abridged Prospectus.

The Warrants are attached to the Rights Shares without any cost and will only be issued to the Entitled Shareholders and/or their renounee(s)/transferee(s) who subscribe for the Rights Shares. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded. Each Warrant will entitle its holder to subscribe for one (1) new Prolexus Share at the exercise price of the Warrants. The principal terms of the Warrants, which will be issued in registered form and constituted by the Deed Poll, are set out in Section 2.5 of this Abridged Prospectus.

Any fractional entitlements under the Rights Issue will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deems fit, expedient and in the best interests of our Company.

As you are an Entitled Shareholder and our Shares are prescribed securities, your CDS Account will be duly credited with the number of Provisional Allotment which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed in this Abridged Prospectus a NPA notifying you of the number of Rights Shares which you are entitled to subscribe for under the terms of the Rights Issue and a RSF to enable you to subscribe for the Provisional Allotment as well as to apply for Excess Rights Shares with Warrants if you so choose to.

Any dealings in our securities will be subject to, inter-alia, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares with Warrants will, upon allotment, be credited directly into the respective CDS Accounts of the successful applicants. No physical share or warrant certificates will be issued but notices of allotment will be despatched to the successful applicants within eight (8) Market Days from the last date for acceptance of and payment for the Rights Issue or such period as may be prescribed by Bursa Securities.

2.2 Basis and justifications of determining the issue price of the Rights Shares and the exercise price of the Warrants

Our Board has resolved to fix the issue price of the Rights Shares at RM1.00 each which represents a discount of RM0.59 or approximately 37.1% to the TERP of Prolexus Shares of approximately RM1.59, calculated based on the five (5)-day VWAMP of Prolexus Shares up to and including 28 April 2016, being the last trading day immediately preceding the price-fixing date, of RM1.88.

The issue price of the Rights Shares has been arrived at after taking into consideration, amongst others, the following:-

- (i) TERP of Prolexus Shares based on the five (5)-day VWAMP of the Prolexus Shares immediately preceding the price-fixing date;
- (ii) the current and historical share price movement of the Prolexus Shares;
- (iii) the Group's funding requirements for its expansion plans as set out in Section 5 of this Abridged Prospectus; and
- (iv) the current and future prospects of our Group.

The Board is of the opinion that the discount above is reasonably attractive to encourage the Entitled Shareholders to subscribe for their respective entitlements under the Rights Issue after taking into consideration the prospects of the Group and the major rights issue exercise undertaken by other listed issuers in Malaysia recently.

Our Board has also resolved to fix the exercise price of the Warrants at RM1.20 each which represents a discount of RM0.39 or approximately 24.5% to the TERP of Prolexus Shares of approximately RM1.59, calculated based on the five (5)-day VWAMP of Prolexus Shares up to and including 28 April 2016, being the last trading day immediately preceding the price-fixing date, of RM1.88.

In determining the exercise price of the Warrants, our Board has taken into consideration, amongst others, the prospects and potential future earnings of the Group as well as the theoretical fair value of the Warrants of RM0.83 each computed using the Black-Scholes option pricing model.

For avoidance of doubt, the Warrants attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who subscribe for the Rights Shares.

You should note that the market prices for Prolexus Shares and Warrants are subject to various market forces and other uncertainties in addition to the risk factors as set out in Section 6.2.1 of this Abridged Prospectus, which may affect the market prices of Prolexus Shares and Warrants. You should form your own view on the valuation of the Rights Shares and Warrants before deciding to subscribe for the Rights Shares.

2.3 Ranking of the Rights Shares and the new Prolexus Shares arising from the exercise of the Warrants

The Rights Shares and the new Prolexus Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Prolexus Shares, save and except that the Rights Shares and the new Prolexus Shares to be issued arising from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new Prolexus Shares to be issued arising from the exercise of the Warrants.

2.4 Shareholders' undertakings and underwriting arrangement

The Rights Issue will be undertaken on a full subscription basis. Our Company had procured written irrevocable and unconditional undertakings from the following Undertaking Shareholders to subscribe in full for their respective entitlements to the Rights Shares. The details of the Undertakings are as follows:-

Undertaking Shareholders	No. of Shares held as at the LPD	⁽¹⁾ %	Entitlement Undertakings			
			Rights Shares			Warrants
			No. of Rights Shares	⁽²⁾ %	⁽³⁾ RM	No. of Warrants
Lau Mong Ying	8,372,814	7.40	4,186,407	7.40	4,186,407	4,186,407
Ahmad Mustapha Ghazali	2,504,960	2.21	1,252,480	2.21	1,252,480	1,252,480
JE Holdings Sdn Bhd ⁽⁴⁾	11,480,490	10.15	5,740,245	10.15	5,740,245	5,740,245
Narspa Holdings Sdn Bhd ⁽⁵⁾	7,287,000	6.44	3,643,500	6.44	3,643,500	3,643,500
Metro Capital Asset Management Sdn Bhd ⁽⁶⁾	3,619,560	3.20	1,809,780	3.20	1,809,780	1,809,780
TOTAL	33,264,824	29.40	16,632,412	29.40	16,632,412	16,632,412

Notes:-

- (1) Percentage shareholding is calculated based on number of issued and paid-up share capital of the Company in issue as at the LPD (excluding the Treasury Shares).
- (2) As a percentage of 56,563,520 Rights Shares, being the total number of Rights Shares to be issued pursuant to the Proposed Rights Issue under the Minimum Scenario.
- (3) Based on the issue price of the Rights Shares of RM1.00 each.
- (4) JE Holdings Sdn Bhd is an investment holding company. The directors and substantial shareholders and their respective shareholdings in JE Holdings Sdn Bhd as at the LPD are as follows:-

Name	Position	No. of shares held	%
Lau Mong Ying	Director/Substantial shareholder	700,000	35.00
Lau Boon Hwa	Director/Substantial shareholder	400,000	20.00
Lau Mong Fah	Director/Substantial shareholder	299,980	15.00
Lau Boon Puh	Director/Substantial shareholder	160,000	8.00
Lau Mong Seng	Director/Substantial shareholder	160,000	8.00
Lau Mei Siu	Substantial shareholder	160,000	8.00
Lau Wee Siang	Substantial shareholder	120,000	6.00

- (5) Narspa Holdings Sdn Bhd is an investment holding company. The directors and substantial shareholders and their respective shareholdings in Narspa Holdings Sdn Bhd as at the LPD are as follows:-

Name	Position	No. of shares held	%
Ahmad Mustapha Ghazali	Director/Substantial shareholder	430,000	86.00
Narimah Mohd Perai	Director/Substantial shareholder	70,000	14.00

- (6) Metro Capital Asset Management Sdn Bhd is an investment holding company. The directors and substantial shareholders and their respective shareholdings in Metro Capital Asset Management Sdn Bhd as at the LPD are as follows:-

Name	Position	No. of shares held	%
Ahmad Mustapha Ghazali	Director/Substantial shareholder	36,000	72.00
Mohammad Raizman	Director/Substantial shareholder	7,000	14.00
Ahmad Mustapha			
Mohammad Emir	Director/Substantial shareholder	7,000	14.00
Ahmad Mustapha			

The Undertaking Shareholders have provided their written confirmation that they have sufficient financial resources to fulfil the Undertakings. As the Principal Adviser, KAF IB has verified the aforementioned confirmation.

As the Rights Issue will be undertaken on a full subscription basis, we had, on 5 May 2016, entered into the Underwriting Agreement with our Joint Underwriters in relation to the underwriting of remaining 45,899,208 Rights Shares which are not covered by the Undertakings.

Our Company will pay the Joint Underwriters an underwriting commission at the rate of 1.80% of the value of the total Underwritten Shares multiplied by the issue price of the Rights Share of RM1.00 each. The underwriting commission payable to the Joint Underwriters and all other incidental costs in relation to the Underwriting Agreement will be fully borne by our Company. The underwriting arrangement, subject to the terms and conditions of the Underwriting Agreement, is set out below:-

Underwriters	No. of underwritten Rights Shares	Value of underwritten Rights Shares (RM'000)	% of Underwritten Shares (%)
KAF IB	27,899,208	27,899,208	60.8
RHB IB	18,000,000	18,000,000	39.2
Total	45,899,208	45,899,208	100.0

After taking into consideration the above Undertaking and underwriting arrangement, the Rights Issue is not expected to give rise to any mandatory offer obligations pursuant to the Malaysian Code on Take-Over and Mergers, 2010.

2.5 Salient terms of the Warrants

The salient terms of the Warrants are set out below:-

Issuer	:	Prolexus
Form and Denomination	:	The Warrants will be issued in registered form and constituted by a Deed Poll.
Number of Warrants	:	Up to 62,531,620 Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for.
Issue Price	:	The Warrants are to be issued for free to the Entitled Shareholders and/or their renounee(s)/transferee(s) who had successfully subscribed for the Rights Shares.
Exercise Price	:	The exercise price of the Warrants has been fixed at RM1.20 each. The Exercise Price and/or the number of Warrants in issue shall be subject to adjustments in accordance with the provisions of the Deed Poll during the Exercise Period.
Exercise Period	:	The Warrants may be exercised at any time within five (5) years commencing on and including the date of issuance of the Warrants and ending at the close of business at 5.00 p.m. on the date preceding the fifth (5th) anniversary of the date of issuance in accordance with the procedure set out by the Deed Poll. For avoidance of doubt, any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Expiry Date	:	The market day on the fifth (5th) anniversary date of first issue of the Warrants.
Mode of Exercise	:	In order to exercise the Warrants pursuant to the Exercise Rights, a Warrant holder must complete and sign the exercise form, as set out in the Deed Poll, and deliver the same to share registrar together with remittance in RM (by way of banker's draft or cashier's order drawn on a bank in Malaysia or money order or postal order issued by a post office in Malaysia) in accordance with the Deed Poll.
Exercise Rights	:	Each Warrant entitles the holder to subscribe for one (1) new Prolexus Share at the Exercise Price at any time during the Exercise Period upon and subject to the provisions in the Deed Poll.
Board Lot	:	The Warrants are tradable upon listing and for purposes of trading on Bursa Securities, one (1) board lot of Warrant shall comprise 100 Warrants carrying rights to subscribe for 100 new Prolexus Shares or such denomination as permitted by Bursa Securities.

Maximum number of new Prolexus Shares to be issued arising from the full exercise of the Warrants	: Up to 62,531,620 new Prolexus Shares.
Status of new Prolexus Shares to be issued arising from the exercise of the Warrants	: All new Prolexus Shares to be issued upon the exercise of the Warrants shall, on allotment and issue, rank pari passu in all respects with the then existing Prolexus Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of such new Shares, and will be subject to all provisions of the Articles of Association of our Company.
Adjustment in the Exercise Price and/or the number of Warrants held by Warrant holders in the event of alteration to the share capital	: Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants held by each Warrant holder shall be adjusted by our Board in consultation with an approved adviser and certified by the auditors for the time being of Prolexus in the event of alteration to the share capital of our Company in accordance with the provisions as set out in the Deed Poll.
Rights of Warrants	: The Warrant holders are not entitled to any voting rights in any general meeting of our Company or to participate in any distribution and/or offer of further securities in our Company unless such Warrant holders exercise their Warrants for the new Prolexus Shares.
Modification of rights of Warrant holder	: Save for modification made which does not materially prejudice the interests of the Warrant holders or correction of any typographical errors or correction of any manifest error to comply with prevailing laws of Malaysia, any modifications, amendments, deletions or additions to the Deed Poll shall require the approval of the Warrant holders sanctioned by special resolution and may be effected only by the Deed Poll executed by our Company and expressed to be supplemental hereto and subject to the approval of the relevant authorities, if necessary.
Rights in the event of winding-up, liquidation, compromise and/or arrangement	: Where a resolution has been passed for a members' voluntary winding-up of our Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then:- (i) For the purpose of such a winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which Prolexus is the continuing corporation) to which the Warrant holders or some persons designated by them for such purpose by special resolution, will be a party, the terms of such winding-up, compromise or arrangement will be binding on all the Warrant holders; and

- (ii) in any other cases, every Warrant holder shall be entitled upon and subject to the provisions of the Deed Poll, at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or within six (6) weeks after the granting of the court order approving the winding-up, compromise or arrangement, by the irrevocable surrender of his Warrants, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised his Warrants pursuant to the Exercise Rights and be entitled to receive out of the assets of our Company which would be available in liquidation as if he had on such date been the holder of the new Prolexus Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

Governing Law : Laws and regulations of Malaysia.

3.0 INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

3.1 General

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENT, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN CAREFULLY.

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotment which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed together with this Abridged Prospectus, one (1) NPA notifying you of the crediting of such Provisional Allotment in respect of the Rights Shares (together with Warrants) into your CDS Account and one (1) RSF to enable you to subscribe for the Provisional Allotment in respect of the Rights Shares (together with Warrants) as well as to apply for Excess Rights Shares with Warrants if you choose to do so. This Abridged Prospectus and the RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

You and/or your renounee(s)/transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares and Warrants will comprise 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares in relation to the Rights Issue will be given free Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. The minimum number of Rights Share that can be subscribed for or accepted in relation to the Rights Issue is one (1) Rights Share. Fractions of a Rights Share and Warrants which may arise from the Rights Issue will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deem fit, expedient and in the best interests of our Company.

3.2 NPA

The Provisional Allotment are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotment will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Issue is at **5.00 p.m. on 6 June 2016**, or such extended date and time as our Board and the Joint Underwriters may decide at their absolute discretion. Where the closing date of the acceptance and payment is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

3.4 Procedures for acceptance and payment

Acceptance and payment for the Provisional Allotment by you as an Entitled Shareholder must be made using the relevant RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in these documents. Acceptances which do not strictly conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

You and/or your renounee(s)/transferee(s) (if applicable) who are accepting the Provisional Allotment are required to fill and complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be despatched by **ORDINARY POST, COURIER or DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:-

Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 7784 3922
Fax: +603 7784 1988

so as to arrive **not later than 5.00 p.m. on 6 June 2016**, being the last date and time for acceptance and payment for the Rights Issue, or such later date and time as our Board and the Joint Underwriters may decide and announce not less than two (2) Market Days before the stipulated date and time.

One (1) RSF can only be used for acceptance of the Provisional Allotment standing to the credit of one (1) CDS Account. Separate RSF must be used for the acceptance of the Provisional Allotment standing to the credit of more than one (1) CDS Account. If successful, Rights Shares (together with the Warrants) subscribed by you or your renounee(s)/transferee(s) (if applicable) will be credited into the respective CDS Accounts where the Provisional Allotment is standing to the credit.

A reply envelope is enclosed in this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar for the Provisional Allotment, you are advised to use one (1) reply envelope for each completed RSF.

If acceptance and payment for the Provisional Allotment is not received by our Share Registrar by **5.00 p.m. on 6 June 2016**, being the last date and time for acceptance and payment for the Rights Issue, or such later date and time as our Board and the Joint Underwriters may decide and announce not less than two (2) Market Days before the stipulated time and date, you will be deemed to have declined the Provisional Allotment made to you and it will be cancelled. In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for Excess Rights Shares with Warrants in the manner as set out in Section 3.8 of this Abridged Prospectus. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right to accept any application in full or in part only without providing any reasons.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>), our Share Registrar at the address stated above or our registered office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES WITH WARRANTS ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY" AND MADE PAYABLE TO "PROLEXUS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER TOGETHER WITH YOUR CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT ON THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED WITH THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPACHED BY ORDINARY POST TO THEM AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED ONLY IN PART, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPACHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.5 Procedures for part acceptance

You are entitled to accept part of your Provisional Allotment. The minimum number of securities that can be subscribed for or accepted in relation to the Rights Issue is one (1) Rights Share, the subscription or acceptance of which, will be entitled to one (1) Warrant.

You must complete Parts I(A) and II of the RSF by specifying the number of Rights Shares with Warrants which you are accepting and deliver the completed RSF together with the relevant payment to our Share Registrar, in the same manner as set out in Section 3.4 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Allotment not taken up shall be allotted to any other person allowed under any laws, regulations or rules to accept the transfer of the Provisional Allotment and the balance, if any, will be made available for excess applications.

3.6 Procedures for sale or transfer of Provisional Allotment

As the Provisional Allotment are prescribed securities, you may sell or transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbroker in the period up to the last date and time for sale or transfer of such Provisional Allotment, without first having to request for a split of the Provisional Allotment standing to the credit of your CDS Account. To dispose of all or part of your entitlement to the Provisional Allotment, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling or transferring all or part of your Provisional Allotment, you and/or your renounee(s)/transferee(s) (if applicable) need not deliver any document, including the RSF, to any stockbroker. However, you and/or your renounee(s)/transferee(s) (if applicable) must ensure that there is sufficient Provisional Allotment standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

If you have sold or transferred only part of your Provisional Allotment, you may still accept the balance of your Provisional Allotment by completing the RSF. Please refer to Section 3.4 of this Abridged Prospectus for the procedures for acceptance and payment.

Purchaser(s) or transferee(s) of the Provisional Allotment may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar as stated above. This Abridged Prospectus and RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

ENTITLED SHAREHOLDERS WHO SELL OF OR TRANSFER THEIR PROVISIONAL ALLOTMENT WILL AUTOMATICALLY BE SELLING OF OR TRANSFERRING THEIR ENTITLEMENTS TO THE RIGHTS SHARES AND WARRANTS IN THE PROPORTION OF ONE (1) RIGHTS SHARE WITH ONE (1) WARRANT. THEY CANNOT RETAIN THE PROVISIONALLY ALLOTTED RIGHTS SHARES WHILE SELLING OF OR TRANSFERRING THE WARRANTS, OR VICE VERSA, NOR CAN THEY SELL OF OR TRANSFER THEIR ENTITLEMENTS IN ANY PROPORTION OTHER THAN THAT STATED ABOVE.

3.7 Procedures for acceptance by renounee(s)/transferee(s)

Renounee(s)/Transferee(s) who wish to accept the Provisional Allotment must obtain a copy of the RSF from their stockbrokers, our Share Registrar, our registered office or from Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF, submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedures for acceptance and payment applicable to the Entitled Shareholders as set out in Section 3.4 of this Abridged Prospectus also apply to renouncee(s)/transferee(s) who wish to accept the Provisional Allotment.

RENOUNCEE(S)/TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.

3.8 Procedures for excess application

You and/or your renouncee(s)/transferee(s) (if applicable) may apply for Excess Rights Shares with Warrants in addition to the Provisional Allotment by completing Part I(B) of the RSF (in addition to Parts I(A) and II of the RSF) and forward it (together with a **separate remittance in RM** for the full amount payable in respect of the Excess Rights Shares with Warrants applied for) to our Share Registrar at the address set out above, so as to arrive **not later than 5.00 p.m. on 6 June 2016**, being the last date and time for excess application and payment, or such later date and time as our Board and the Joint Underwriters may decide and announce not less than two (2) Market Days before the stipulated date and time.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED ABOVE, AND IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY" AND MADE PAYABLE TO "PROLEXUS EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER TOGETHER WITH YOUR CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR EXCESS APPLICATION AND PAYMENT AS SET OUT ON THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.

It is the intention of our Board to allot the Excess Rights Shares with Warrants, if any, in a fair and equitable manner in the following priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in the Company on the Entitlement Date;
- (iii) thirdly, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, calculated based on the quantum of Excess Rights Shares with Warrants applied for; and
- (iv) lastly, to the transferee(s)/renouncee(s) who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lots, based on the quantum of Excess Rights Shares with Warrants applied for.

In the event of an under subscription by the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), even after all the application for the Excess Rights Shares with Warrants have been taken into consideration, the remaining unsubscribed Rights Shares will be subscribed by the Joint Underwriters in accordance with the terms and conditions as set out in the Underwriting Agreement.

Nevertheless, our Board reserves the right to allot the Excess Rights Shares with Warrants applied for under Part I (B) of the RSF in such manner as our Board deems fit and expedient, and in the best interest of the Company, subject always to such allocation being made in a fair and equitable basis, and that the intention of our Board as set out in Section 3.8 (i) to (iv) is achieved. In addition, our Board reserves the right not to accept any application for the Excess Rights Shares with Warrants or to accept any such application in part only, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED WITH THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THE APPLICANTS AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR EXCESS APPLICATION AND PAYMENT OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS APPLICATIONS, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR EXCESS APPLICATION AND PAYMENT BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

However, if you are successful, notices of allotment will be despatched by the Share Registrar to you by ordinary post to the address as shown in our Record of Depositors at your own risk within eight (8) Market Days from the last date for excess application and payment or such other period as may be prescribed by Bursa Securities.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.9 Form of issuance

Bursa Securities has prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Right Shares and Warrants are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares and Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share or warrant certificate shall be issued to you under the Rights Issue. The notices of allotment will be issued and forwarded to you by ordinary post at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the last date and time for acceptance and payment of the Rights Issue.

Subscription of Rights Shares with Warrants by Entitled Shareholders

Where the Rights Shares with Warrants are provisionally allotted to you as an Entitled Shareholder in respect of your existing Prolexus Shares standing to the credit of your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Allotment shall mean that you consent to receive such Rights Shares and Warrants as prescribed or deposited securities credited directly into your CDS Account. Hence, the Rights Shares and the Warrants will be credited directly into your CDS Account where the Provisional Allotment is standing to the credit upon allotment and issuance.

Subscription of Rights Shares with Warrants by a renounee/transferee

Any person who has purchased the Provisional Allotment or to whom the Provisional Allotment has been transferred and intends to subscribe for the Rights Shares with Warrants must state his/her CDS Account number in the space provided in the relevant RSF. The Rights Shares and Warrants will be credited directly as prescribed or deposited securities into his/her CDS Account where the Provisional Allotment is standing to the credit upon allotment and issuance.

Application for the Excess Rights Shares with Warrants by an Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable)

The Excess Rights Shares with Warrants, if allotted to the successful applicant who applies for the Excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant where the Provisional Allotment is standing to the credit. The allocation of the Excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 3.8 of this Abridged Prospectus.

3.10 Laws of foreign jurisdictions

This Abridged Prospectus and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue will not be made or offered for subscription in any foreign country or jurisdiction.

The Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so. KAF IB, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are or may be subject to. The Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and/or other professional advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. KAF IB, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

Accordingly, this Abridged Prospectus and the accompanying NPA and RSF will not be sent to the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) may collect this Abridged Prospectus, including the accompanying NPA and RSF, from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the aforesaid documents relating to the Rights Issue.

The Foreign Entitled Shareholders or their renounee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments that such person may be required to pay in any country or jurisdiction. They will have no claims whatsoever against us, our Directors and officers and/or KAF IB in respect of their rights and entitlements under the Rights Issue. Such Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing any of the forms accompanying this Abridged Prospectus, the NPA and the RSF, the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) KAF IB, other experts, our Company and our Board and officers that:-

- (i) we would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which that Foreign Entitled Shareholders and/or renounee(s)/transferee(s) (if applicable) are or may be subject to;
- (ii) the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Allotment;
- (iii) the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Allotment, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are aware that the Rights Shares and the Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) have received a copy of this Abridged Prospectus, and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares and the Warrants; and
- (vi) the Foreign Entitled Shareholders and/or their renounee(s)/transferee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and the Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and the Warrants.

Persons receiving this Abridged Prospectus, NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such country or jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, NPA and RSF to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares and the Warrants from any such application by Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) in any foreign country or jurisdiction.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares and the Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4.0 RATIONALE FOR THE RIGHTS ISSUE

Taking into consideration the expectation of growing demands from our main customers for our apparel products, potential benefits/features that are expected to be available under the Trans-Pacific Partnership Agreement as well as the intention to produce our own knitted fabrics, our Board has decided that it is timely to grow our business further by building a new garment factory to increase our production volume to meet customers' demands and setting-up our own fabric mill to expand into upstream fabric production and complement our existing core business of apparel manufacturing.

Our Board has further decided to implement the Rights Issue to raise funds primarily for our Group's business expansion plans (as set out in Section 5.0 of this Abridged Prospectus) which are expected to contribute positively to our future earnings. After due consideration of various methods of fund raising, our Board is of the opinion that the Rights Issue is the most appropriate avenues of fund raising after taking into account, amongst others, the following reasons:-

- (i) to raise the required funds for our Group's expansion plans in a cost effective manner for better overall cash flow management and without having to incur additional interest cost as compared to relying substantially on external borrowings;
- (ii) to strengthen our financial position with enhanced shareholders' funds which will be expected to facilitate the continuing growth and future expansion plans of our Group;
- (iii) the liquidity of market shares are also expected to improve with a larger capital base and hence would enable greater participation of both retail and institutional investors;
- (iv) the equity financing will strengthen the capital structure to a level that commensurate with the value of our assets employed;
- (v) the shareholders will be provided with an opportunity to further increase their equity stake in our Company through the subscription of the Rights Shares, which are expected to be priced at a discount to the market price of Prolexus Shares, without diluting their shareholding (assuming the shareholders fully subscribe for their respective entitlements); and
- (vi) the free Warrants are intended to provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares. The Warrants would also enable them to benefit from the future growth of our Company and any potential capital appreciation arising from the exercise of the Warrants.

5.0 UTILISATION OF PROCEEDS

The Rights Issue is expected to raise gross proceeds of between RM56.6 million (based on Minimum Scenario) and RM62.5 million (based on Maximum Scenario), which are to be utilised as follows:-

Utilisation of proceeds	Expected utilisation time frame from date of completion of the Rights Issue	Minimum Scenario RM'000	Maximum Scenario RM'000
Construction of a new garment factory ⁽¹⁾	Within 24 months	22,000	22,000
Setting-up of a new fabric mill ⁽²⁾	Within 24 months	32,964	38,932
Estimated expenses in relation to the Rights Issue ⁽³⁾	Within 1 month	1,600	1,600
Total		56,564	62,532

Notes:-

(1) **Construction of a new garment factory**

Our Company has decided to set up a new garment factory in Vietnam as part of our Group's expansion plans for the apparel manufacturing business to increase our current production capacity of approximately 14.0 million pieces annually in meeting growing demands from our customers and as part of our Group's initiatives to capitalise on the potential benefits/features that are expected to be made available under the Trans-Pacific Partnership Agreement particularly for the textiles industry including the elimination of tariffs and duties on textiles related products.

In deciding to set up our new factory in Vietnam, our Company has taken into consideration, amongst others, the various business/investment incentives available in Vietnam, the generally lower cost of production in that country as well as the availability of large pool of labour force. In addition to the Trans-Pacific Partnership Agreement in which it is a member country, Vietnam had recently concluded the negotiations on the free trade agreement between the country and the European Union which is expected to spur further growth in our export market to the region especially on the garment and textiles related products.

Our Company had in April 2016 identified and secured the lease of 2 parcels of industrial land measuring 61,950 square metre in Long Giang Industrial Park in Tien Giang province for the new factory. The term of the lease shall end in November 2057 subject to further extension to be mutually agreed between the parties concerned with permission from the government authority under the laws of Vietnam. Our Company is in the midst of finalising the built-up area of the factory, building layout, details of the factory facilities and capital expenditure requirements.

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Nonetheless, our Company estimates that the Vietnam new factory would require an estimated cost outlay of approximately RM22.0 million which would mainly include the construction costs and purchase of equipment/machinery for the initial phase as set out below:-

	Amount (RM'000)
Building construction costs	13,500
Mechanical and electrical system	3,500
Equipment and machinery	5,000
Total	22,000

The said estimated cost shall be fully funded from the total gross proceeds to be raised from the Rights Issue. The land acquisition cost however shall be funded via our Group's internal funds as it is more expeditious to do so. Shortfall in funding, if any, shall be financed via the internal funds of our Group and/or bank borrowings whilst any excess amount shall be adjusted to the allocation for the setting-up of our Group's new fabric mill.

Our Company had in March and April 2016 obtained the investment licence and business licence respectively from the Vietnamese authorities and further expects to secure a construction permit by the third quarter of 2016. As such, our Company is reasonably confident that the construction of the new factory shall commence in the third quarter of 2016 and is projected to be completed and fully commissioned by the third quarter of 2017, with an initial production capacity of about 4.5 million pieces annually.

Further details of the construction of the new garment factory in Vietnam are set out in Section 7.6 of this Abridged Prospectus.

(2) **Setting-up of a new fabric mill**

Our Company intends to set up our own fabric mill as part of our Group's plans to expand into upstream fabric production which would complement our existing core business of apparel manufacturing whereby it will allow internal procurement of knitted fabrics produced in-house instead of purchasing from external suppliers. The level of consumption of knitted fabrics by our Group for the FYE 2015 was approximately 15.5 million meters. The production of our own knitted fabrics would allow better control over the supply chain and enhance production efficiency of our apparel manufacturing. This is also expected to reduce our Group's reliance on external suppliers thus ensuring long-term security and uninterrupted supply of key raw materials at favourable pricing/terms. In addition, it could ensure that the quality of the knitted fabrics is well maintained as desired as they will be produced internally.

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It is intended that the knitted fabrics produced by our mill will be supplied to our Group's apparel manufacturing operation in Malaysia as well as for external sales. Our Company expects the fabric mill to have an estimated initial annual production capacity of about 14.0 million meters.

The mill will be built on a 11.2 hectares freehold land owned by our Group located in Mukim Kluang, District of Kluang, Johor which is about 60 kilometres from our Group's current main factory in Batu Pahat, Johor with an initial built-up area of approximately 149,000 square feet. Our Company estimates that a total of approximately RM55.0 million is required for the fabric mill, out of which up to RM38.9 million of the total gross proceeds to be raised from the Rights Issue shall be set aside for this purpose whilst the balance sum shall be financed via a combination of our Group's internal funds and/or bank borrowings.

The said estimated cost of RM55.0 million shall cover the construction related costs and purchase of equipment/machinery and related facilities with the breakdown of costs to be determined once our Company has finalised the assessment and planning work of the new fabric mill. The key equipment/machinery required for the mill includes the dyeing related machines, laboratory and testing equipment, fabric stenter machines, knitting related machines and steam boiler. The breakdown of the said estimated cost of RM55.0 million is set out below:-

	Amount (RM'000)
Site clearing and earthwork	1,000
Building construction costs	17,000
Facilities construction costs	12,000
Equipment and machinery:-	
- Dyeing related machines	7,000
- Laboratory and testing equipment	7,000
- Fabric stenter machines	4,500
- Knitting related machines	5,000
- Steam boiler	1,500
Total	55,000

Construction of the new fabric mill is scheduled to begin in the fourth quarter of 2016 after all necessary approvals have been obtained and is expected to be completed and fully commissioned in the fourth quarter of 2017. Such approvals include the approval from the state land office on the conversion of agriculture land to industrial land and the construction permit from the Majlis Perbandaran Kluang, Johor. Approval has been obtained from the 'one stop center' of Majlis Perbandaran Kluang on the land conversion including the endorsement of the planning permission plans (*Kebenaran Merancang*). Our Company had in April 2016 submitted an application for the land conversion to the state land office for its final approval which is expected to be obtained by the fourth quarter of 2016.

Further details of the setting-up of the new fabric mill are set out in Section 7.6 of this Abridged Prospectus.

(3) **Estimated expenses**

The estimated expenses in relation to the Rights Issue are expected to be utilised as follows:-

Estimated Expenses	Amount (RM'000)
Professional fees and underwriting commission	1,350
EGM related costs, printing, despatch and advertising expenses	90
Regulatory authorities' fees	110
Other miscellaneous expenses	50
Total	1,600

Any variation in the actual amount of expenses incurred will be adjusted to/from the amount allocated for the setting-up of the new fabric mill.

The actual gross proceeds to be raised from the Rights Issue would depend on the actual number of Rights Shares to be issued. Any difference between the illustrated proceeds above and the actual proceeds raised therefrom as well as any difference in the actual expenses in relation to the Rights Issue shall be adjusted to/from the allocation for the setting-up of the new fabric mill.

Pending utilisation of the proceeds from the Rights Issue for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

The proceeds to be received by Prolexus pursuant to the exercise of the Warrants, if any, are intended to be utilised for additional working capital of the Prolexus Group, the details of which shall be determined by our Board at a later date. The eventual quantum of such proceeds cannot be determined at this juncture as it would be dependent on the total number of Warrants exercised during the tenure and the exercise price of the Warrants.

6.0 RISK FACTORS

You and/or your renounee(s)/transferee(s) (if applicable) should carefully consider the following risk factors which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this Abridged Prospectus, before subscribing for or investing in the Right Issue.

6.1 Risks relating to our business and industry

6.1.1 Business risks

Our Group is not isolated from general business risks as well as risks inherent in the manufacturing industry and those specific to the garment/textile industry. For example, our Group may be affected by a general downturn in the global, regional and national economy, entry of new competitors, constraints in labour supply, shortage and rising cost of raw material, changes in the law and tax legislation affecting the industry, increased production costs, fluctuations in foreign exchange rates and changes in business and credit conditions.

Although our Group seeks to limit these risks through, inter-alia, maintaining good business relationships with its major customers and suppliers, implementing efficient cost control measures and expansion/diversification of its production facilities, no assurance can be given that a change in any of the above-mentioned factors will not have a material adverse effect on our Group's business.

6.1.2 Competition

Our Group's products are exposed to competition from various quarters including local and overseas companies particularly those which operate in countries which enjoy lower labour cost *vis-a-vis* Malaysia. Besides cost, quality and punctuality delivery are important requisites of the textile and garment industry.

Whilst our Group continues to take effective measures and effort such as to enhance production efficiency as well as to provide high quality products, delivery dependability, sustainable competitive pricing and sales services to our existing customers as well as new ones, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our future business and financial performance.

6.1.3 Dependency on labour

The production of textile and apparel products depends heavily on labour especially for sewing related activities and as such, inadequate supply of labour may disrupt the production processes and increase the overall costs of production. In addition, due to the shortage of local workforce in Malaysia that has affected several industries including the textile industry, we have to employ a large number of foreign workers in our Malaysian factories. Hence, we are required to comply with the policies imposed by our government with regards to the employment of foreign workers. Any future changes to such policies may adversely affect our ability to employ foreign workers and may have an impact on our operations and financial performance.

In order to mitigate this risk, our Group has decided to expand its production facility by venturing into and building a new factory in Vietnam, a country with a higher access to labour, amongst others. In addition, our Group has been continuously recruiting new local employees where possible as well as foreign workers from different countries (to reduce dependency on labour from any particular country). Our Group is also constantly reviewing our processes to reduce dependency on manual labour as well as improve the quality of products by automating and improving production and packaging processes where possible. In the event our Group is unable to reduce our dependency on labour, any increase in the costs of production would inevitably affect our Group's profit margin, which in turn affects our Group's financial performance.

6.1.4 Dependency on major customers

Our major customers comprise mainly from the international markets including Nike, Under Armour and Asics. We have had good business relationships with them and have not encountered any major problems in our past dealings with them. In particular, we have been one of Nike's designated apparel suppliers for the past 30 years whilst for Under Armour and Asics, we have been dealing with both of them for more than 10 years and 4 years respectively. Our Group has maintained and will continue to maintain close business relationships with our customers and will continuously strive to meet our customers' expectations by paying closer attention to their feedback and working in tandem with their requirements to improve our product and service quality. In addition, our Group seek to mitigate its risks by securing more/new customers and widening its customer's base for its products.

Nevertheless, there can be no assurance that the loss of any of our major customers may adversely impact our Group's business and performance.

6.1.5 Fluctuations in foreign exchange

Our Group is exposed to foreign exchange fluctuation through our imports of raw materials and our exports of garment products. Consequently, any adverse significant movement in foreign currency may have an effect on the financial performance of our Group. However, our Group has not encountered any adverse material impact on our Group's business and financial performance arising from the fluctuations in foreign exchange from our last financial year up to the LPD.

Nevertheless, as most of our imports and exports are primarily transacted in USD, this provides a substantial natural hedge to our Group. In addition, we maintain credit facilities for foreign exchange forward contracts with several financial institutions and if necessary, will be utilised to hedge the fluctuations in exchange rates. Notwithstanding the above, there can be no assurance that any foreign currency exchange fluctuation in the future will not adversely affect our Group's financial performance.

6.1.6 Absence of long term contracts

Our Group does not have any formal long term contracts with our customers as it is common practice in the industry to manufacture based on confirmed orders. Likewise, we also do not have long-term contracts with our suppliers. Therefore, there can be no assurance that the loss of any of our customers or suppliers will not have any adverse impact on our business. Hence, our ability to retain our customers or suppliers and to continue to source for new customers or alternative suppliers are important to the success of our Group. In addition, our Group places great emphasis in developing long-term business relationships with our customers and suppliers in order to ensure business continuity and growth. Most of our major customers and suppliers have had good business relationships with our Group for more than 10 years on average. As such, we do not expect the absence of long term contracts to have any significant impact on our operations. On a positive note, the absence of long term contracts with our suppliers would enable us to maintain flexibility in sourcing alternative suppliers at competitive prices, if necessary.

6.1.7 Dependency on Executive Directors and key personnel

As in any other business, our Company recognises and believes that our Group's continuing success depends, to a significant extent, upon the abilities and continuing efforts of our Executive Directors and senior management personnel. The loss of any key personnel without a suitable and timely replacement, or our Group's inability to attract new personnel and retain our existing qualified and skilled personnel, may affect our continued ability to compete effectively in the textile/garment industry.

We have currently put in place a management succession plan which includes taking a proactive approach towards addressing talent management and internal staff grooming at all key areas in order to ensure our Group is managed by personnel with the requisite experience and capability. Our key management personnel are constantly exposed to various aspects of our business activities to ensure they have adequate understanding on their respective responsibilities and decision-making process. However, no assurance can be given that these reasonable measures would result in the successful retention and/or motivation of our employees.

6.1.8 Failure to meet demand for our products/customers

As disclosed in Section 7.6.1 of this Abridged Prospectus, our Company has decided to expand and grow our Group's business into Vietnam. The expansion of our business is expected to increase our Group's current production capacity and enable us to meet increasing demands and accept more orders from current as well as potential new customers in the future.

Our factories are currently running at more than 90% of its current capacity. Hence, in the event the market demand for our products were to suddenly expand, our Group would require significant increases in production capabilities, including personnel as well as supplies and raw materials, in order to fully capitalise on such expansions in demand.

The failure to adjust promptly to such unanticipated increases in demand for our products could result in our Group losing business orders or losing the opportunity to establish business relationships with potential new customers. Such failures may adversely affect our Group's future business and financial results.

6.1.9 Credit risks of our customers

We grant our customers credit periods of between 20 and 60 days and as such, we are exposed to credit risks arising from our Group's trade receivables which may arise from events and circumstances beyond our Group's control such as delays or defaults in payment by our customers. In the event of significant delays or defaults in payment by our customers or where our customers face significant financial difficulties, we will have to make allowance for impairment on uncollectible trade receivables or may be required to write-off uncollectible trade receivables as bad debts, which may adversely affect our financial performance.

6.1.10 Financing cost

We finance our operations through internally generated funds and/or bank borrowings. All our bank borrowings are interest bearing and as such, any increase in the interest rates will increase our finance costs with regards to the interest payments on the bank borrowings. Therefore, there can be no assurance that our performance will not be affected in the event of a significant increase in interest rates.

Furthermore, pursuant to facilities/loan agreements entered into with financial institutions, we are bound by certain covenants which may limit our operating and financial flexibilities. Any act or omission by us that breaches such covenants may give the rights to the bank/financier to terminate the relevant facilities/loans and/or enforce any security granted in relation to those facilities/loans. Nonetheless, we will endeavour to monitor our compliance with all such covenants.

Our Group actively review our debt portfolio taking into account the level and nature of borrowings and continuously seek measures to reduce our gearing position. Nevertheless, there can be no assurance that our future financial performance will not be adversely affected should we breach such covenants of any of our facilities/loan agreements.

6.1.11 Failure to successfully implement our expansion plans

As disclosed in Section 5 of this Abridged Prospectus, we plan to expand our current apparel manufacturing capacity through the construction of a new garment factory in Vietnam and to set up our own fabric mill in Johor. The implementation of our expansion plans involves substantial cost outlay including, but not limited to, building construction costs, capital expenditures for the purchase and installation of new machinery and equipment and other working capital requirements. Such substantial cost outlay is intended to be partly financed through the proceeds from our Rights Issue. In addition, the constructions of the new garment factory in Vietnam and the fabric mill in Johor will require necessary approvals/permits from the relevant governmental and state authorities.

Although we have sufficient resources at our disposal to execute our expansion plans, there is no assurance that we will be successful in accomplishing our expansion plans including procuring all approvals necessary for the construction of the said new production facilities, nor can we assure that we will be able to anticipate, and accordingly mitigate with adequate measures, all business and operational risks arising from our expansion plans. There can also be no assurance that the results or outcome of our expansion plans will meet our expectations and contribute positively to our future financial performance.

6.1.12 Political, economic and regulatory considerations

Like all business entities, adverse changes in political, economic and regulatory conditions in countries where our Group operates, namely, in Malaysia, China and Vietnam, and where our products are exported to could materially and unfavourably affect the financial and business prospects of our Group. These risks include, among others, risks of war, changes in political leadership, changes in economic conditions, changes in interest rates and changes in government policies such as method of taxation, currency exchange rules and introduction of new regulations.

Whilst our Group may take effective measures to mitigate the aforementioned risks such as prudent financial management as well as diversification and expansion of our Group's production facilities, range of products/services and markets/customers, there is no assurance that adverse political, economic and regulatory conditions will not materially affect the business activities of our Group.

6.1.13 Political, economic, regulatory and social conditions of our foreign operations

As part of our production facilities are/will be located in China and Vietnam, our business and future growth are/will be dependent on the said countries' political, economic, regulatory and social conditions. Hence, any changes in the policies implemented by the governments of China and Vietnam, which may result in, amongst others, currency and interest rate fluctuations, capital restrictions and changes in duties and taxes or other political, economic and social factors, the changes of which can be detrimental to our business, could materially and adversely affect our Group's operations, financial performance and/or future growth. In addition, although the economies in China and Vietnam have enjoyed relatively good growth in the past and are expected to continue to grow in the near future, there is no assurance that such growth will continue.

6.2 Risks relating to the Rights Issue

6.2.1 Investment risks

The market price of Prolexus Shares will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the prospects and operating results of our Group and the future outlook of the industries in which our Group operates. The issue price of the Rights Shares and the exercise price of the Warrants were arrived at after taking into consideration, amongst others, the TERP of Prolexus Shares based on the five (5)-day VWAMP of the Prolexus Shares immediately preceding the price-fixing date, the prevailing market price of Prolexus Shares and market conditions of Bursa Securities, the Group's funding requirements, and the current and future prospects of our Group.

There can be no assurance that our Shares will trade at or above the TERP of our Shares subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

The market price of the Warrants, like all listed securities traded on Bursa Securities and being new securities to be issued by our Company, are subject to, inter-alia, price discovery by investors, fluctuations in tandem with the overall outlook of the stock market in Malaysia and globally, and will be influenced by, amongst others, the market price, potential payments of dividends and volatility of our Shares and the remaining exercise period of the Warrants. There is no assurance that the exercise price of the Warrants will be in-the-money during the tenure of the Warrants.

6.2.2 Delay or failure in the completion of the Rights Issue

The Rights Issue is exposed to the risk that it may be aborted or delayed on the occurrence of any force majeure events or events/circumstances, which are beyond the control of our Company, KAF IB or the Joint Underwriters, arising prior to the completion of the Rights Issue.

In addition, there are also certain circumstances where any of the Joint Underwriters may terminate the Underwriting Agreement on the occurrence of any of the termination events set out in the Underwriting Agreement. Such events or circumstances include, amongst others, events which in the opinion of the Joint Underwriters, would materially prejudice the success of the Rights Issue or likely to have a material adverse effect on the financial condition, contractual commitments or results of operations of the Group as well as events which as a result of it be commercially impracticable for the Joint Underwriters to proceed with the Rights Issue on the terms and in the manner contemplated in this Abridged Prospectus, NPA, RSF and the Underwriting Agreement.

In the event of failure in the completion of the Rights Issue, all application monies received pursuant to the Rights Issue will be refunded to our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have subscribed for the Rights Shares with Warrants without interest within fourteen (14) days in accordance with Section 243(2) of the CMSA. In addition, monies not repaid within fourteen (14) days will be returned with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC.

In the event that the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) and the Rights Issue is subsequently cancelled or terminated, a return of monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of a special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

Notwithstanding the above, our Company will exercise our best endeavour to ensure the successful implementation of the Rights Issue. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Rights Issue.

6.2.3 Factors affecting the Warrants

There is no prior market for the Warrants, and as such there is no assurance that an active market for the Warrants will develop upon their listing and quotation on the Main Market of Bursa Securities, or if developed, that such a market may be sustained or adequately liquid during the tenure of the Warrants.

Our Board believes that a variety of factors could cause the future market price performance of the Warrants to fluctuate, including but not limited to trades of substantial amount of the Warrants on Bursa Securities, fluctuations in the market price of the underlying Prolexus Shares, announcements of corporate developments relating to our Group's business and the future financial performance of our Group.

The future price performance of Warrants will also depend upon various external factors, such as the prospects of the industries in which our Group operates, the economic, monetary and political and industry conditions, outlook of interest rates, the performance of domestic and regional stock markets as well as the investors' sentiments and liquidity in the local stock market.

Notwithstanding the above, it should be noted that our Group's financial performance will not be dependent on the market price performance of the Prolexus Shares and the Warrants.

6.3 Forward-looking and prospective statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may affect the actual results, performance or achievements implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company, its Directors and officers, KAF IB and the Joint Underwriters that the plans and objectives of our Group will be achieved.

Further, save as required by law or relevant rules and regulations, none of the Directors, KAF IB, Joint Underwriters and/or any other advisers are under any obligation to update any forward-looking statements included in this Abridged Prospectus, or to publicly announce any revisions to those forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

7.0 INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 Overview and outlook of the global economy

The global economy is expected to improve at a modest pace in 2016. The growth outlook, however, remains vulnerable to considerable downside risks arising from policy developments in the major economies, high uncertainty surrounding the direction of global commodity prices and abrupt financial market adjustments. Growth in the advanced economies is expected to proceed at a gradual and uneven pace. Even with highly accommodative monetary policies, the advanced economies are experiencing persistent economic slack stemming from unresolved structural issues and weakness in domestic demand. For the emerging economies, growth is projected to recover from the shock to external demand experienced in 2015. Nevertheless, the extent of the recovery will be contingent on several factors, including commodity price developments, financial market conditions and the ability of economies to contain rising domestic vulnerabilities. In this environment, global trade activity is expected to register only a modest improvement. The confluence of external and domestic headwinds will make 2016 a challenging year for policymakers globally.

(Source: Bank Negara Malaysia, Annual Report 2015)

In the first quarter of 2016, the global economy expanded moderately against a backdrop of high financial market volatility. The advanced economies continued to register modest improvements, as the pace of growth remained constrained by crisis related legacies, including high indebtedness and labour market slack. In Asia, economic activity expanded at a more moderate pace due in part to the weakness in exports. Amid these developments, several economies adopted more stimulus to support growth.

Overall, downside risks to the global economy remain elevated. Cyclical and structural economic weaknesses continue to weigh on growth in the major economies, in addition to volatility of energy prices and rising geopolitical risks. Looking ahead, although the global economy is projected to improve, the pace of expansion is expected to be moderate and uneven. In most of Asia, domestic demand will continue to drive growth amid policy support.

(Source: Bank Negara Malaysia, Quarterly Bulletin First Quarter 2016)

7.2 Overview and outlook of the Malaysian economy

The international economic and financial landscape is likely to remain challenging in 2016 and will be a key factor that will influence the prospects of the Malaysian economy. Depending on their nature, global developments can pose both upside and downside risks to the Malaysian economic growth. The Malaysian economy is expected to grow by 4.0 - 4.5% in 2016. Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. Private consumption growth is expected to trend below its long-term average, reflecting largely the continued household adjustments to an environment of higher prices and greater uncertainties. These moderating effects, however, will be partially offset by continued growth in income and employment, as well as some support from Government measures targeted at enhancing households' disposable income.

In an environment of prolonged uncertainties and cautious business sentiments, private sector investment growth is projected to be slower compared to its performance in the past five years. Capital expenditure in the upstream mining sector will continue to be affected by the environment of low energy and commodity prices. Support to private sector capital spending will mainly stem from the implementation of on-going and new investment projects, particularly in the manufacturing and services sectors.

Reflecting the Government's commitment to more prudent spending, growth of public sector expenditure is also expected to be more moderate but would continue to be supportive of overall growth. Public investment is, however, projected to turn around to register a positive growth, reflecting higher spending by the Federal Government on fixed assets and the continued implementation of key infrastructure projects by public corporations.

The external sector is expected to remain resilient in 2016. Despite subdued commodity prices, Malaysia's export performance is projected to remain positive, in line with the modest improvement in external demand. The well-diversified nature of Malaysia's exports will continue to support the overall growth in exports. Gross imports are projected to expand further amid an increase in intermediate imports to support the sustained performance of manufactured exports and the higher growth in capital imports due to continued expansion domestic private investment. The overall trade balance in 2016 is expected to continue to record a surplus, albeit one that is smaller. The services account is projected to record a narrower deficit on account of an expected improvement in tourism activity. Overall, the current account surplus is projected to narrow further to 1.0 - 2.0% of gross national income (GNI).

On the supply side, all economic sectors are projected to expand, albeit at a more moderate pace in 2016. The services and manufacturing sectors will remain the key drivers of overall growth. Despite the lower oil and gas prices, growth in the mining sector will be supported by new gas production capacity. Growth momentum in the construction sector is projected to moderate slightly in 2016 amid a modest expansion in both the residential and non-residential sub-sectors.

Headline inflation is projected to be higher at 2.5 - 3.5% in 2016 (2015: 2.1%), due mainly to increases in the prices of several price-administered items and the weak ringgit exchange rate. However, the impact of these cost factors on inflation will be mitigated by the low global energy and commodity prices, generally subdued global inflation and more moderate domestic demand. The trajectory of inflation during the year, however, could be more volatile given the uncertainties relating to global oil and commodity prices as well as the pace of global growth.

(Source: Bank Negara Malaysia, Annual Report 2015)

The Malaysian economy expanded by 4.2% in the first quarter of 2016 (4Q 2015: 4.5%). The slight moderation in growth mainly reflected external shocks to the economy and cautious spending by the private sector. On the supply side, growth continued to be driven by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.0% (4Q 2015: 1.2%).

Private sector activity remained the key driver of growth, although the pace of expansion moderated amid on-going adjustments in the economy. Private consumption expanded by 5.3% (4Q 2015: 4.9%), supported by continued wage and employment growth. Private investment grew at a slower rate of 2.2% (4Q 2015: 4.9%). This was mainly attributable to the cautious business sentiments and lower investments in the upstream mining sector. Growth of public consumption improved to 3.8% in the first quarter (4Q 2015: 3.3%) due to higher spending on emoluments. On the other hand, public investment declined by 4.5% (4Q 2015: 0.4%), due to lower spending on fixed assets by the public corporations.

On the supply side, the major economic sectors registered a moderate growth performance. The services sector recorded a sustained growth on account of the continued expansion in domestic demand. In the manufacturing sector, growth was supported by the continued expansion in both export- and domestic-oriented industries, although at a slower pace. The agriculture sector registered a contraction, as adverse weather conditions led to lower production of palm oil. The mining sector turned around to record a marginally positive growth following an improvement in the production of natural gas.

Inflation, as measured by the annual change in the Consumer Price Index (CPI), was higher at 3.4% in the first quarter of 2016 due to the reduction in electricity tariff rebates in January 2016 and the base effect from the larger decline in domestic fuel prices in the first quarter of 2015.

The trade surplus amounted to RM23.9 billion in the first quarter of 2016 (4Q 2015: RM30.6 billion). Gross exports continued to increase (1.0%; 4Q 2015: 8.1%), supported mainly by the continued expansion in manufactured exports, despite a larger contraction in commodity exports. Meanwhile, gross imports contracted marginally by 0.4% (4Q 2015: 3.5%), reflecting mainly the lower imports of capital and intermediate goods.

The ringgit and other regional currencies appreciated against the US dollar during the quarter, due to weaker-than-expected economic performance in the US, resulting in expectations of a slower pace of interest rate normalisation by the Federal Reserve. The ringgit, however, appreciated significantly more compared to other major and regional currencies. This is attributable to the release of positive domestic economic data, the recovery of Brent crude oil prices and the 2016 Budget Recalibration announcement. These factors lifted investor sentiments on the Malaysian economy and led to increased demand for ringgit financial assets.

Overall, the ringgit appreciated by 9.4% against the US dollar during the quarter. The ringgit also appreciated against the pound sterling (13.1%), the euro (5.7%), the Australian dollar (4.4%), and the Japanese yen (2.2%). Against all regional currencies, the ringgit also appreciated by between 4.6% and 9.0%.

Going forward, the Malaysian economy is expected to remain on a sustained growth path of 4-4.5%, despite the challenging economic environment globally and domestically. Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. However, domestic consumption is expected to grow at a moderate pace as households continue to adjust to the higher cost of living. Overall investment is also expected to grow at a slower pace but will remain supported by the implementation of infrastructure development projects and capital spending in the manufacturing and services sectors. Uncertainties in the external environment and the on-going adjustments in the domestic economy pose downside risks to growth.

(Source: Bank Negara Malaysia, Quarterly Bulletin First Quarter 2016)

7.3 Overview and outlook of the Malaysian manufacturing sector/textiles industry

The manufacturing sector expanded by 4.9% in 2015 (2014: 6.2%), attributable mainly to the continued strength of the export-oriented industries. The performance of the export-oriented industries was primarily driven by strong production growth in the E&E cluster, particularly in the consumer-based electrical segment and selected semiconductor components. Growth was further supported by the primary-related cluster due mainly to sustained regional demand for chemical products. The domestic-oriented industries, however, moderated mainly as a result of slower growth in the consumer-related cluster.

Growth in the manufacturing sector is expected to moderate in 2016 mainly due to slower expansion in the export-oriented industries. The expected softening in regional demand will affect the performance of the primary-related cluster. While the electronics and electrical (E&E) cluster will remain supportive of growth, the weakening demand from emerging market economies and the strength of the US dollar is likely to weigh down on global demand for electronic goods. Growth in the domestic-oriented industries is also expected to soften in line with weaker domestic demand conditions.

(Source: Bank Negara Malaysia, Annual Report 2015)

Textiles and Textile Products

Malaysia's textiles and textile products industry encompasses a broad range of upstream and downstream activities from polymerisation to dyeing and printing. The industry became the country's 10th largest export earner in 2015, contributing approximately RM12.6 billion to Malaysia's total manufactured export. The USA remained the leading export market for Malaysian textile products, contributing 19 per cent of the industry's total exports followed by Japan and the PRC.

Despite the global economic slowdown, the projects approved in textiles and textile products industry in 2015 are mostly involved in high quality upstream activities. A total of 4 projects valued at RM25.3 million were approved in 2015 of which two were expansion/diversification projects (RM9.2 million) while the remaining were new (RM16.1 million). Of the four projects approved, three were in upstream/primary textiles production, with total investments of RM17.1 million and only one project in made-up garments valued at RM8.2 million.

One of the quality projects that has been approved will be an expansion project by a wholly foreign-owned company to produce *non-woven geotextile (secutex)*. It is a needle-punched staple fibre used for separation, filtration, protection and drainage. *Secutex geotextiles* are also used in many fields of civil engineering including hydraulic engineering, landfill engineering, road construction and tunnel construction.

Under the (11th Malaysia Plan), Malaysian textile and apparel manufacturers are shifting towards new industrial revolution leveraging on smart and sustainable manufacturing systems focused on development of technical textile, medical textiles, smart textile and smart apparel. The Malaysian Government will be focusing towards new growth areas covering agrotech, builtech, clothtech, geotech, hometech, inductech, medtech, mobiltech, packtech, protech, sporttech and oekotech.

(Source: Malaysian Investment Development Authority, Malaysia: Investment Performance Report 2015 issued on 29 February 2016)

Textiles and Apparel Industry

The US is the largest importer of apparel in the world; while China's textile industry is the largest producer of cotton shirts worldwide, creating an output of 60 million garments a year. China's textile production accounts for nearly 54% of the world's total production. Italy, Germany and the UK remain Europe's largest fashion markets in terms of consumption with average spending about USD782 per year per capita.

Textile and apparel industry in Malaysia is forecast to continue fulfilling an important role in the country's overall economic development. Indeed, investment in the Malaysian textile and clothing industry is expected to reach US\$3 billion during 2011-2020. The Malaysian government has set a target for textile and clothing exports to almost double over the period. This prediction is based on ambitious government plans for further development of the industry which involve a focus on high-tech and high added value products.

Malaysia's textile industry is known for a broad range of activities including polymerization and man-made-fiber production, spinning, weaving, knitting, texturizing, dyeing, and printing. Malaysian companies also manufacture made-up apparel, home textiles, ropes and carpets; as well as nonwoven fabrics for personal care, made-up apparel, construction, engineering and furniture applications.

The trade of textiles and apparel products has been very encouraging despite challenges from lower cost producer countries. In 2014, the industry was ranked 10th top export earner and accounted for 1.6% share of Malaysia's export of manufactured goods. Malaysia is a net exporter of textiles and apparel. Exports of textiles and apparel for the year 2014 were RM11.62 billion while imports amounted to RM8.32 billion.

Major export destinations of textiles & apparel products in 2014 are USA, Japan and Australia. While major sources for importation of textiles & apparel products in 2014 are China, Indonesia and Vietnam.

The apparel sub-sector has developed capabilities in contract manufacturing. Contract manufacturers in the sub-sector have shifted from producing low-end products to medium and high-end and high value products.

New growth areas in textiles industry have been targeted for promotion under the Third Industrial Master Plan (IMP3). The growth areas for the industry include: technical textile, smart textile and nano technology, industrial and home textiles; functional fabrics; high-end fabrics and garments; ethnic fabrics; and key support facilities and services such as design houses and fashion centres, specialized dyeing, finishing facilities and others.

The technical textiles are defined as textile materials and products manufactured primarily for their technical performance and functional properties rather than their aesthetic or decorative characteristics.

Smart textiles are fabrics that have been designed and manufactured to include technologies that provide the wearer with increased functionality. These textiles have numerous potential applications, such as the ability to communicate with other devices, conduct energy, transform into other materials and protect the wearer from environmental hazards. Research and development towards wearable textile-based personal systems allowing e.g. health monitoring, protection and safety, and healthy lifestyle gained strong interest during the last few years. Smart fabrics and interactive textiles' activities include personal health management through integration, validation, and use of smart clothing and other networked mobile devices as well as projects targeting the full integration of sensors/ actuators, energy sources, processing and communication within the clothes to enable personal applications such as protection/safety, emergency and healthcare. The smart textile can be used for sport wear, industrial purpose, automotive and entertainment applications, healthcare and safety, military and public sectors.

For Nano Technology (NT) textiles at the molecular level can be used to develop desired textile characteristics, such as high tensile strength, unique surface structure, soft hand, durability, water repellency, fire retardancy, antimicrobial properties, and the like. Indeed, advances in NT have created enormous opportunities and challenges for the textile industry, including the cotton industry

To encourage investments in the textiles and apparel products industry, several products/activities have been gazetted as promoted products/activities under the Promotion of Investment Act, 1986 and could be considered for tax incentives in the form of Pioneer Status or Investment Tax Allowance. The products/activities are:-

- Natural or man-made fibres.
- Yarn of natural or man-made fibres.
- Woven fabrics.
- Knitted fabrics.
- Non-woven fabrics.
- Finishing of fabrics such as bleaching, dyeing and printing.
- Specialised apparel.
- Technical or functional textiles and textile products

The current trend of R&D activities in advanced materials, polymers and textiles clearly indicates a shift to nano materials as the new tool to improve properties and gain newer multi functionalities. However, challenges and the success for the researchers in this emerging field would depend to a large extent on the availability, cost and ease of handling and performance of the sophisticated instrumental techniques.

As far as textile materials such as fibres, yarns, finished and coated fabrics are concerned, the dispersion, impregnation or immobilization of nano-particles on textile surfaces can be studied through appropriate use of these techniques. However, handling of textile samples poses a lot of challenges and limitations due to their flexible, uneven and non uniform surfaces.

Under the 11th Malaysia Plan, initiatives will be undertaken in key areas (upstream / technical textile) for investments, exports and market share of targeted growth areas in textiles and apparel and to enhance the industry's overall competitiveness including in promoting and attracting R&D activities as well as to strengthen the linkages between sub-sectors and support industries.

The proposed program identifies under the (11th Malaysia Plan) for textile Industry is expected to provide the solid outcome include higher export value, quality investments, employment opportunities and higher productivity.

(Source: Extracted from Malaysian Investment Development Authority website: www.mida.gov.my/home/textiles-and-apparel-industry/posts/ on 26 April 2016)

7.4 Overview and outlook of the Vietnamese economy

In Vietnam, the first 3 quarters of 2015 saw GDP growth accelerate to 6.5%, the fastest growth rate in the past 5 years. Growth was driven by industry and construction, which contributed nearly half of the total. Export-oriented manufacturing output and continuing high foreign direct investment provided further boosts. Services grew by 6.2%, while agriculture recorded more modest growth at 2.1%. On the demand side, available data for the first half of 2015 show domestic demand continuing to serve as the main driver of growth. With economic recovery gaining traction in 2015, rising interest in the country as a destination for foreign direct investment, and recent progress on major trade deals, growth forecasts for Vietnam are maintained at 6.5% in 2015 and 6.6% in 2016.

(Source: Extracted from Asian Development Outlook Supplement – December 2015, issued by Asian Development Bank)

The medium-term outlook for Vietnam remains positive. GDP growth is expected to stay at around 6.5 percent in 2015, underpinned by further recovery in domestic demand, in turn reflecting robust private consumption and investment growth. Growth is projected to strengthen further over the medium term. Inflation is expected to remain low on account of low global energy and food prices before rebounding somewhat in medium term. The trade balance is projected to narrow significantly this year due to a combination of moderating exports and sustained import growth stoked by stronger domestic economic activity. Robust remittances will keep the current account in surplus, if at much lower level than last year. External capital inflows are expected to cover balance-of-payment financing needs as Vietnam's favorable economic prospects usher in additional FDI. The fiscal deficit is expected to remain high this year, but adjust starting next year due to consolidation efforts to avoid further increases in public debt.

On the economic impacts, simulations suggest that the TPP (Trans Pacific Partnership) could add as much as 8 percent to Vietnam's GDP, 17 percent to its real exports, and 12 percent to its capital stock over the next 20 years. About half the benefits are generated by tariff reductions and half by non-tariff measures (NTMs), including the liberalization of key service sectors. Labor-intensive manufacturing and especially sectors that currently face high import tariffs in the TPP markets will benefit most. These include textile, apparel, and footwear and to less extent food processing and electronics. In contrast, primary export sectors, including agriculture and services, are expected to decline mainly as a result of accelerated structural transformation (with production factors reallocating to manufacturing).

(Source: Extracted from "Taking Stock – An Update on Vietnam's Recent Economic Development" – December 2015, issued by The World Bank)

7.5 Overview and outlook of the Vietnamese textile industry

Vietnam is now ranked among the world's top five textile and apparel-exporting countries. Despite difficulties in the global economy, the pace of growth of Vietnam exports of textile and apparel products expanded in 2015 with an export value of \$27.2 billion - an increase of 9.43 percent over 2014, slightly lower than the \$28-billion target. The United States remains the largest market for the Vietnam textile and garment industry. In 2015, Vietnam garment exports to the U.S. increased 11.5 percent to \$10.9 billion, accounting for 40.3 percent of its total export value. Other important international markets for Vietnam apparel products include the EU (12.5 percent), Japan (10.2 percent) and South Korea (7.8 percent).

Vietnam's textile and apparel sector are expected to continue experiencing robust growth rates in the short to medium term. This is due to sizeable local and foreign investments in different supply chain production processes including spinning, weaving and knitting, dyeing and finishing, and garment making. Newly established and expanded investment projects have been made to capture opportunities offered by free trade agreements that Vietnam has signed with its trade partners, such as the Trans-Pacific Partnership Agreement (TPP), the Free Trade Agreement with the EU, the Asian Economic Community (AEC) and FTA Vietnam – Korea. Vietnam's textile and apparel exports in 2016 are projected to rise by 12 percent from \$29.5 billion to \$30 billion.

Based on the latest official data, foreign direct investments (FDIs) flow into Vietnam in 2015 increased to \$22.75 billion, which is an increase of 12.5 percent year on year. An estimated amount of \$2 billion was channeled into the textile and garment sectors. The following companies received significant amount of investment inflows - Hyosung Dong Nai (Turkish, investment capital of \$660 million), Polytex Far Eastern Vietnam (Taiwanese, investment capital of \$274 million), Ilshin Vietnam (Korea, investment capital of \$177 million) and Worldon Vietnam (Hong Kong, \$160 million extended capital). FDI flow into this attractive growth sector is expected to continue. The increasing number of new and existing spinning mills being registered in 2015 increased the number of spindles in Vietnam from 6.3 million in 2014/2015 to 8.27 million in 2016/2017. The increasing number of spindles would also create a strong demand for cotton. It is estimated that Vietnam annual spinning capacity reached 990,000 tons at the end of 2015, up about 10 percent over 2014.

(Source: Extracted from Vietnam Cotton and Products Annual Commodity Report 2016 – 1 April 2016, issued by USDA Foreign Agricultural Service, Global Agricultural Information Network)

7.6 Prospects of our Group

Prolexus Group's core business is in the manufacturing and sale of apparels with factories in Penang and Johor in Malaysia as well as in China. Our apparel manufacturing business contributed about 97% of our Group's total revenue for FYE 2015 with the balance contributed from the provision of advertising services on multimedia boards. Our Group's main apparel products are sports and sports casual apparels such as track suits, jackets, jogging pants, basketball shorts and running pullover. Majority of the products are exported, with USA as one of our major markets followed by Europe and Asia.

The details of our Group's existing garment factories are as follows:-

No.	Location	Land area/ Built-up area (square metre)	Age of building (years)	Type of products
1.	Lot 590 (New Lot 2596), Mukim of Simpang Kanan, Batu Pahat, Johor	12,147 / 12,639	17 to 20	Track suits, jackets, jogging pants, basketball shorts and running pullover
2.	Plot No. 255 (iii), Kawasan Perusahaan Mak Mandin, Mukim 14, Seberang Perai Tengah, Penang	6,898 / 6,368	15 to 23	Track suits, jackets, jogging pants, basketball shorts and running pullover
3.	Land Certification No. 27141, Property Certification No. 0101524, Shuyang Development Zone, Jiangsu, China	26,667 / 12,089	9	Track suits, jackets, jogging pants, basketball shorts and running pullover

Our Group's total revenue by principal markets for the FYE 2015 is as follows:-

	FYE 2015 (RM'000)	(%)
Apparel Manufacturing		
Malaysia	1,007	0.3
Overseas		
China	8,728	2.5
USA	206,726	59.0
Europe	66,498	19.0
Others	57,002	16.3
	339,961	97.1
Provision of Advertising Services		
Malaysia	10,379	2.9
	10,379	2.9
Total Revenue	350,340	100.00

Our Group recorded an increase in revenue of almost 20% to RM350.3 million in the FYE 31 July 2015 from the previous year which was mainly attributable to the increase in orders for our apparel products placed by our major customers across the international markets particularly in USA. The improvement in our Group's apparel sales mirrored the stronger revenue growth reported by some of our key customers such as Nike Inc, Under Armour and Asics, driven partly by the higher demand in the sportswear segment. Riding on, in particular, Nike Inc's projected higher apparel sales with growing future orders worldwide, our Group expects our apparel manufacturing division to grow positively in tandem.

7.6.1 Our Group's expansion plans

Construction of a new garment factory in Vietnam

Our Board has decided that it is timely to expand and grow our Group's business further by constructing a new garment factory in Vietnam and increase our Group's current production capacity which stands at about 14.0 million pieces annually. Whilst our Group does not have any long-term contracts with our major customers or have not secured any new orders formally (which is a norm and common practice in the industry), we have received many informal orders and enquiries from several major customers in particular Nike (our wholly-owned subsidiary, Honsin Apparel Sdn Bhd, is one of Nike's designated apparel suppliers). As its factories are now running at more than 90% of its current capacity, acceptance of more orders may lead to deteriorating performance and poor quality of products. However, our Group's long-term business relationship with some of our major customers and the experience of our key management team enable it to effectively manage the order/demand requests and to optimise production and capacity planning within our limited capacity. Nonetheless, it is imperative for our Group to plan ahead and gradually increase our overall production capacity in line with the growth projection of some of our major customers so that it is in a position to take advantage of potential demand/orders from our customers going forward.

Upon completion, the Vietnam factory is expected to initially add another 4.5 million pieces (about 32% higher) and enable our Group to meet increasing demands and accept more orders from current as well as potential new customers in the future. As such, our Group's revenue and net income are expected to improve further thereafter.

In choosing Vietnam for our new factory location, our Board has taken into consideration, amongst others, the suitability and feasibility factors of that country, in particular, its textiles industry which has witnessed strong growth in recent years and made the country one of the largest producers globally. Other important factors include the various business/investment incentives and benefits available in that country, the overall lower production costs and the ease of access to large pool of labour manpower. Details of various business/investment incentives available in Vietnam include the tax incentives involving preferential, exemptions and reductions on corporate income tax rates up to a specified period as well as Incentives on import tax involving exemptions on certain import duty.

Other incentives and tax benefits available include the accelerated depreciation of fixed assets and the carrying forward of losses for setting-off of future taxable profits. Furthermore, Vietnam had just completed the negotiations on its free trade agreement with the European Union (which Malaysia currently does not have) and in discussion to conclude separate free trade agreements with other countries/regions. These are expected to spur more growth and offer more opportunities to its export markets especially for garment and textiles related products. These factors make Vietnam a strategic choice for our Group to set up our new factory, in addition to our existing factories in Malaysia and China.

Whilst our Group aims to diversify our geographical locations of our factories, Malaysia will continue to be our Group's main operating set-up and key location for our apparel production business. This can be demonstrated from our plan to build our own fabric mill at a location close to our head office and main plant in Johor. Our Group had in the past enjoyed few tax incentives for our apparel business such as the reinvestment allowance and currently still enjoys tax allowance claim on increased export sales.

Setting-up of a new fabric mill

In addition, our Board has also decided to set up our own fabric mill to complement our existing core business of apparel manufacturing by producing our own knitted fabrics. This is our Group's first step in moving into the upstream fabric production as part of our plan to strengthen our position in the apparel manufacturing industry.

It is intended that the knitted fabrics produced by our mill, which has an estimated initial annual production capacity of about 14.0 million meters, will be:-

- (a) supplied to our Group's apparel manufacturing operation in Malaysia; and
- (b) sold to external customers.

Whilst the new fabric mill is expected to cost an estimated sum of RM55.0 million to build, our Group has considered the various long-term benefits expected to be derived from producing our own knitted fabrics:

- (i) Better quality control and efficiency - The production of our own knitted fabrics would allow better control over the supply chain of our apparel production, increase efficiency and lower our dependence on the external fabrics suppliers. In the longer term, the quality of the knitted fabrics will be maintained and further enhanced and overall production efficiency be further improved.
- (ii) Reduce dependence on external suppliers – The production of our own knitted fabrics is expected to reduce our Group's reliance on external suppliers moving forward thus ensuring long-term security and undisrupted supply of key raw materials at favourable pricing/terms. Our Group's major suppliers for the knitted fabrics, which contributed more than 10% of the total purchase for FYE 2015, are as follows:-

Name of Major Suppliers	Years of relationship
1. Eclat Textile Co., Ltd.	14 years
2. Little King Industries Co., Ltd.	16 years

- (iii) Shorter lead time – Our Group currently sourced majority of our knitted fabrics from Taiwan-based suppliers which typically requires approximately 2 weeks of shipping and customs clearance time in Malaysia. This can be reduced significantly once our Group's new mill, which is only approximately an hour away by road from our main factory, has been fully commissioned. By providing shorter lead time of apparel manufacturing to customers, this is expected to improve further our Group's competitiveness in the future.
- (iv) Cost savings and higher net margins – With knitted fabrics produced in-house instead of being procured externally, our Group will be able to reduce our production costs and enhance our net margins as knitted fabrics represent one of the key materials in the apparel production. Upon commissioning of the mill, our Company estimates that the Group would be able to gradually increase our net margins by more than 5%. Hence, with better margins, the future net income of our Group is expected to improve further.
- (v) Future income generation – A portion of the knitted fabrics produced internally will be sold to external parties to generate additional income for our Group in the future. Whilst our Company has yet to ascertain the level of internal usage and the external sales of our in-house produced knitted fabrics, it is expected that the sale of knitted fabrics will contribute positively to our Group going forward.

Our Board has also considered the potential benefits or features that are expected to be available for the textiles industry under the Trans-Pacific Partnership Agreement, a trade agreement signed on 4 February 2016 by twelve (12) countries including Malaysia and Vietnam, in pursuing our Group's expansion plans. Such benefits/features include:-

- Elimination of tariffs on textiles and apparel exports to member countries;
- Specific rules of origin that require use of yarns and fabrics from member countries to qualify for benefits under the agreement, which are intended to promote regional supply chains and investment;
- A short supply list mechanism that allows use of certain yarns and fabrics, not widely available in the member countries, to be sourced from non-member countries without losing duty preference;
- Commitments on custom cooperation and enforcement to prevent duty evasion, smuggling and fraud; and
- A textile-specific safeguard mechanism to respond to serious damage or the threat of serious damage to domestic industry in the event of a sudden surge in imports.

Upon the successful completion of our Group's expansion plans, our Group is expected to be well positioned to capitalise on the aforementioned potential benefits/features under the Trans-Pacific Partnership Agreement which is expected to be in force within two (2) years' time.

Our Board, after having considered all the relevant aspects including the abovementioned prospects and outlook of the textiles/apparel manufacturing industry, is reasonably positive of the future prospects of our Group and is optimistic that once our Group's new production facilities under our expansion plans have been completed and fully commissioned, the future financial performance of our Group will improve further which in turn is expected to deliver greater value to the shareholders of our Company.

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8.0 EFFECTS OF THE RIGHTS ISSUE

The proforma effects of the Rights Issue are set out below in the ensuing sections.

8.1 Issued and paid-up share capital

The proforma effects of the Rights Issue on the issued and paid-up share capital of our Company are as set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Prolexus Shares	RM	No. of Prolexus Shares	RM
Issued and paid-up share capital as at LPD	119,392,440	59,696,220	119,392,440	59,696,220
Less: Treasury Shares	(6,265,400)	(3,132,700)	-	-
Add: New Shares to be issued assuming full exercise of 5,670,800 ESOS Options	-	-	5,670,800	2,835,400
	113,127,040	56,563,520	125,063,240	62,531,620
Rights Shares to be issued pursuant to the Rights Issue	56,563,520	28,281,760	62,531,620	31,265,810
	169,690,560	84,845,280	187,594,860	93,797,430
New Shares to be issued pursuant to the full exercise of the Warrants	56,563,520	28,281,760	62,531,620	31,265,810
Enlarged issued and paid-up share capital	226,254,080	113,127,040	250,126,480	125,063,240

8.2 Earnings and EPS

The Rights Issue is not expected to have any immediate material effect on the consolidated earnings and EPS of Prolexus for the financial year ending 31 July 2016 as the Rights Issue is expected to be completed by the second (2nd) quarter of 2016 and the proceeds therefrom are expected to be utilised within twenty-four (24) months from the completion of the Rights Issue.

While our Company's EPS is expected to be diluted as a result of the increase in the number of new Prolexus Shares in issue after the Rights Issue, the eventual degree of dilution to the EPS will depend on, amongst others, the final number of Rights Shares issued, the actual number of Warrants being exercised and the level of returns generated from the utilisation of proceeds raised from the issuance of Rights Shares and exercise of Warrants.

Nonetheless, our Company expects the Rights Issue to contribute positively to the future earnings of our Group when the benefits of the utilisation of proceeds are realised particularly once our Group's new production facilities have been completed and fully commissioned.

8.3 NA and gearing

The proforma effects of the Rights Issue on the NA per share and gearing of our Group, based on the audited consolidated financial statements of our Company as at 31 July 2015, are as set out below.

Minimum Scenario

	(I)			(II)			(III)		
	Audited as at 31 July 2015 RM'000	⁽¹⁾ Adjustments for subsequent events RM'000	After (I) and the Rights Issue RM'000	After (I) and the Rights Issue RM'000	After (II) and assuming full exercise of Warrants RM'000	After (I) and the Rights Issue RM'000	After (II) and assuming full exercise of Warrants RM'000	After (I) and the Rights Issue RM'000	After (II) and assuming full exercise of Warrants RM'000
Share capital	57,931	59,696	87,978	87,978	116,260	87,978	116,260	87,978	116,260
Treasury shares	(1,490)	(1,490)	(1,490)	(1,490)	(1,490)	(1,490)	(1,490)	(1,490)	(1,490)
Share premium	2,502	3,359	(2) 30,041	(2) 30,041	58,323	(2) 30,041	58,323	(2) 30,041	58,323
Exchange translation reserve	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716
ESOS reserve	505	975	975	975	975	975	975	975	975
Statutory reserve	501	501	501	501	501	501	501	501	501
Warrants reserve	-	-	(3) 19,144	(3) 19,144	(4) -	(3) 19,144	(4) -	(3) 19,144	(4) -
Other reserve	-	-	(19,144)	(19,144)	-	(19,144)	-	(19,144)	-
Retained profits	51,790	51,150	51,150	51,150	51,150	51,150	51,150	51,150	51,150
Equity attributable to owners of our Company	114,455	116,907	171,871	171,871	228,435	171,871	228,435	171,871	228,435
Non-controlling interests	11,674	11,674	11,674	11,674	11,674	11,674	11,674	11,674	11,674
Total equity	126,129	128,581	183,545	183,545	240,109	183,545	240,109	183,545	240,109
No. of Prolexus Shares ('000) ⁽⁵⁾	109,597	113,127	169,691	169,691	226,254	169,691	226,254	169,691	226,254
NA per Prolexus Share (RM)	1.04	1.03	1.01	1.01	1.01	1.01	1.01	1.01	1.01
Interest bearing borrowings (RM'000)	10,542	10,542	(6) 32,578	(6) 32,578	(6) 32,578	(6) 32,578	(6) 32,578	(6) 32,578	(6) 32,578
Gearing (times)	0.09	0.09	0.19	0.19	0.14	0.19	0.14	0.19	0.14

Maximum Scenario

	(I)	(II)	(III)	(IV)
	(1) Adjustments for subsequent events RM'000	After (I), full exercise of ESOS Options and resale of Treasury Shares RM'000	After (II) and the Rights Issue RM'000	After (III) and assuming full exercise of Warrants RM'000
Audited as at 31 July 2015 RM'000				
Share capital	57,931	62,531	93,797	125,063
Treasury shares	(1,490)	(7) -	-	-
Share premium	2,502	6,085	(2) 35,751	67,017
Exchange translation reserve	2,716	2,716	2,716	2,716
ESOS reserve	505	975	-	-
Statutory reserve	501	501	501	501
Warrants reserve	-	-	(3) 21,164	(4) -
Other reserve	-	-	(21,164)	-
Retained profits	51,790	50,721	50,721	50,721
Equity attributable to owners of our Company	114,455	122,554	183,486	246,018
Non-controlling interests	11,674	11,674	11,674	11,674
Total equity	126,129	134,228	195,160	257,692

No. of Prolexus Shares ('000)	(5) 109,597	(6) 113,127	(7) 125,063	(7) 187,595	(7) 250,126
NA per Prolexus Share (RM)	1.04	1.03	0.98	0.98	0.98
Interest bearing borrowings (RM'000)	10,542	10,542	10,542	(6) 26,610	(6) 26,610
Gearing (times)	0.09	0.09	0.09	0.15	0.11

Notes:-

- (1) After adjusting for the issuance of 3,529,610 new Prolexus Shares arising from the exercise of the ESOS Options subsequent to 31 July 2015 and the corresponding reversal of the ESOS reserve.
- (2) After deducting the estimated expenses amounting to approximately RM1.6 million in relation to the Corporate Exercises.
- (3) After adjusting for the fair value of the Warrants, estimated at approximately RM0.83 each, which has been determined using the Black-Scholes option pricing model.
- (4) After the reversal of the warrants reserve upon full exercise of the Warrants.
- (5) Excluding the Treasury Shares held by our Company as at the LPD.
- (6) Assuming that the balance sum of approximately RM22.0 million and RM16.1 million required for the setting-up of a new fabric mill (as disclosed in Section 5 of this Abridged Prospectus under the Minimum Scenario and Maximum Scenario respectively) is financed via bank borrowings.
- (7) Assuming all Treasury Shares are resold in the open market of Bursa Securities at their respective acquisition prices prior to the Entitlement Date.

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8.4 Substantial shareholders' shareholdings

The proforma effects of the Rights Issue on the substantial shareholder's shareholdings of Prolexus based on the Register of Substantial Shareholders are as set out below.

Minimum Scenario

Substantial shareholders	(I)			(II)			
	As at LPD			After (I) and the Rights Issue			
	Direct	Indirect	(1)%	Direct	Indirect	(1)%	
No. of Shares	No. of Shares	(1)%	No. of Shares	No. of Shares	(1)%	No. of Shares	
Lau Mong Ying	8,372,814	(2)11,480,490	7.40	12,559,221	(2)17,220,735	7.40	(2)17,220,735
Lau Mong Fah	599,200	(2)11,480,490	0.53	898,800	(2)17,220,735	0.53	(2)17,220,735
Lau Boon Hwa	485,200	(2)11,480,490	0.43	727,800	(2)17,220,735	0.43	(2)17,220,735
Ahmad Mustapha Ghazali	2,504,960	(3)10,906,560	2.21	3,757,440	(3)16,359,840	2.21	(3)16,359,840
JE Holdings Sdn Bhd	11,480,490	-	10.15	17,220,735	-	10.15	-
Narspa Holdings Sdn Bhd	7,287,000	-	6.44	10,930,500	-	6.44	-

Substantial shareholders	(III)			
	After (II) and assuming full exercise of Warrants			
	Direct	Indirect	(1)%	
No. of Shares	No. of Shares	(1)%	No. of Shares	
Lau Mong Ying	16,745,628	(2) 22,960,980	7.40	(2) 22,960,980
Lau Mong Fah	1,198,400	(2) 22,960,980	0.53	(2) 22,960,980
Lau Boon Hwa	970,400	(2) 22,960,980	0.43	(2) 22,960,980
Ahmad Mustapha Ghazali	5,009,920	(3) 21,813,120	2.21	(3) 21,813,120
JE Holdings Sdn Bhd	22,960,980	-	10.15	-
Narspa Holdings Sdn Bhd	14,574,000	-	6.44	-

Maximum Scenario

Substantial shareholders	(I)				(II)			
	As at LPD				After (I) and the Treasury Shares are resold in the open market			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	%	No. of Shares	%
Lau Mong Ying	8,372,814	7.40	(2)11,480,490	10.15	8,372,814	7.01	(2)11,480,490	9.62
Lau Mong Fah	599,200	0.53	(2)11,480,490	10.15	599,200	0.50	(2)11,480,490	9.62
Lau Boon Hwa	485,200	0.43	(2)11,480,490	10.15	485,200	0.41	(2)11,480,490	9.62
Ahmad Mustapha Ghazali	2,504,960	2.21	(3)10,906,560	9.64	2,504,960	2.10	(3)10,906,560	9.14
JE Holdings Sdn Bhd	11,480,490	10.15	-	-	11,480,490	9.62	-	-
Narspa Holdings Sdn Bhd	7,287,000	6.44	-	-	7,287,000	6.10	-	-
Substantial shareholders	(III)				(IV)			
	After (II) and full exercise of 5,670,800 ESOS Options				After (III) and the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lau Mong Ying	10,932,814	8.74	(2)11,480,490	9.18	16,399,221	8.74	(2)17,220,735	9.18
Lau Mong Fah	767,200	0.61	(2)11,480,490	9.18	1,150,800	0.61	(2)17,220,735	9.18
Lau Boon Hwa	807,200	0.65	(2)11,480,490	9.18	1,210,800	0.65	(2)17,220,735	9.18
Ahmad Mustapha Ghazali	2,904,960	2.32	(3)10,906,560	8.72	4,357,440	2.32	(3)16,359,840	8.72
JE Holdings Sdn Bhd	11,480,490	9.18	-	-	17,220,735	9.18	-	-
Narspa Holdings Sdn Bhd	7,287,000	5.83	-	-	10,930,500	5.83	-	-

Substantial shareholders	(V)			
	After (IV) and assuming full exercise of Warrants			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Lau Mong Ying	21,865,628	8.74	⁽²⁾ 22,960,980	9.18
Lau Mong Fah	1,534,400	0.61	⁽²⁾ 22,960,980	9.18
Lau Boon Hwa	1,614,400	0.65	⁽²⁾ 22,960,980	9.18
Ahmad Mustapha Ghazali	5,809,920	2.32	⁽³⁾ 21,813,120	8.72
JE Holdings Sdn Bhd	22,960,980	9.18	-	-
Narspa Holdings Sdn Bhd	14,574,000	5.83	-	-

Notes:-

- (1) Percentage shareholdings is calculated based on number of issued and paid-up share capital and number of Rights Shares to be issued under the Minimum Scenario excluding the Treasury Shares held by our Company as at the LPD.
- (2) Deemed interested by virtue of his interest in JE Holdings Sdn Bhd pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his interests in Narspa Holdings Sdn Bhd and Metro Capital Asset Management Sdn Bhd pursuant to Section 6A of the Act.

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9.0 DETAILS OF OTHER CORPORATE EXERCISES

Save as disclosed below and for the Corporate Exercises, there are no other corporate exercises which have been announced but not yet completed as at the LPD:-

- (a) On 5 February 2016, our Board announced that our Company has entered into a Memorandum of Understanding with Men-Chuen Fibre Industry Co., Ltd. (collectively, the “Parties”) for the purpose of forming a strategic partnership between the Parties to further enhance their business activities and complement each other’s businesses. Pursuant to the Memorandum of Understanding, an agreement embodying all the terms and conditions that the Parties have agreed upon shall be executed within six (6) months from the date of the Memorandum of Understanding.

10.0 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working Capital

Our Board is of the opinion that, after taking into consideration our cash flow generated from operations, current cash in hand, existing banking facilities available and the proceeds of the Rights Issue, our Group will have sufficient working capital for the next twelve (12) months from the date of this Abridged Prospectus.

10.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM25.1 million, all of which are interest-bearing. The details of the outstanding borrowings of our Group are as follows:-

	Currency	Amount in foreign currency ('000)	Amount in RM (RM'000)
<u>Short term borrowings</u>			
Secured	RM	-	9,540
	USD	1,600	6,271
Unsecured	-	-	-
Sub-total			15,811
<u>Long term borrowings</u>			
Secured	RM	-	9,283
Unsecured	-	-	-
Sub-total			9,283
Total borrowings			25,094

To the best of our Board’s knowledge and belief, after having made all reasonable enquiries, there has been no default on payments of either interest and/or principal sums in respect of any borrowings for the FYE 2015 and the subsequent financial period up to the LPD.

10.3 Contingent liabilities

As at the LPD, save as disclosed below, there are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a substantial impact on the results or the financial position of the Group.

Contingent Liabilities	Group RM'000	Company RM'000
Corporate guarantee for banking facilities given to a subsidiary	-	62,285

10.4 Material commitments

As at the LPD, save as disclosed below, there are no material commitments contracted or known to be contracted by our Group which, upon becoming enforceable, may have a substantial impact on the results or the financial position of our Group:-

Capital Commitments	RM'000
Capital expenditure in relation to property, plant and equipment:-	
- Authorised and contracted for	12,542
- Authorised but not contracted for	2,119
	14,661

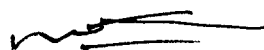
11.0 TERMS AND CONDITIONS

The issuance of the Rights Shares and the Warrants pursuant to the Rights Issue is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and the RSF.

12.0 FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board
PROLEXUS BERHAD



AHMAD MUSTAPHA GHAZALI
Executive Chairman

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT THE EGM HELD ON 7 APRIL 2016

PROLEXUS BERHAD
(Company No. 250857-T)
(Incorporated in Malaysia)

MINUTES OF GENERAL MEETING

EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD AT CONFERENCE ROOM OF HONSIN APPAREL SDN. BHD., 531, 2 ½ MILES JALAN KLUANG, 83000 BATU PAHAT, JOHOR ON THURSDAY, 07 APRIL 2016 AT 11.30 A.M.

ORDINARY RESOLUTION 1 – PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 62,531,620 NEW ORDINARY SHARES OF RM0.50 EACH IN PROLEXUS (“RIGHTS SHARES”) TOGETHER WITH UP TO 62,531,620 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH ONE (1) WARRANT FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.50 EACH (“PROLEXUS SHARES” OR “SHARES”) HELD BY THE ENTITLED SHAREHOLDERS OF PROLEXUS ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

As there were no objections, the Chairman declared that the following Ordinary Resolution 1 was unanimously carried:-

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 62,531,620 NEW ORDINARY SHARES OF RM0.50 EACH IN PROLEXUS (“RIGHTS SHARES”) TOGETHER WITH UP TO 62,531,620 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH ONE (1) WARRANT FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.50 EACH (“PROLEXUS SHARES” OR “SHARES”) HELD BY THE ENTITLED SHAREHOLDERS OF PROLEXUS ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

“THAT subject to the approvals of all relevant authorities including the approval-in-principle granted by Bursa Malaysia Securities Berhad (“Bursa Securities”) for the admission of up to 62,531,620 Warrants to the Official List of Bursa Securities and the listing of and quotation for up to 62,531,620 Rights Shares, up to 62,531,620 Warrants and up to 62,531,620 new Prolexus Shares arising from the full exercise of the Warrants pursuant to this Resolution, approval be and is hereby given for the Board of Directors of Prolexus (“Board”) to:-

- (i) provisionally allot and issue by way of renounceable rights issue of up to 62,531,620 Rights Shares together with up to 62,531,620 free Warrants on the basis of one (1) Rights Share together with one (1) Warrant for every two (2) existing Prolexus Shares held by the entitled shareholders of the Company on an entitlement date to be determined later by the Board;
- (ii) deal with fractional entitlements under the Proposed Rights Issue arising from any reason whatsoever as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company;
- (iii) deal with the excess Rights Shares not subscribed for by the entitled shareholders of the Company in a fair and equitable manner on a basis to be determined later by the Board;
- (iv) utilise the expected gross proceeds to be raised from the Proposed Rights Issue for the purposes of construction of a new garment factory, setting up of a new fabric mill and defrayment of estimated expenses in relation to the Proposed Rights Issue, and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities, where required;

APPENDIX I – CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT THE EGM HELD ON 7 APRIL 2016 (CONT'D)

-2-

PROLEXUS BERHAD

(Company No. 250857-T)

- Extract of Minutes of Extraordinary General Meeting held on 07 April 2016

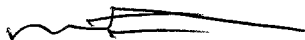
- (v) create and issue the Warrants in accordance with the terms and provisions of a deed poll to be executed by the Company constituting the Warrants (“Deed Poll”);
- (vi) allot and issue such further Warrants as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll;
- (vii) allot and issue up to 62,531,620 new Prolexus Shares pursuant to the full exercise of the Warrants (including further Warrants arising from any adjustments under the provisions of the Deed Poll); and
- (viii) enter into and execute the Deed Poll and to do all acts, deed and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll.

THAT the Rights Shares and the new Prolexus Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing issued ordinary shares of the Company save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions which may be declared, made or paid, the entitlement date of which is prior to the date of allotment of the Rights Shares or such new Prolexus Shares;

AND THAT any one Director of Prolexus be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Rights Issue with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as he may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue;

AND FURTHER THAT this resolution constitutes specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants, and new Prolexus Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue.”

CERTIFIED TRUE EXTRACT,



AHMAD MUSTAPHA GHAZALI

Chairman



LEE PENG LOON (MACS 01258)

Company Secretary

Date : 11 April 2016

APPENDIX II – INFORMATION ON OUR COMPANY**1. HISTORY AND PRINCIPAL ACTIVITIES**

Our Company was incorporated in Malaysia under the Act on 15 October 1992 as a private company limited by shares under the name of Prolexus Sdn Bhd. Our Company was converted to a public company limited by shares on 26 February 1993 and assumed our present name.

Our Company was listed on the then Second Board of Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) on 23 November 1993.

Our principal place of business is located at 531, Batu 2½, Jalan Kluang, 83000 Batu Pahat, Johor. The details of our existing garment factories are set out in Section 7.6 of this Abridged Prospectus.

The principal activities of our Company consist of investment holding and the provision of management services. The principal activities of our subsidiaries are described in Section 5, Appendix II of this Abridged Prospectus.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are set out below:-

Type	No. of Shares	Par value (RM)	Total (RM)
Authorised	500,000,000	0.50	250,000,000
Issued and paid-up	119,392,440	0.50	59,696,220

The changes in the issued and fully paid-up share capital of our Company for the past three (3) years prior the LPD are as follows:-

Date of allotment	No. of Shares Allotted	Par Value (RM)	Consideration/ Type of Issue	Cumulative Issued and Paid-up Share Capital (RM)
Balance brought forward	-	0.50	-	40,000,000
23.10.2013	249,400	0.50	Exercise of ESOS options at RM0.82	40,124,700
21.11.2013	555,900	0.50	Exercise of ESOS options at RM0.82	40,402,650
19.12.2013	113,100	0.50	Exercise of ESOS options at RM0.82	40,459,200
21.01.2014	181,900	0.50	Exercise of ESOS options at RM0.82	40,550,150
20.02.2014	13,200	0.50	Exercise of ESOS options at RM0.82	40,556,750

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of Shares Allotted	Par Value (RM)	Consideration/ Type of Issue	Cumulative Issued and Paid-up Share Capital (RM)
18.03.2014	30,800	0.50	Exercise of ESOS options at RM0.82	40,572,150
18.04.2014	164,700	0.50	Exercise of ESOS options at RM0.82	40,654,500
19.05.2014	164,300	0.50	Exercise of ESOS options at RM0.82	40,736,650
17.06.2014	136,700	0.50	Exercise of ESOS options at RM0.82	40,805,000
17.06.2014	73,800	0.50	Exercise of ESOS options at RM1.266	40,841,900
21.07.2014	8,200	0.50	Exercise of ESOS options at RM1.266	40,846,000
21.07.2014	47,800	0.50	Exercise of ESOS options at RM0.82	40,869,900
19.08.2014	6,700	0.50	Exercise of ESOS options at RM0.82	40,873,250
24.09.2014	15,000	0.50	Exercise of ESOS options at RM1.266	40,880,750
24.09.2014	311,700	0.50	Exercise of ESOS options at RM0.82	41,036,600
23.10.2014	16,800	0.50	Exercise of ESOS options at RM1.36	41,045,000
23.10.2014	9,000	0.50	Exercise of ESOS options at RM1.266	41,049,500
23.10.2014	380,500	0.50	Exercise of ESOS options at RM0.82	41,239,750
21.11.2014	125,400	0.50	Exercise of ESOS options at RM1.36	41,302,450
21.11.2014	51,400	0.50	Exercise of ESOS options at RM1.266	41,328,150
21.11.2014	423,500	0.50	Exercise of ESOS options at RM0.82	41,539,900
19.12.2014	9,200	0.50	Exercise of ESOS options at RM1.36	41,544,500

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of Shares Allotted	Par Value (RM)	Consideration/ Type of Issue	Cumulative Issued and Paid-up Share Capital (RM)
19.12.2014	8,900	0.50	Exercise of ESOS options at RM1.266	41,548,950
19.12.2014	48,000	0.50	Exercise of ESOS options at RM0.82	41,572,950
31.12.2014	30,752,200	0.50	Bonus issue on the basis of two (2) new Shares for every five (5) existing Shares held	56,949,050
20.01.2015	8,900	0.50	Exercise of ESOS options at RM0.971	56,953,500
20.01.2015	1,630	0.50	Exercise of ESOS options at RM0.904	56,954,315
20.01.2015	390,120	0.50	Exercise of ESOS options at RM0.586	57,149,375
16.02.2015	53,620	0.50	Exercise of ESOS options at RM0.971	57,176,185
16.02.2015	9,580	0.50	Exercise of ESOS options at RM0.904	57,180,975
16.02.2015	63,260	0.50	Exercise of ESOS options at RM0.586	57,212,605
20.03.2015	87,560	0.50	Exercise of ESOS options at RM0.971	57,256,385
20.03.2015	54,440	0.50	Exercise of ESOS options at RM0.904	57,283,605
20.03.2015	74,870	0.50	Exercise of ESOS options at RM0.586	57,321,040
20.04.2015	30,000	0.50	Exercise of ESOS options at RM1.007	57,336,040
20.04.2015	105,600	0.50	Exercise of ESOS options at RM0.971	57,388,840
20.04.2015	8,860	0.50	Exercise of ESOS options at RM0.904	57,393,270
20.04.2015	249,130	0.50	Exercise of ESOS options at RM0.586	57,517,835
20.05.2015	5,400	0.50	Exercise of ESOS options at RM0.971	57,520,535

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of Shares Allotted	Par Value (RM)	Consideration/ Type of Issue	Cumulative Issued and Paid-up Share Capital (RM)
20.05.2015	65,880	0.50	Exercise of ESOS options at RM0.904	57,553,475
20.05.2015	29,940	0.50	Exercise of ESOS options at RM0.586	57,568,445
19.06.2015	86,040	0.50	Exercise of ESOS options at RM0.971	57,611,465
19.06.2015	94,640	0.50	Exercise of ESOS options at RM0.904	57,658,785
19.06.2015	425,980	0.50	Exercise of ESOS options at RM0.586	57,871,775
20.07.2015	69,280	0.50	Exercise of ESOS options at RM0.971	57,906,415
20.07.2015	35,040	0.50	Exercise of ESOS options at RM0.904	57,923,935
20.07.2015	14,960	0.50	Exercise of ESOS options at RM0.586	57,931,415
20.08.2015	15,840	0.50	Exercise of ESOS options at RM0.971	57,939,335
20.08.2015	8,200	0.50	Exercise of ESOS options at RM0.904	57,943,435
20.08.2015	3,940	0.50	Exercise of ESOS options at RM0.586	57,945,405
28.09.2015	188,740	0.50	Exercise of ESOS options at RM0.971	58,039,775
28.09.2015	22,290	0.50	Exercise of ESOS options at RM0.904	58,050,920
28.09.2015	411,980	0.50	Exercise of ESOS options at RM0.586	58,256,910
20.10.2015	46,780	0.50	Exercise of ESOS options at RM0.971	58,280,300
20.10.2015	17,380	0.50	Exercise of ESOS options at RM0.904	58,288,990
20.10.2015	267,180	0.50	Exercise of ESOS options at RM0.586	58,422,580

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of Shares Allotted	Par Value (RM)	Consideration/ Type of Issue	Cumulative Issued and Paid-up Share Capital (RM)
18.11.2015	103,260	0.50	Exercise of ESOS options at RM0.971	58,474,210
18.11.2015	9,280	0.50	Exercise of ESOS options at RM0.904	58,478,850
18.11.2015	211,020	0.50	Exercise of ESOS options at RM0.586	58,584,360
22.12.2015	30,000	0.50	Exercise of ESOS options at RM1.007	58,599,360
22.12.2015	69,300	0.50	Exercise of ESOS options at RM0.971	58,634,010
22.12.2015	76,420	0.50	Exercise of ESOS options at RM0.904	58,672,220
22.12.2015	678,560	0.50	Exercise of ESOS options at RM0.586	59,011,500
20.01.2016	29,140	0.50	Exercise of ESOS options at RM0.971	59,026,070
20.01.2016	6,000	0.50	Exercise of ESOS options at RM0.904	59,029,070
20.01.2016	20,860	0.50	Exercise of ESOS options at RM0.586	59,039,500
18.02.2016	1,360	0.50	Exercise of ESOS options at RM0.971	59,040,180
18.02.2016	20,860	0.50	Exercise of ESOS options at RM0.586	59,050,610
18.03.2016	13,140	0.50	Exercise of ESOS options at RM0.971	59,057,180
18.03.2016	18,120	0.50	Exercise of ESOS options at RM0.586	59,066,240
19.04.2016	136,000	0.50	Exercise of ESOS options at RM1.007	59,134,240
19.04.2016	200,320	0.50	Exercise of ESOS options at RM0.971	59,234,400
19.04.2016	36,960	0.50	Exercise of ESOS options at RM0.904	59,252,880

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

Date of allotment	No. of Shares Allotted	Par Value (RM)	Consideration/ Type of Issue	Cumulative Issued and Paid-up Share Capital (RM)
19.04.2016	886,680	0.50	Exercise of ESOS options at RM0.586	59,696,220

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APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The proforma effect of the Rights Issue on the shareholdings of our substantial shareholders based on the Register of Substantial Shareholders as at the LPD are as follows:-

Minimum Scenario

Substantial shareholders	(I)			(II)			
	As at LPD			After (I) and the Proposed Rights Issue			
	Direct	Indirect	(1)%	Direct	Indirect	(1)%	
No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares	(1)%	
Lau Mong Ying	8,372,814	(2)11,480,490	7.40	12,559,221	(2)17,220,735	7.40	10.15
Lau Mong Fah	599,200	(2)11,480,490	0.53	898,800	(2)17,220,735	0.53	10.15
Lau Boon Hwa	485,200	(2)11,480,490	0.43	727,800	(2)17,220,735	0.43	10.15
Ahmad Mustapha Ghazali	2,504,960	(3)10,906,560	2.21	3,757,440	(3)16,359,840	2.21	9.64
JE Holdings Sdn Bhd	11,480,490	-	10.15	17,220,735	-	10.15	-
Narspa Holdings Sdn Bhd	7,287,000	-	6.44	10,930,500	-	6.44	-

Substantial shareholders	(III)			
	After (II) and assuming full exercise of Warrants			
	Direct	Indirect	(1)%	
No. of Shares	No. of Shares	No. of Shares	(1)%	
Lau Mong Ying	16,745,628	(2) 22,960,980	7.40	10.15
Lau Mong Fah	1,198,400	(2) 22,960,980	0.53	10.15
Lau Boon Hwa	970,400	(2) 22,960,980	0.43	10.15
Ahmad Mustapha Ghazali	5,009,920	(3) 21,813,120	2.21	9.64
JE Holdings Sdn Bhd	22,960,980	-	10.15	-
Narspa Holdings Sdn Bhd	14,574,000	-	6.44	-

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

	(I)				(II)			
	As at LPD				After (I) and the Treasury Shares are resold in the open market			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	%	No. of Shares	%
Substantial shareholders								
Lau Mong Ying	8,372,814	7.40	(2)11,480,490	10.15	8,372,814	7.01	(2)11,480,490	9.62
Lau Mong Fah	599,200	0.53	(2)11,480,490	10.15	599,200	0.50	(2)11,480,490	9.62
Lau Boon Hwa	485,200	0.43	(2)11,480,490	10.15	485,200	0.41	(2)11,480,490	9.62
Ahmad Mustapha Ghazali	2,504,960	2.21	(3)10,906,560	9.64	2,504,960	2.10	(3)10,906,560	9.14
JE Holdings Sdn Bhd	11,480,490	10.15	-	-	11,480,490	9.62	-	-
Narspa Holdings Sdn Bhd	7,287,000	6.44	-	-	7,287,000	6.10	-	-
	(III)				(IV)			
	After (II) and full exercise of 5,670,800 ESOS Options				After (III) and the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial shareholders								
Lau Mong Ying	10,932,814	8.74	(2)11,480,490	9.18	16,399,221	8.74	(2)17,220,735	9.18
Lau Mong Fah	767,200	0.61	(2)11,480,490	9.18	1,150,800	0.61	(2)17,220,735	9.18
Lau Boon Hwa	807,200	0.65	(2)11,480,490	9.18	1,210,800	0.65	(2)17,220,735	9.18
Ahmad Mustapha Ghazali	2,904,960	2.32	(3)10,906,560	8.72	4,357,440	2.32	(3)16,359,840	8.72
JE Holdings Sdn Bhd	11,480,490	9.18	-	-	17,220,735	9.18	-	-
Narspa Holdings Sdn Bhd	7,287,000	5.83	-	-	10,930,500	5.83	-	-

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

Substantial shareholders	(V)			
	After (IV) and assuming full exercise of Warrants			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Lau Mong Ying	21,865,628	8.74	(2) 22,960,980	9.18
Lau Mong Fah	1,534,400	0.61	(2) 22,960,980	9.18
Lau Boon Hwa	1,614,400	0.65	(2) 22,960,980	9.18
Ahmad Mustapha Ghazali	5,809,920	2.32	(3) 21,813,120	8.72
JE Holdings Sdn Bhd	22,960,980	9.18	-	-
Narspa Holdings Sdn Bhd	14,574,000	5.83	-	-

Notes:-

- (1) Percentage shareholdings is calculated based on number of issued and paid-up share capital and number of Rights Shares to be issued under the Minimum Scenario excluding the Treasury Shares held by the Company as at the LPD.
- (2) Deemed interested by virtue of his interest in JE Holdings Sdn Bhd pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his interests in Narspa Holdings Sdn Bhd and Metro Capital Asset Management Sdn Bhd pursuant to Section 6A of the Act.

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

4. DIRECTORS

The particulars of our Directors as at the LPD are set out below:-

Name	Address	Age	Nationality	Profession
Ahmad Mustapha Ghazali <i>(Executive Chairman)</i>	37-2, Block C, Jaya One 72A, Jalan Universiti 46200 Petaling Jaya Selangor	67	Malaysian	Director
Lau Mong Ying <i>(Managing Director)</i>	No. 28, Jalan Zapin Taman Kemajuan 83000 Batu Pahat Johor	66	Malaysian	Director
Lau Mong Fah <i>(Non-Independent Non-Executive Director)</i>	41, Lorong Nikmat Tiga Taman Gembira 58200 Kuala Lumpur	62	Malaysian	Director
Khadmudin Bin Mohamed Rafik <i>(Independent Non-Executive Director)</i>	No. 160-4 Jalan Kluang 83000 Batu Pahat Johor	62	Malaysian	Director
Lin, Cheng-Lang <i>(Independent Non-Executive Director)</i>	4 th Floor, No. 88 Lane 26, Section 4 ZhongXiao East Road Taipei, Taiwan	76	Taiwanese	Director
Chin Chew Mun <i>(Independent Non-Executive Director)</i>	13, Jalan Puteri 11/5 Bandar Puteri 47100 Puchong Selangor	44	Malaysian	Accountant
Boo Chin Liong <i>(Independent Non-Executive Director)</i>	No. 4, Jalan Kemboja Tanah Merah 83000 Batu Pahat Johor	55	Malaysian	Solicitor

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

The proforma effect of the Rights Issue on the shareholdings of our Board based on the Register of Directors as at the LPD are as follows:-

Minimum Scenario

Directors	(I)			(II)			
	As at LPD			After (I) and the Proposed Rights Issue			
	Direct	Indirect	(1)%	Direct	Indirect	(1)%	
No. of Shares	No. of Shares	(1)%	No. of Shares	No. of Shares	(1)%	No. of Shares	
Ahmad Mustapha Ghazali	2,504,960	(3)10,906,560	2.21	3,757,440	(3)16,359,840	2.21	9.64
Lau Mong Ying	8,372,814	(2)11,480,490	7.40	12,559,221	(2)17,220,735	7.40	10.15
Lau Mong Fah	599,200	(2)11,480,490	0.53	898,800	(2)17,220,735	0.53	10.15
Khadmudin Bin Mohamed Rafik	814,800	-	0.72	1,222,200	-	0.72	-
Lin, Cheng-Lang	1,101,447	-	0.97	1,652,170	-	0.97	-
Chin Chew Mun	280,000	-	0.25	420,000	-	0.25	-
Boo Chin Liong	196,000	-	0.17	294,000	-	0.17	-

Directors	(II)			
	After (II) and assuming full exercise of Warrants			
	Direct	Indirect	(1)%	
No. of Shares	No. of Shares	(1)%	No. of Shares	
Ahmad Mustapha Ghazali	5,009,920	(3) 21,813,120	2.21	9.64
Lau Mong Ying	16,745,628	(2) 22,960,980	7.40	10.15
Lau Mong Fah	1,198,400	(2) 22,960,980	0.53	10.15
Khadmudin Bin Mohamed Rafik	1,629,600	-	0.72	-
Lin, Cheng-Lang	2,202,893	-	0.97	-
Chin Chew Mun	560,000	-	0.25	-
Boo Chin Liong	392,000	-	0.17	-

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

Directors	(I)				(II)			
	As at LPD				After (I) and the Treasury Shares are resold in the open market			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	%	No. of Shares	%
Ahmad Mustapha Ghazali	2,504,960	2.21	(3)10,906,560	9.64	2,504,960	2.10	(3)10,906,560	9.14
Lau Mong Ying	8,372,814	7.40	(2)11,480,490	10.15	8,372,814	7.01	(2)11,480,490	9.62
Lau Mong Fah	599,200	0.53	(2)11,480,490	10.15	599,200	0.50	(2)11,480,490	9.62
Khadmudin Bin Mohamed Rafik	814,800	0.72	-	-	814,800	0.68	-	-
Lin, Cheng-Lang	1,101,447	0.97	-	-	1,101,447	0.92	-	-
Chin Chew Mun	280,000	0.25	-	-	280,000	0.23	-	-
Boo Chin Liong	196,000	0.17	-	-	196,000	0.16	-	-

Directors	(III)				(IV)			
	After (II) and full exercise of 5,670,800 ESOS Options				After (III) and the Proposed Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ahmad Mustapha Ghazali	2,904,960	2.32	(3)10,906,560	8.72	4,357,440	2.32	(3)16,359,840	8.72
Lau Mong Ying	10,932,814	8.74	(2)11,480,490	9.18	16,399,221	8.74	(2)17,220,735	9.18
Lau Mong Fah	767,200	0.61	(2)11,480,490	9.18	1,150,800	0.61	(2)17,220,735	9.18
Khadmudin Bin Mohamed Rafik	814,800	0.65	-	-	1,222,200	0.65	-	-
Lin, Cheng-Lang	1,101,447	0.88	-	-	1,652,170	0.88	-	-
Chin Chew Mun	280,000	0.22	-	-	420,000	0.22	-	-
Boo Chin Liong	280,000	0.22	-	-	420,000	0.22	-	-

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

Directors	(V)			
	After (IV) and assuming full exercise of Warrants			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Ahmad Mustapha Ghazali	5,809,920	2.32	⁽³⁾ 21,813,120	8.72
Lau Mong Ying	21,865,628	8.74	⁽²⁾ 22,960,980	9.18
Lau Mong Fah	1,534,400	0.61	⁽²⁾ 22,960,980	9.18
Khadmudin Bin Mohamed Rafik	1,629,600	0.65	-	-
Lin, Cheng-Lang	2,202,893	0.88	-	-
Chin Chew Mun	560,000	0.22	-	-
Boo Chin Liong	560,000	0.22	-	-

Notes:-

- (1) Percentage shareholdings is calculated based on number of issued and paid-up share capital and number of Rights Shares to be issued under the Minimum Scenario excluding the Treasury Shares held by our Company as at the LPD.
- (2) Deemed interested by virtue of his interest in JE Holdings Sdn Bhd pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of his interests in Narspa Holdings Sdn Bhd and Metro Capital Asset Management Sdn Bhd pursuant to Section 6A of the Act.

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

5. SUBSIDIARY AND ASSOCIATED COMPANIES

Our subsidiaries as at the LPD are as follows:-

Company	Date/Place of Incorporation	Issued and Paid-Up Share Capital	Equity Interest Held (%)	Principal Activities
Honsin Apparel Sdn Bhd	24.06.1976/ Malaysia	RM2,537,466	100.00	Manufacturing of apparels and investment holding
Plas Industries Sdn Bhd	31.12.1980/ Malaysia	RM2,500,000	100.00	Provision of apparel manufacturing services
Prolexus Marketing Sdn Bhd	30.05.1996/ Malaysia	RM2	100.00	Dormant
Novel Realty Sdn Bhd	19.04.1995/ Malaysia	RM2	100.00	Property investment
Laser Capital Holdings Sdn Bhd	05.11.1999/ Malaysia	RM6,280,000	57.64	Investment holding
Bixiz Kids Incorporated (M) Sdn Bhd	10.08.1985/ Malaysia	RM601,000	100.00	Provision of marketing services and investment holding
Trans Pacific Textile (M) Sdn Bhd (formerly known as Pacific Mission Sdn Bhd)	20.03.1993/ Malaysia	RM500,000	100.00	Dormant
Prolexus International Limited	03.11.2014/ Hong Kong	USD100,000	100.00	Dormant
Trans Pacific Textile (HK) Limited	26.10.2015/ Hong Kong	USD3,000,000	100.00	Investment holding
Indirectly held through Plas Industries Sdn Bhd				
South East Garment Manufacturing Sendirian Berhad	14.02.1977/ Malaysia	RM750,000	95.00	Investment holding
Indirectly held through Laser Capital Holdings Sdn Bhd				
HiQ Media (Malaysia) Sdn Bhd #	30.09.1999/ Malaysia	RM12,000,000	51.91	Provision of advertising services on multimedia boards

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

Company	Date/Place of Incorporation	Issued and Paid-Up Share Capital	Equity Interest Held (%)	Principal Activities
Indirectly held through Bixiz Kids Incorporated (M) Sdn Bhd				
BE Elementz Sdn Bhd	12.10.1987/ Malaysia	RM100,002	100.00	Marketing of apparels and provision of marketing services
Indirectly held through Honsin Apparel Sdn Bhd				
Honways International Limited	18.05.2010/ Hong Kong	USD3,000,000	64.00	Investment holding, trading of apparels and provision of agency services
Jia Yong Industries Sdn Bhd	10.08.2002/ Malaysia	RM300,000	100.00	Provision of apparel manufacturing services
Indirectly held through Honways International Limited				
Honways Apparel Shuyang Limited	27.07.2010/ China	USD3,000,000	64.00	Manufacturing of apparels
Indirectly held through Honways Apparel Shuyang Limited				
Yu Xiang Industries Ltd.	08.01.2013/ China	* RMB2,000,000	64.00	Ceased operations
Indirectly held through Trans Pacific Textile (HK) Limited				
Trans Pacific Textile (VN) Co., Ltd.	13.04.2016/ Vietnam	USD3,000,000	100.00	Manufacturing of apparels

Notes:-

HiQ Media (Malaysia) Sdn Bhd is invested through the companies below:-

	Effective equity interest (%)
Prolexus Berhad	21.75
Laser Capital Holdings Sdn Bhd	30.16
	51.91

* RMB - Renminbi.

As at the LPD, we do not have any associate company.

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

6. PROFIT AND DIVIDEND RECORDS

Our Group's key financial information based on our audited financial statements for the past three (3) FYE 2013, FYE 2014 and FYE 2015 and the unaudited financial statements for the FPE 2016 are as follows:-

	Audited			Unaudited	
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	⁽¹⁾ FPE 2015 RM'000	FPE 2016 RM'000
Revenue	235,545	294,113	350,340	163,616	204,545
Gross profit	39,577	51,374	60,126	28,796	39,932
Other income	2,504	2,390	6,539	2,633	3,144
EBIDTA	22,435	28,316	38,759	18,053	24,101
Less: Depreciation and amortisation	(2,900)	(3,865)	(7,189)	(1,840)	(1,761)
Less: Finance cost	(131)	(278)	(515)	(273)	(535)
Profit before tax	19,404	24,173	31,055	15,940	21,805
Tax expenses	(2,242)	(3,372)	(7,032)	(1,873)	(4,339)
Profit after tax ("PAT")	17,162	20,801	24,023	14,067	17,466
PAT attributable to:					
- Owners of our Company	15,449	18,487	20,772	12,312	14,745
- Non-controlling interest	1,713	2,314	3,251	1,755	2,721
Gross profit margin (%)	16.80	17.47	17.16	17.60	19.52
Net profit margin (%)	7.29	7.07	6.86	8.60	8.54
Weighted average no. of Shares in issue ('000)	73,734	105,351	106,953	118,080	114,298
Net EPS attributable to the owners of our Company:					
- Basic EPS (sen) ⁽²⁾	20.95	17.55	19.42	11.51	13.67
- Diluted EPS (sen) ⁽²⁾	⁽³⁾ -	16.98	18.32	11.12	12.99
Dividend per Share (sen)	3.00	3.50	4.20	-	-

Notes:-

(1) Included for ease of comparison.

(2) Excluding the Treasury Shares held by our Company as at the LPD.

(3) There is no diluted EPS as the Company did not have any convertible financial instruments as at 31 July 2013.

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)**Commentaries****(i) FYE 2013**

Our revenue increased by approximately 24.3% or RM46.0 million to RM235.5 million in FYE 2013 from RM189.5 million in FYE 2012 mainly due to the apparel division which saw significant increase in orders received for our manufacturing plants in Malaysia and China in FYE 2013. Our apparel division contributed approximately 97.2% or RM228.9 million to our Group's revenue for FYE 2013. While revenue from our Malaysian plant grew by approximately 15% from RM149.5 million to RM172 million, the revenue from our China plant also grew approximately 43.5% from RM23.5 million to RM56.9 million in FYE 2013.

Our gross profit margin increased from 15.4% in FYE 2012 to 16.8% in FYE 2013 mainly due to higher economies of scale and improved production efficiency.

Our PAT increased by approximately 58.4% or RM6.3 million from RM10.8 million in FYE 2012 to RM17.2 million in FYE 2013 due to the improved performance in the apparel division resulting from improved production and cost rationalisation programmes. In addition, our China plant recorded a significant improvement in PAT contribution from RM0.1 million in FYE 2012 to RM2.5 million in FYE 2013. PAT margin also increased by approximately 27.4% to 7.3% in FYE 2013 in tandem with the increase in sales revenue and gross profit margin despite our difficulties in recruiting sewing operators for our manufacturing plants in Malaysia and China.

(ii) FYE 2014

Our revenue increased by approximately 24.9% or RM58.6 million to RM294.1 million in FYE 2014 from RM235.5 million in FYE 2013. The increase in revenue is mainly attributable to the increase orders received for our manufacturing plants in Malaysia and China. During the FYE 2014, our apparel division contributed approximately 96.9% or RM285.0 million to our Group's overall revenue.

Our gross profit margin increased from 16.8% in FYE 2013 to 17.5% in FYE 2014 mainly due to higher economies of scale and improved production efficiency.

Our PAT increased by approximately 21.2% or RM3.6 million from RM17.2 million in FYE 2013 to RM20.8 million in FYE 2014 in line with the increase in our revenue from the apparel division. The increase in our PAT is also contributed by the improved gross profit margin despite having to comply with the minimum wage regulation which brought significant increase in production wages cost to our Group. However, PAT margin decreased by 2.9% to 7.1% in FYE 2014 relative to the higher administrative expenses and selling and distribution expenses as compared to FYE 2013.

(iii) FYE 2015

Our revenue increased by approximately 19.1% or RM56.2 million to RM350.3 million in FYE 2015 from RM294.1 million in FYE 2014. The increase in revenue is mainly attributable to the apparel division which saw continued increase in orders received for our manufacturing plants in Malaysia and China. The apparel division contributed approximately 96.7% to our Group's total revenue of RM350.3 million for the FYE 2015 partly due to our capacity expansion and production efficiency improvement which has allowed us to capitalise on the growth in sales orders. During the FYE 2015, the Group registered higher other income which was mainly due to the increase in gain on foreign exchange.

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

Our gross profit margin decreased slightly from 17.5% in FYE 2014 to 17.2% in FYE 2015 mainly due to a one-off adjustment on depreciation charge due to change in depreciation method and depreciation rates in FYE 2015.

Our PAT increased by approximately 15.5% or RM3.2 million from RM20.8 million in FYE 2014 to RM24 million in FYE 2015 in tandem with the increase in revenue of our apparel. PAT margin decreased by approximately 3% from 7.1% to 6.9% in FYE 2015 due to change in depreciation method and depreciation rates as mentioned above. The higher tax expense incurred in that year was mainly due to increase in profits recorded by the Group and full utilisation of unabsorbed tax losses and unabsorbed capital allowances in one of our subsidiaries in the previous financial year.

(iv) FPE 2016

Our revenue increased by approximately 25% or RM40.9 million to RM204.5 million in FPE 2016 from RM163.6 million in FPE 2015. The increase in revenue is mainly attributable to the significant increase in orders received by our apparel division. The revenue from our apparel division contributed approximately 96.9% to our overall revenue for the FPE 2016. While revenue from our Malaysian plant grew by approximately 21% from RM108.9 million to RM131.5 million, the revenue from our China plant also grew approximately 39% from RM47.9 million to RM 66.6 million in FPE 2016.

Our gross profit margin increased from 17.6% in FPE 2015 to 18.5% in FPE 2016 mainly due to the change in customer mix.

Our PAT increased by approximately 24.2% or RM3.4 million from RM14.1 million in FPE 2015 to RM17.5 million in FPE 2016 in tandem with the increase in revenue of the apparel division. PAT margin decreased slightly by approximately 0.7% to 8.5% in FPE 2016 as compared to the PAT margin of 8.6% in FPE 2015 due to the higher income tax as a result of unabsorbed tax losses fully utilised in FYE 2015 in one of our subsidiaries.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Prolexus Shares as traded on Bursa Securities for the past twelve (12) months up to the LPD are as follows:-

	Highest (RM)	Lowest (RM)
<u>2016</u>		
April	2.01	1.77
March	2.20	1.85
February	2.35	2.10
January	2.58	2.23
<u>2015</u>		
December	2.71	2.49
November	2.76	2.48
October	2.65	2.42
September	2.53	2.15
August	2.66	2.07
July	2.73	2.05
June	2.28	1.97
May	2.05	1.68

APPENDIX II – INFORMATION ON OUR COMPANY (CONT'D)

The last transacted market price of Prolexus Shares immediately prior to the announcement of the Rights Issue on 11 December 2015 was RM2.66.

The last transacted market price of Prolexus Shares on 17 May 2016, being the date prior to the ex-date for the Rights Issue was RM2.04.

The last transacted price of our Shares on 29 April 2016, being the LPD was RM1.87.

(Source: Bloomberg)

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



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REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

6 May 2016

The Board of Directors

Prolexus Berhad

51-21-A, Menara BHL Bank

Jalan Sultan Ahmad Shah

10050 Penang

Grant Thornton (AF:0042)

51-8-A, Menara BHL Bank

Jalan Sultan Ahmad Shah

10050 Penang, Malaysia

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Dear Sirs,

**PROLEXUS BERHAD AND ITS SUBSIDIARIES
REPORT ON THE COMPILATION OF THE PROFORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015**

We have completed our assurance engagement to report on the compilation of the proforma consolidated statements of financial position of Prolexus Berhad (“Prolexus” or the “Company”) and its subsidiaries (collectively defined as the “Group”) as at 31 July 2015, in relation to the renounceable rights issue of up to 62,531,620 new ordinary shares of RM0.50 each in Prolexus (“Rights Shares”) at an issue price of RM1.00 per Rights Share together with up to 62,531,620 free detachable warrants (“Warrants”) on the basis of one (1) Rights Share together with one (1) Warrant for every two (2) existing ordinary shares of RM0.50 each (“Rights Issue”).

The proforma consolidated statements of financial position which are set out in the accompanying notes (which we have stamped for the purpose of identification), have been compiled by the Directors of Prolexus for the purpose of inclusion in the Abridged Prospectus of Prolexus (“Abridged Prospectus”) in connection with the Rights Issue.

The proforma consolidated statements of financial position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Rights Issue (as defined above) on the audited consolidated statement of financial position of the Group as at 31 July 2015, had the Rights Issue been effected on that date.

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



The Directors' Responsibility for the Proforma Consolidated Statements of Financial Position

The Directors are responsible for compiling the proforma consolidated statements of financial position as at 31 July 2015 on the basis as described in the accompanying notes.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion about whether the proforma consolidated statements of financial position have been compiled by the Directors on the basis as described in the accompanying notes.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Proforma Financial Information in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the proforma consolidated statements of financial position on the basis as described in the accompanying notes.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the proforma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the proforma consolidated statements of financial position.

The purpose of the proforma consolidated statements of financial position is solely to illustrate the impact as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the proforma consolidated statements of financial position have been compiled on the basis as described in the accompanying notes involves performing procedures to assess whether the basis as described in the accompanying notes used by the Directors in the compilation of proforma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related proforma adjustments give appropriate effect to those criteria; and
- The proforma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the proforma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluation of the overall presentation of the proforma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion,


- (a) the proforma consolidated statements of financial position have been properly compiled in accordance with the basis as described in the accompanying notes using financial statements prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies of the Group; and
- (b) each material adjustment made to the information used in the preparation of the proforma consolidated statements of financial position is appropriate for the purposes of preparing the proforma consolidated statements of financial position.

Other matters

This letter has been prepared at your request for inclusion in the Abridged Prospectus of Prolexus in connection with the Rights Issue. It is not intended to be used for any other purposes. We do not assume responsibility to any other person for the content of this letter.

Yours faithfully,


Grant Thornton
No. AF: 0042
Chartered Accountants


John Lau Tiang Hua, DJN
No. 1107/03/18 (J)
Chartered Accountant

Penang

APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

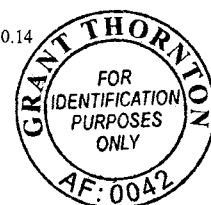
PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

The proforma consolidated statements of financial position of the Group as at 31 July 2015 as set out below have been prepared solely for illustrative purposes only to show the effects of the Proposals on the assumption that these transactions have been effected on 31 July 2015 and should be read in conjunction with the accompanying notes:

Minimum Scenario

		Audited as at			
		31.7.2015	Proforma I	Proforma II	Proforma III
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	67,560	67,560	144,560	144,560
Land use rights		671	671	671	671
Other investment		490	490	490	490
Goodwill on consolidation		2,712	2,712	2,712	2,712
		<u>71,433</u>	<u>71,433</u>	<u>148,433</u>	<u>148,433</u>
Current assets					
Inventories		23,414	23,414	23,414	23,414
Trade receivables		55,041	55,041	55,041	55,041
Other receivables, deposits and prepayments		9,214	9,214	9,214	9,214
Fixed deposits with licensed banks		6,285	6,285	6,285	6,285
Cash and bank balances	4	26,687	29,139	29,139	85,703
		<u>120,641</u>	<u>123,093</u>	<u>123,093</u>	<u>179,657</u>
TOTAL ASSETS		<u>192,074</u>	<u>194,526</u>	<u>271,526</u>	<u>328,090</u>
EQUITY AND LIABILITIES					
Share capital	5	57,931	59,696	87,978	116,260
Treasury shares	5	(1,490)	(1,490)	(1,490)	(1,490)
Share premium	5	2,502	3,359	30,041	58,323
Exchange translation reserve		2,716	2,716	2,716	2,716
ESOS reserve	5	505	975	975	975
Statutory reserve		501	501	501	501
Warrants reserve	5	-	-	19,144	-
Other reserve	5	-	-	(19,144)	-
Retained profits	5	51,790	51,150	51,150	51,150
		<u>114,455</u>	<u>116,907</u>	<u>171,871</u>	<u>228,435</u>
Non-controlling interests		11,674	11,674	11,674	11,674
Total equity		<u>126,129</u>	<u>128,581</u>	<u>183,545</u>	<u>240,109</u>
Non-current liabilities					
Borrowings	6	3,452	3,452	3,452	3,452
Deferred tax liabilities		2,098	2,098	2,098	2,098
		<u>5,550</u>	<u>5,550</u>	<u>5,550</u>	<u>5,550</u>
Current liabilities					
Trade payables		19,960	19,960	19,960	19,960
Other payables and accruals		29,984	29,984	29,984	29,984
Derivative financial instruments		77	77	77	77
Borrowings	6	7,090	7,090	29,126	29,126
Current tax liabilities		3,284	3,284	3,284	3,284
		<u>60,395</u>	<u>60,395</u>	<u>82,431</u>	<u>82,431</u>
Total liabilities		<u>65,945</u>	<u>65,945</u>	<u>87,981</u>	<u>87,981</u>
TOTAL EQUITY AND LIABILITIES		<u>192,074</u>	<u>194,526</u>	<u>271,526</u>	<u>328,090</u>
Number of ordinary shares, net of treasury shares		109,597	113,127	169,691	226,254
Net Assets per share (RM)		1.04	1.03	1.01	1.01
Borrowings (RM)		10,542	10,542	32,578	32,578
Gearing (times)					
- excluding non-controlling interests		0.09	0.09	0.19	0.14



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

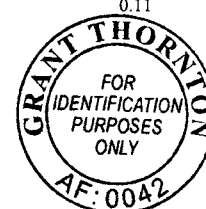
PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

The proforma consolidated statements of financial position of the Group as at 31 July 2015 as set out below have been prepared solely for illustrative purposes only to show the effects of the Proposals on the assumption that these transactions have been effected on 31 July 2015 and should be read in conjunction with the accompanying notes:

Maximum Scenario

		Audited as at				
	Note	31.7.2015	Proforma I	Proforma II	Proforma III	Proforma IV
		RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	3	67,560	67,560	67,560	144,560	144,560
Land use rights		671	671	671	671	671
Other investment		490	490	490	490	490
Goodwill on consolidation		2,712	2,712	2,712	2,712	2,712
		<u>71,433</u>	<u>71,433</u>	<u>71,433</u>	<u>148,433</u>	<u>148,433</u>
Current assets						
Inventories		23,414	23,414	23,414	23,414	23,414
Trade receivables		55,041	55,041	55,041	55,041	55,041
Other receivables, deposits and prepayments		9,214	9,214	9,214	9,214	9,214
Fixed deposits with licensed banks		6,285	6,285	6,285	6,285	6,285
Cash and bank balances	4	26,687	29,139	34,786	34,786	97,318
		<u>120,641</u>	<u>123,093</u>	<u>128,740</u>	<u>128,740</u>	<u>191,272</u>
TOTAL ASSETS		<u>192,074</u>	<u>194,526</u>	<u>200,173</u>	<u>277,173</u>	<u>339,705</u>
EQUITY AND LIABILITIES						
Share capital	5	57,931	59,696	62,531	93,797	125,063
Treasury shares	5	(1,490)	(1,490)	-	-	-
Share premium	5	2,502	3,359	6,085	35,751	67,017
Exchange translation reserve		2,716	2,716	2,716	2,716	2,716
ESOS reserve	5	505	975	-	-	-
Statutory reserve		501	501	501	501	501
Warrants reserve	5	-	-	-	21,164	-
Other reserve	5	-	-	-	(21,164)	-
Retained profits	5	51,790	51,150	50,721	50,721	50,721
		<u>114,455</u>	<u>116,907</u>	<u>122,554</u>	<u>183,486</u>	<u>246,018</u>
Non-controlling interests		11,674	11,674	11,674	11,674	11,674
Total equity		<u>126,129</u>	<u>128,581</u>	<u>134,228</u>	<u>195,160</u>	<u>257,692</u>
Non-current liabilities						
Borrowings	6	3,452	3,452	3,452	3,452	3,452
Deferred tax liabilities		2,098	2,098	2,098	2,098	2,098
		<u>5,550</u>	<u>5,550</u>	<u>5,550</u>	<u>5,550</u>	<u>5,550</u>
Current liabilities						
Trade payables		19,960	19,960	19,960	19,960	19,960
Other payables and accruals		29,984	29,984	29,984	29,984	29,984
Derivative financial instruments		77	77	77	77	77
Borrowings	6	7,090	7,090	7,090	23,158	23,158
Current tax liabilities		3,284	3,284	3,284	3,284	3,284
		<u>60,395</u>	<u>60,395</u>	<u>60,395</u>	<u>76,463</u>	<u>76,463</u>
Total liabilities		<u>65,945</u>	<u>65,945</u>	<u>65,945</u>	<u>82,013</u>	<u>82,013</u>
TOTAL EQUITY AND LIABILITIES		<u>192,074</u>	<u>194,526</u>	<u>200,173</u>	<u>277,173</u>	<u>339,705</u>
Number of ordinary shares, net of treasury shares		109,597	113,127	125,063	187,595	250,126
Net Assets per share (RM)		1.04	1.03	0.98	0.98	0.98
Borrowings (RM)		10,542	10,542	10,542	26,610	26,610
Gearing (times)						
- excluding non-controlling interests		0.09	0.09	0.09	0.15	0.11



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

1. BASIS OF PREPARATION

The proforma consolidated statements of financial position have been prepared for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 below on the assumption that these transactions had been effected on 31 July 2015 and are based on the audited financial statements of the Group for the financial year ended 31 July 2015.

The proforma consolidated statements of financial position have been prepared based on the accounting policies adopted by the Group as disclosed in the audited financial statements for the financial year ended 31 July 2015.

The proforma consolidated statements of financial position are presented in two (2) scenarios and have been prepared for illustrative purposes and on the assumption that the number of Rights Shares and Warrants that could be issued pursuant to the Rights Issue would be:

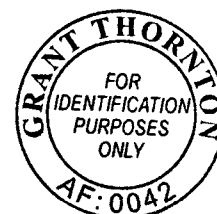
Minimum Scenario : Up to 56,563,520 Rights Shares together with up to 56,563,520 Warrants to be issued assuming none of the treasury shares are resold in the open market of Bursa Malaysia Securities Berhad (“Bursa Securities”) and none of the outstanding employees’ share option scheme (“ESOS”) options are exercised into new Prolexus Shares prior to the entitlement date.

Maximum Scenario : Up to 62,531,620 Rights Shares together with up to 62,531,620 Warrants to be issued assuming all of the existing 6,265,400 treasury shares are resold in the open market of Bursa Securities at their respective acquisition prices and all of the outstanding 5,670,800 ESOS options are exercised into new Prolexus Shares prior to the entitlement date.

The proforma consolidated statements of financial position are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

Fair value of Warrants

Pursuant to the Rights Issue, the fair value assigned to the Warrants of RM0.8339 each is determined using the Black-Scholes option pricing model based on the following input computed as at 29 April 2016, being the latest practicable date (“LPD”):



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015 (CONT'D)

Fair value of Warrants (cont'd)

(a) Indicative exercise price	: RM1.00
(b) Theoretical share price	: RM1.63
(c) Tenure	: 5 years from the date of issuance of Warrants
(d) Volatility rate	: 39.973%
(e) Risk free interest rate	: 3.418% per annum
(f) Dividend yield	: 1.200%

	Minimum Scenario	Maximum Scenario
No. of Warrants	56,563,520	62,531,620
Warrants reserve (RM) #	19,143,764	21,163,650

In arriving at the Warrants reserve, the fair values of the Rights Shares and Warrants were proportionately adjusted to the indicative issue price of RM1.00 per Rights Share on the basis of 1 Warrant for every 1 Rights Share.

Fair value of ESOS options

The fair value of ESOS options granted to employees is recognised as an equity-settled share-based payment in the profit or loss with a corresponding increase in the ESOS reserve over the vesting period after taking into consideration the probability of the options that will vest. The fair value of the ESOS options is measured at grant date using the Black-Scholes option pricing model based on the following input computed at the respective grant dates:

	----- Grant Date -----			
	12-Sept-13	7-May-14	5-Sept-14	23-Dec-14
Fair value	RM0.1418	RM0.4950	RM0.4390	RM0.4179
Volatility rate	10.085%	36.891%	36.576%	35.092%
Risk fee interest rate	3.820%	3.907%	4.028%	4.014%
Dividend yield	3.109%	1.961%	1.974%	2.188%
Expected life of options	4.99 years	4.34 years	4.01 years	3.72 years
Exercise price	RM0.5860	RM0.9040	RM0.9710	RM1.0070



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015 (CONT'D)

2. EFFECTS ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The proforma consolidated statements of financial position are compiled for illustrative purposes only and incorporated the following transactions as though they were effected on 31 July 2015:

2.1 Proforma 1

Proforma I incorporates the adjustments to the audited consolidated statement of financial position as at 31 July 2015 for the issuance of 3,529,610 new Prolexus Shares arising from the exercise of the ESOS options up to and including LPD, based on the following exercise price:

ESOS exercised	Exercise price
2,519,200	RM0.5860
176,530	RM0.9040
667,880	RM0.9710
166,000	RM1.0070

Pursuant to the exercise of ESOS options, the ESOS reserve amounting to RM170,413 is transferred to the share premium account.

2.2 Minimum scenario

Proforma II

Proforma II incorporates the effects of Proforma I and the effects of Rights Issue after defrayment of estimated expenses of RM1,600,000 which will be offset against the share premium account, assuming none of the treasury shares are resold in the open market of Bursa Securities and none of the outstanding ESOS options are exercised into new Prolexus Shares prior to the entitlement date.



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015 (CONT'D)

2.2 Minimum scenario (cont'd)

Proforma II (cont'd)

The gross proceeds raised from the Rights Issue will be utilised as follows:

	RM'000
Construction of a new garment factory	22,000
* Setting-up of a new fabric mill	32,964
Estimated expenses for the Rights Issue	<u>1,600</u>
Gross proceeds raised	<u><u>56,564</u></u>

- * The estimated cost for the setting up of a new fabric mill is RM55 million, out of which RM32.964 million of the total gross proceeds raised from the Rights Issue will be set aside for this purpose, whilst the balance sum is assumed to be financed via bank borrowings (Note 6).

Proforma III

Proforma III incorporates the effects of Proforma II and the effects of the full exercise of Warrants at an indicative exercise price of RM1.00 per Warrant.

2.3 Maximum Scenario

Proforma II

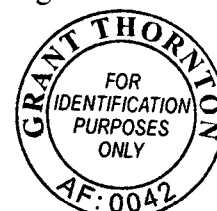
Proforma II incorporates the effects of Proforma I and the effects of the full exercise of the outstanding 5,670,800 ESOS options into new Prolexus Shares. For illustrative purposes, it is assumed that the vesting condition of the remaining ESOS options is met and the Company recognises the share-based payment in profit or loss, totalling RM428,863. Correspondingly, the ESOS reserve is increased by the same amount.

Upon the full exercise of the ESOS options, the paid-up share capital and share premium account will be increased by RM2,835,400 and RM1,322,590 respectively. Correspondingly, the ESOS reserve amounting to RM1,403,531 will be reversed in full to the share premium account.

It is also assumed that all the outstanding 6,265,400 treasury shares are resold in the open market of Bursa Securities at their respective acquisition prices.

Proforma III

Proforma III incorporates the effects of Proforma II and the effects of Rights Issue after defrayment of estimated expenses of RM1,600,000 which will be offset against the share premium account.



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015 (CONT'D)

2.3 Maximum Scenario (cont'd)

Proforma III (cont'd)

The gross proceeds raised from the Rights Issue will be utilised as follows:

	RM'000
Construction of a new garment factory	22,000
* Setting-up of a new fabric mill	38,932
Estimated expenses for the Rights Issue	<u>1,600</u>
Gross proceeds raised	<u><u>62,532</u></u>

- * The estimated cost for the setting up of a new fabric mill is RM55 million, out of which RM38.932 million of the total gross proceeds raised from the Rights Issue will be set aside for this purpose, whilst the balance sum is assumed to be financed via bank borrowings (Note 6).

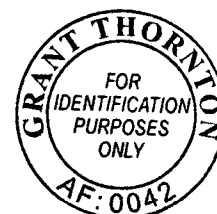
Proforma IV

Proforma IV incorporates the effects of Proforma III and the effects of the full exercise of Warrants at an indicative exercise price of RM1.00 per Warrant.

3. PROPERTY, PLANT AND EQUIPMENT

The movements in the property, plant and equipment of the Group are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
Audited as at 31 July 2015	67,560	67,560
Construction of a new garment factory	22,000	22,000
Setting-up of a new fabric mill	<u>55,000</u>	<u>55,000</u>
As per Proforma II / Proforma III	<u><u>144,560</u></u>	<u><u>144,560</u></u>



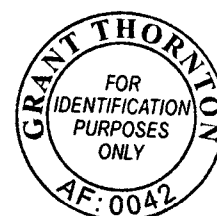
APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015 (CONT'D)

4. CASH AND BANK BALANCES

The movements in the cash and bank balances of the Group are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
Audited as at 31 July 2015	26,687	26,687
Exercise of ESOS options	2,452	2,452
As per Proforma I	29,139	29,139
Exercise of outstanding ESOS options	-	4,157
Resale of treasury shares	-	1,490
As per Proforma I/ Proforma II	29,139	34,786
Proceeds from Rights Issue	56,564	62,532
Utilisation of proceeds	(54,964)	(60,932)
Defrayment of estimated expenses	(1,600)	(1,600)
As per Proforma II/ Proforma III	29,139	34,786
Full exercise of Warrants	56,564	62,532
As per Proforma III/ Proforma IV	85,703	97,318



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

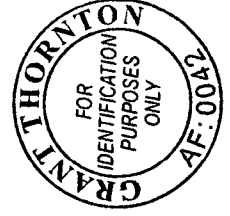
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015 (CONT'D)

5. SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES

The movements in the share capital, share premium and other reserves of the Group are as follows:

Minimum Scenario:

	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	ESOS reserve RM'000	Warrants reserve RM'000	Other reserve RM'000	Retained profits RM'000
Audited as at 31 July 2015	57,931	(1,490)	2,502	505	-	-	51,790
Equity settled share-based payment	-	-	-	640	-	-	(640)
Exercise of ESOS options	1,765	-	857	(170)	-	-	-
As per Proforma I	59,696	(1,490)	3,359	975	-	-	51,150
Rights Issue	28,282	-	28,282	-	19,144	(19,144)	-
Defrayment of expenses	-	-	(1,600)	-	-	-	-
As per Proforma II	87,978	(1,490)	30,041	975	19,144	(19,144)	51,150
Exercise of Warrants	28,282	-	28,282	-	(19,144)	19,144	-
As per Proforma III	116,260	(1,490)	58,323	975	-	-	51,150



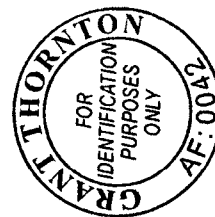
APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015 (CONT'D)

5. SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES (CONT'D)

Maximum Scenario:

	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	ESOS reserve RM'000	Warrants reserve RM'000	Other reserve RM'000	Retained profits RM'000
Audited as at 31 July 2015	57,931	(1,490)	2,502	505	-	-	51,790
Equity settled share-based payment	-	-	-	640	-	-	(640)
Exercise of ESOS options	1,765	-	857	(170)	-	-	-
As per Proforma I	59,696	(1,490)	3,359	975	-	-	51,150
Equity settled share-based payment	-	-	-	429	-	-	(429)
Exercise of outstanding ESOS options	2,835	-	2,726	(1,404)	-	-	-
Resale of treasury shares	-	1,490	-	-	-	-	-
As per Proforma II	62,531	-	6,085	-	-	-	50,721
Rights Issue	31,266	-	31,266	-	21,164	(21,164)	-
Defrayment of expenses	-	-	(1,600)	-	-	-	-
As per Proforma III	93,797	-	35,751	-	21,164	(21,164)	50,721
Exercise of Warrants	31,266	-	31,266	-	(21,164)	21,164	-
As per Proforma IV	125,063	-	67,017	-	-	-	50,721



APPENDIX III – PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF PROLEXUS AS AT 31 JULY 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015 (CONT'D)


6. BANK BORROWINGS

	Minimum Scenario RM'000	Maximum Scenario RM'000
Audited as at 31 July 2015	10,542	10,542
Additional borrowings to finance balance sum required for setting-up a new fabric mill	22,036	16,068
As per Proforma II/ Proforma III	<u>33,578</u>	<u>26,610</u>
 Analysed as:		
Non-current liabilities	3,452	3,452
Current liabilities	29,126	23,158
	<u>33,578</u>	<u>26,610</u>



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON**

CERTIFIED TRUE COPY


John Lau Tiang Hua, Partner
GRANT THORNTON
CHARTERED ACCOUNTANTS
NO. AF: 0042

PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
31 JULY 2015**

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**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)

CORPORATE INFORMATION

Directors

Ahmad Mustapha Ghazali (Executive Chairman)
Lau Mong Ying (Managing Director)
Lau Mong Fah (Non-Independent Non-Executive
Director)
Khadmudin Bin Mohamed Rafik
(Independent Non-Executive Director)
Chin Chew Mun (Independent Non-Executive
Director)
Lin, Cheng-Lang (Independent Non-Executive
Director)
Boo Chin Liong (Independent Non-Executive
Director)

Company Secretaries

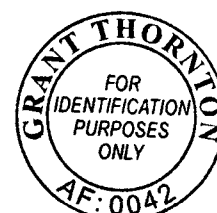
Lee Peng Loon (MACS 01258)
P'ng Chiew Keem (MAICSA 7026443)

Audit Committee

Chin Chew Mun (Chairman, Independent Non-
Executive Director)
Lin, Cheng-Lang (Independent Non-Executive
Director)
Lau Mong Fah (Non-Independent Non-Executive
Director)
Boo Chin Liong (Independent Non-Executive
Director)

Nominating Committee

Khadmudin Bin Mohamed Rafik (Chairman,
Independent Non-Executive Director)
Lin, Cheng-Lang (Independent Non- Executive
Director)
Chin Chew Mun (Independent Non-Executive
Director)



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)

CORPORATE INFORMATION

Remuneration Committee	Lau Mong Ying (Chairman, Managing Director) Lau Mong Fah (Non-Independent Non-Executive Director) Chin Chew Mun (Independent Non-Executive Director)
Registered Office	51-21-A Menara BHL Bank Jalan Sultan Ahmad Shah 10050 Penang Tel: 04-2108833 Fax: 04-2108831
Business Address	531 Batu 2 ½ Jalan Kluang 83000 Batu Pahat Johor Darul Takzim Tel: 07-4318388 Fax: 07-4310133 E-Mail: enquiries@prolexus.com.my Website: www.prolexus.com.my
Share Registrar	Bina Management (M) Sdn. Bhd. Lot 10 The Highway Centre Jalan 51/205 46050 Petaling Jaya Selangor Darul Ehsan Tel: 03-77843922 Fax: 03-77841988



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)

CORPORATE INFORMATION

Auditors

Grant Thornton
Chartered Accountants

Bankers

CIMB Bank Berhad
Citibank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
Bank of China

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Stock name: PRLEXUS
Stock code: 8966



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

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 **31 July 2015**.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the year	<u>24,023</u>	<u>1,230</u>
Attributable to:		
Owners of the Company	20,772	1,230
Non-controlling interests	<u>3,251</u>	<u>-</u>
	<u>24,023</u>	<u>1,230</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 July 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature, nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the notes to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company has declared and paid:

- (i) a first and final single tier dividend of 3.50 sen per share amounting to RM2,688,504 in respect of the financial year ended 31 July 2014; and
- (ii) a single tier interim dividend of 1.50 sen per share amounting to RM1,631,554 in respect of the financial year ended 31 July 2015.

At the forthcoming Annual General Meeting, a single tier final dividend of 2.70 sen per share amounting to RM2,985,654 in respect of the financial year ended 31 July 2015 will be proposed for shareholders’ approval. The financial statements for the current financial year do not reflect the proposed dividends. Such dividends, if approved by the shareholders will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2016.

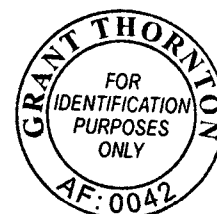
SHARE CAPITAL AND DEBENTURE

During the financial year, the Company undertook the following:

- (i) A bonus issue of 30,752,200 new ordinary shares of RM0.50 each (“Bonus Shares”) on the basis of two (2) Bonus Shares for every five (5) ordinary shares held (“Bonus Issue”); and
- (ii) Issuance of 3,370,830 new ordinary shares of RM0.50 each for cash arising from the exercise of employees’ share options at a weighted average exercise price of RM0.80 per ordinary share. The proceeds were used for working capital purposes.

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

Other than the foregoing, the Company did not issue any other share or debenture and did not grant any option to anyone to take up unissued shares of the Company during the financial year.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON
(CONT’D)**

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market.

Out of the total 115,862,830 issued and fully paid ordinary shares as at 31 July 2015, 6,265,400 are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid is therefore 109,597,430 ordinary shares of RM0.50 each.

Further relevant details are disclosed in Note 17 to the financial statements.

EMPLOYEE SHARE OPTION SCHEME (“ESOS”)

The Company’s ESOS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting held on 3 September 2013, and the ESOS will be in force for duration of five years expiring on 8 September 2018.

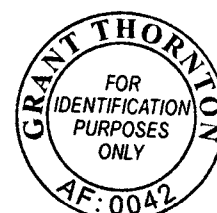
The details of options over unissued ordinary shares granted to eligible employees and directors of the Group during the financial year are as follows:

Grant date	Exercise price RM	----- Number of options over ordinary shares of RM0.50 each -----					Balance at 31.7.15
		Balance at 1.8.14	Granted and accepted	Exercised	Effect of Bonus Issue *	Lapsed	
12.9.13	RM0.586	6,444,800	-	(2,418,660)	2,087,920	(108,920)	6,005,140
7.5.14	RM0.904	904,000	-	(354,370)	318,280	(56,200)	811,710
5.9.14	RM0.971	-	1,786,000	(567,800)	653,840	(50,120)	1,821,920
23.12.14	RM1.007	-	460,000	(30,000)	184,000	-	614,000

Adjustment to the number of share options pursuant to the Company’s Bonus Issue.

The salient features of the ESOS are disclosed in Note 37 to the financial statements.

During the financial year, the Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of the option holders, other than directors, who have been granted options to subscribe for less than 70,000 ordinary shares of RM0.50 each. The names of option holders granted options to subscribe for 70,000 or more ordinary shares of RM0.50 each during the financial year are as follows:



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON
(CONT’D)**

Name	----- Number of ordinary shares of RM0.50 each -----				Balance at 31.7.15
	Granted and accepted	Effect of Bonus Issue	Exercised	Lapsed	
Lau Boon Hwa	200,000	80,000	-	-	280,000
Choong Chee Mun	100,000	40,000	-	-	140,000
Goh Ming Choo	60,000	24,000	-	-	84,000
Mohammad Raizman					
Bin Ahmad Mustapha	60,000	24,000	-	-	84,000
Lim Yeow Kwang	55,000	22,000	(15,800)	-	61,200
So Ah Sai	50,000	20,000	(28,000)	-	42,000
Koo Yeok Lee	50,000	20,000	(28,000)	-	42,000
Lee Kwee Hua	50,000	20,000	-	-	70,000

Details of options granted to directors are disclosed in the section on directors’ interests in this report.

DIRECTORS

The directors who served since the date of the last report are as follows:

Ahmad Mustapha Ghazali
Lau Mong Ying
Lau Mong Fah
Khadmudin Bin Mohamed Rafik
Chin Chew Mun
Lin, Cheng-Lang
Boo Chin Liong

DIRECTORS’ INTERESTS IN SHARES

According to the Register of Directors’ Shareholdings, the interests of the directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

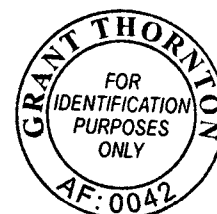


**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

----- Number of ordinary shares of RM0.50 each -----					
	Balance at 1.8.14	Effect of Bonus Issue	Bought	Sold	Balance at 31.7.15
The Company					
Direct Interest:					
Ahmad Mustapha					
Ghazali	500,000	280,000	944,960	(100,000)	1,624,960
Lau Mong Ying	4,891,068	2,170,346	684,800	-	7,746,214
Lau Mong Fah	330,000	139,200	130,000	-	599,200
Khadmudin Bin					
Mohamed Rafik	452,000	208,800	70,000	-	730,800
Chin Chew Mun	30,000	12,000	-	-	42,000
Lin, Cheng-Lang	666,748	290,699	60,000	-	1,017,447
Boo Chin Liong	-	-	30,000	-	30,000
Deemed Interest:					
Ahmad Mustapha					
Ghazali	7,726,900	3,132,760	105,000	-	10,964,660
Lau Mong Ying	8,169,250	3,280,140	31,100	-	11,480,490
Lau Mong Fah	8,169,250	3,280,140	31,100	-	11,480,490

By virtue of his shareholdings in the Company, **Mr. Lau Mong Ying** is also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

----- Number of options over ordinary shares of RM0.50 each -----						
Name	Balance at 1.8.14	Granted and accepted	Effect of Bonus Issue	Exercised	Lapsed	Balance at 31.7.15
Ahmad Mustapha						
Ghazali	1,646,400	-	578,560	(944,960)	-	1,280,000
Lau Mong Ying	2,000,000	-	760,000	(100,000)	-	2,660,000
Lau Mong Fah	200,000	-	80,000	(112,000)	-	168,000
Khadmudin Bin						
Mohamed Rafik	120,000	-	24,000	(60,000)	-	84,000
Chin Chew Mun	170,000	-	68,000	-	-	238,000
Lin, Cheng-Lang	120,000	-	24,000	(60,000)	-	84,000
Boo Chin Liong	-	200,000	80,000	(30,000)	-	250,000



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

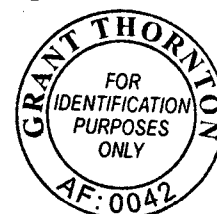
OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had 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:

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, and
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

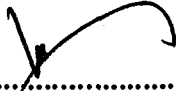
No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Board of Directors:


.....
Ahmad Mustapha Ghazali
Executive Chairman


.....
Lau Mong Ying
Managing Director

Date: 22 October 2015



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

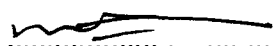
PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)


DIRECTORS’ STATEMENT

In the opinion of the directors, the financial statements set out on pages 16 to 91 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 July 2015** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the directors, the supplementary information set out on page 92 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:


.....
Ahmad Mustapha Ghazali


.....
Lau Mong Ying

Date: 22 October 2015

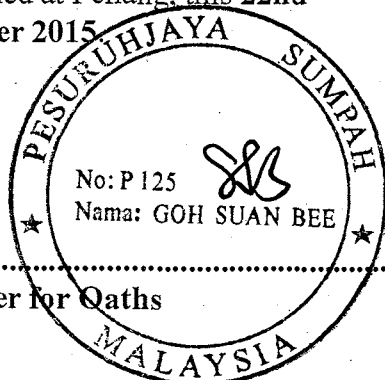
STATUTORY DECLARATION

I, **Choong Chee Mun**, the officer primarily responsible for the financial management of **Prolexus Berhad** do solemnly and sincerely declare that the financial statements set out on pages 16 to 91 and the supplementary information set out on page 92 are to the best of my knowledge and belief, 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 at Penang, this 22nd)
day of October 2015.)


.....
Choong Chee Mun

Before me,



.....
Commissioner for Oaths

20 Lebuh King 12
10200 Pulau Pinang 93



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)



An instinct for growth™

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PROLEXUS BERHAD**
Company No. 250857-T
(Incorporated in Malaysia)

Grant Thornton (AF:0042)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

T +6 (04) 228 7828
F +6 (04) 227 9828
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of **Prolexus Berhad**, which comprise statements of financial position as at **31 July 2015** of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 16 to 91.

Directors' Responsibility for the Financial Statements

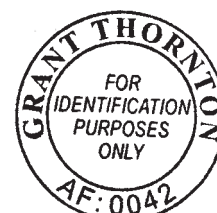
The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity'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.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON
(CONT’D)**



**Independent Auditors’ Report To The Members Of
Prolexus Berhad (cont’d)
Company No. 250857-T
(Incorporated in Malaysia)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 July 2015** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

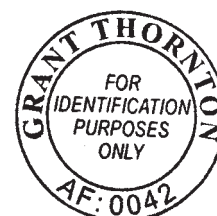
Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We are satisfied that the accounts 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, and
- (c) The auditors’ reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 92 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (“MIA Guidance”) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)



**Independent Auditors' Report To The Members Of
Prolexus Berhad (cont'd)
Company No. 250857-T
(Incorporated in Malaysia)**

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.

Grant Thornton
No. AF: 0042
Chartered Accountants

Date: 22 October 2015

Penang

Tan Chee Beng
No. 2664/02/17 (J)
Chartered Accountant



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

**PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)**

STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2015

	NOTE	GROUP		COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	67,560	57,974	199	230
Land use rights	5	671	581	-	-
Investment in subsidiaries	6	-	-	23,656	22,727
Other investment	7	490	-	490	-
Goodwill on consolidation	8	2,712	2,712	-	-
		<u>71,433</u>	<u>61,267</u>	<u>24,345</u>	<u>22,957</u>
Current assets					
Inventories	9	23,414	22,442	-	-
Trade receivables	10	55,041	26,051	-	-
Other receivables, deposits and prepayments	11	9,214	5,442	398	388
Amount due from subsidiaries	12	-	-	39,377	39,918
Current tax assets		-	39	-	39
Derivative financial instruments	13	-	76	-	-
Deposits with licensed banks	14	6,285	3,108	2,301	508
Cash and bank balances	15	26,687	31,485	233	1,971
		<u>120,641</u>	<u>88,643</u>	<u>42,309</u>	<u>42,824</u>
TOTAL ASSETS		<u>192,074</u>	<u>149,910</u>	<u>66,654</u>	<u>65,781</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	57,931	40,870	57,931	40,870
Treasury shares	17	(1,490)	(1,490)	(1,490)	(1,490)
Reserves	18	6,224	2,076	3,098	1,222
Retained profits	19	51,790	51,238	4,531	22,997
		<u>114,455</u>	<u>92,694</u>	<u>64,070</u>	<u>63,599</u>
Non-controlling interests		11,674	8,259	-	-
Total equity		<u>126,129</u>	<u>100,953</u>	<u>64,070</u>	<u>63,599</u>
Non-current liabilities					
Borrowings	20	3,452	4,137	99	127
Deferred tax liabilities	21	2,098	2,213	-	-
		<u>5,550</u>	<u>6,350</u>	<u>99</u>	<u>127</u>
Current liabilities					
Trade payables	22	19,960	16,377	-	-
Other payables and accruals	23	29,984	18,212	2,409	2,027
Derivative financial instruments	13	77	-	-	-
Borrowings	20	7,090	7,008	28	28
Current tax liabilities		3,284	1,010	48	-
		<u>60,395</u>	<u>42,607</u>	<u>2,485</u>	<u>2,055</u>
Total liabilities		<u>65,945</u>	<u>48,957</u>	<u>2,584</u>	<u>2,182</u>
TOTAL EQUITY AND LIABILITIES		<u>192,074</u>	<u>149,910</u>	<u>66,654</u>	<u>65,781</u>

The notes set out on pages 23 to 91 form an integral part of these financial statements.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

**PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)**

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015**

	NOTE	GROUP		COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	24	350,340	294,113	6,858	25,617
Cost of sales		(290,214)	(242,739)	-	-
Gross profit		60,126	51,374	6,858	25,617
Other income		6,539	2,390	51	8
Administrative expenses		(25,258)	(20,429)	(5,565)	(4,424)
Selling and distribution expenses		(8,701)	(8,258)	-	-
Other expenses		(1,136)	(626)	-	-
Operating profit		31,570	24,451	1,344	21,201
Finance costs		(515)	(278)	(5)	(5)
Profit before tax	25	31,055	24,173	1,339	21,196
Tax expense	26	(7,032)	(3,372)	(109)	-
Profit for the year		24,023	20,801	1,230	21,196
Total other comprehensive income/(loss) Item that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		3,173	(266)	-	-
Total comprehensive income for the year		27,196	20,535	1,230	21,196

The notes set out on pages 23 to 91 form an integral part of these financial statements.



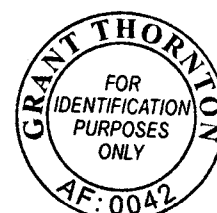
**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015**

		GROUP		COMPANY	
	NOTE	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit attributable to:					
Owners of the Company		20,772	18,487	1,230	21,196
Non-controlling interests		<u>3,251</u>	<u>2,314</u>	-	-
		<u>24,023</u>	<u>20,801</u>	<u>1,230</u>	<u>21,196</u>
Total comprehensive income attributable to:					
Owners of the Company		22,802	18,317	1,230	21,196
Non-controlling interests		<u>4,394</u>	<u>2,218</u>	-	-
		<u>27,196</u>	<u>20,535</u>	<u>1,230</u>	<u>21,196</u>
Earnings per share attributable to owners of the Company (sen)					
- Basic	27.1	<u>19</u>	<u>18</u>		
- Diluted	27.2	<u>18</u>	<u>17</u>		

The notes set out on pages 23 to 91 form an integral part of these financial statements.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

**PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015**

NOTE	Attributable to Owners of the Company									
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Non-distributable			Distributable		Non- Controlling Interests RM'000	Total Equity RM'000
				Exchange Reserve RM'000	ESOS Reserve RM'000	Statutory Reserve RM'000	Retained Profits RM'000	Total RM'000		
2015										
Balance at beginning	40,870	(1,490)	869	686	314	207	51,238	92,694	8,259	100,953
Transfer to statutory reserve	-	-	-	-	-	294	(576)	(282)	282	-
Foreign currency translation differences for foreign operations	-	-	-	2,030	-	-	-	2,030	1,143	3,173
Profit for the year	-	-	-	-	-	-	20,772	20,772	3,251	24,023
Total comprehensive income for the year	-	-	-	2,030	-	-	20,772	22,802	4,394	27,196
<i>Transactions with owners:</i>										
Issuance of shares pursuant to Bonus Issue	15,376	-	-	-	-	-	(15,376)	-	-	-
Share-based-payment transactions	-	-	-	-	826	-	52	878	-	878
Share options exercised	1,685	-	1,633	-	(635)	-	-	2,683	-	2,683
Dividends	-	-	-	-	-	-	(4,320)	(4,320)	-	(4,320)
Dividends to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(1,261)	(1,261)
Total transactions with owners	17,061	-	1,633	-	191	-	(19,644)	(759)	(1,261)	(2,020)
Balance at end	57,931	(1,490)	2,502	2,716	505	501	51,790	114,455	11,674	126,129
2014										
Balance at beginning	40,000	(1,490)	-	856	-	88	34,660	74,114	7,135	81,249
Transfer to statutory reserve	-	-	-	-	-	119	(119)	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	(170)	-	-	-	(170)	(96)	(266)
Profit for the year	-	-	-	-	-	-	18,487	18,487	2,314	20,801
Total comprehensive income for the year	-	-	-	(170)	-	-	18,487	18,317	2,218	20,535
<i>Transactions with owners:</i>										
Share-based-payment transactions	-	-	-	-	590	-	73	663	-	663
Share options exercised	870	-	869	-	(276)	-	-	1,463	-	1,463
Dividends	-	-	-	-	-	-	(1,863)	(1,863)	-	(1,863)
Dividends to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(1,094)	(1,094)
Total transactions with owners	870	-	869	-	314	-	(1,790)	263	(1,094)	(831)
Balance at end	40,870	(1,490)	869	686	314	207	51,238	92,694	8,259	100,953

The notes set out on pages 23 to 91 form an integral part of these financial statements.



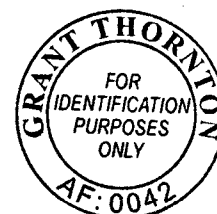
**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

**PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015**

	NOTE	----- Non-distributable -----			Distributable		
		Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	ESOS Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
2015							
Balance at beginning		40,870	(1,490)	869	353	22,997	63,599
Net profit, representing total comprehensive income for the year		-	-	-	-	1,230	1,230
<i>Transactions with owners:</i>							
Issuance of shares pursuant to Bonus Issue		15,376	-	-	-	(15,376)	-
Share-based-payment transactions		-	-	-	878	-	878
Share options exercised		1,685	-	1,633	(635)	-	2,683
Dividends	28	-	-	-	-	(4,320)	(4,320)
Total transactions with owners		17,061	-	1,633	243	(19,696)	(759)
Balance at end		57,931	(1,490)	2,502	596	4,531	64,070
2014							
Balance at beginning		40,000	(1,490)	-	-	3,630	42,140
Net profit, representing total comprehensive income for the year		-	-	-	-	21,196	21,196
<i>Transactions with owners:</i>							
Share-based-payment transactions		-	-	-	629	34	663
Share options exercised		870	-	869	(276)	-	1,463
Dividends	28	-	-	-	-	(1,863)	(1,863)
Total transactions with owners		870	-	869	353	(1,829)	263
Balance at end		40,870	(1,490)	869	353	22,997	63,599

The notes set out on pages 23 to 91 form an integral part of these financial statements.



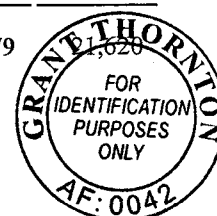
**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

**PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015**

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	31,055	24,173	1,339	21,196
Adjustments for:				
Allowance for impairment on trade receivable	(27)	27	-	-
Amortisation of land use rights	15	15	-	-
Bad debts	63	11	63	10
Debt waived	(1)	-	-	-
Deemed gain on deconsolidation of a subsidiary	-	(9)	-	-
Depreciation	7,174	3,850	81	67
Dividend income	(12)	-	(12)	-
Equity-settled share-based payment	878	663	324	329
Fair value changes on derivative financial instruments	153	(652)	-	-
Goodwill on consolidation written off	477	-	-	-
Gross dividend from subsidiaries	-	-	(1,210)	(20,553)
Impairment loss on other investment	8	-	8	-
Interest expense	515	278	5	5
Interest income	(207)	(127)	(39)	(8)
Gain on disposal of non-current asset held for sale	-	(50)	-	-
(Gain)/Loss on disposal of property, plant and equipment	(3)	180	-	-
Property, plant and equipment written off	141	176	-	-
Unrealised gain on foreign exchange	(1,767)	(908)	-	-
Operating profit before working capital changes	38,462	27,627	559	1,046
Decrease/(Increase) in inventories	216	(4,661)	-	-
Increase in receivables	(28,756)	(7,613)	(73)	(345)
Increase in payables	12,953	10,312	382	366
Cash generated from operations	22,875	25,665	868	1,067
Income tax paid	(4,894)	(3,149)	(61)	-
Income tax refunded	39	-	39	-
Interest paid	(515)	(278)	(5)	(5)
Net cash from operating activities	17,505	22,238	841	1,062
CASH FLOWS FROM INVESTING ACTIVITIES				
* Cash flows on acquisition of a subsidiary	(300)	-	-	-
Interest received	207	127	39	8
Dividend income	12	-	12	-
Gross dividend from subsidiaries	-	-	1,210	20,553
Proceeds from disposal of non-current asset held for sale	-	275	-	-
Proceeds from disposal of property, plant and equipment	32	120	-	-
Purchase of investment in a subsidiary	-	-	(375)	-
Purchase of other investment	(498)	-	(498)	-
Purchase of property, plant and equipment	(15,143)	(21,625)	(50)	(3)
Placement of fixed deposits	(2,809)	-	-	-
Withdrawal/(Placement) of fixed deposits pledged with banks	986	(555)	-	-
Net cash (used in)/from investing activities	(17,513)	(21,658)	338	20,558
Balance carried forward	(8)	580	1,179	1,020

The notes set out on pages 23 to 91 form an integral part of these financial statements.



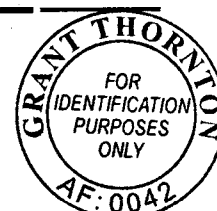
**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

**PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)**

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2015**

	GROUP		COMPANY		
	2015	2014	2015	2014	
	NOTE	RM'000	RM'000	RM'000	RM'000
Balance brought forward		(8)	580	1,179	21,620
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(4,320)	(1,863)	(4,320)	(1,863)
Dividend paid to non-controlling interests		(1,261)	(1,094)	-	-
Drawdown of foreign currency trade loan		295	-	-	-
Drawdown of term loan		-	4,995	-	-
Drawdown of trust receipts		23	1,133	-	-
Net change in subsidiaries' balances		-	-	541	(19,040)
Payment of finance lease liabilities		(45)	(67)	(28)	(28)
(Repayment)/Drawdown of export credit refinancing		(1,190)	426	-	-
Repayment of term loan		(626)	(359)	-	-
Proceeds from issuance of shares pursuant to ESOS		2,683	1,463	2,683	1,463
Net cash (used in)/from financing activities		(4,441)	4,634	(1,124)	(19,468)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,449)	5,214	55	2,152
Effects of foreign exchange rate changes on cash and cash equivalents		1,005	102	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		33,038	27,722	2,479	327
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		29,594	33,038	2,534	2,479
Cash and cash equivalents comprise:					
Deposits with licensed banks	14	6,285	3,108	2,301	508
Cash and bank balances	15	26,687	31,485	233	1,971
		32,972	34,593	2,534	2,479
Less: Deposits with maturity more than 3 months		(2,809)	-	-	-
Less: Deposits pledged with banks		(569)	(1,555)	-	-
Cash and cash equivalents		29,594	33,038	2,534	2,479
* Cash flows on acquisition of a subsidiary					
Property, plant and equipment		18	-	-	-
Trade receivables		32	-	-	-
Current tax assets		15	-	-	-
Other payables		(242)	-	-	-
Share of net liabilities acquired		(177)	-	-	-
Goodwill on consolidation		477	-	-	-
Net cash outflow on acquisition of a subsidiary		300	-	-	-

The notes set out on pages 23 to 91 form an integral part of these financial statements.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON
(CONT’D)**

PROLEXUS BERHAD
Company No. 250857-T
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 JULY 2015

1. CORPORATE INFORMATION

General

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

The registered office of the Company is located at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at 531 Batu 2 ½ Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 October 2015.

Principal Activities

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act, 1965 in Malaysia.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out in Note 3.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia (“RM”) which is also the Company’s functional currency.

2.4 Adoption of Amendments/Improvements to MFRS and IC Interpretation (“IC Int”)

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following standards that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10, 12 and 127 *Investment Entities*

Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*

Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*

IC Int 21 *Levies*



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

Effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*
 Amendments to MFRS *Annual improvements to MFRS 2010-2012 Cycle*
 Amendments to MFRS *Annual improvements to MFRS 2011-2013 Cycle*

Initial application of the above standards did not have any impact to the financial statements of the Group and of the Company.

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and the Company:

Effective for annual periods beginning on or after 1 January 2016

MFRS 14 *Regulatory Deferral Accounts*
 Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
 Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
 Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
 Amendments to MFRS 101 *Disclosure Initiative*
 Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
 Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
 Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
 Amendments to MFRS *Annual Improvements to MFRS 2012–2014 Cycle*

Effective for annual periods beginning on or after 1 January 2018

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)
 MFRS 15 *Revenue from Contracts with Customers*
 Amendments to MFRS 7 *Mandatory Date of MFRS 9 and Transition Disclosures*

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Int 13 *Customer Loyalty Programmes*, IC Int 15 *Agreements for Construction of Real Estate*, IC Int 18 *Transfers of Assets from Customers* and IC Int 131 *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 15.

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any affected future periods.

2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Useful lives of depreciable assets

The depreciable costs of plant and equipment are depreciated on the straight line basis over their estimated useful lives. Management estimates the useful lives of the plant and equipment to be 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore future depreciation charges could be revised.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**(ii) Impairment of plant and equipment**

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

(iii) Inventories

The management reviews inventories to identify damaged, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

(iv) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

(v) Income taxes

The Group and the Company are subject to income taxes whereby significant judgement is required in determining the provision for taxation. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below:

3.1 Basis of Consolidation**(i) Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee’s return.

Investment in subsidiaries is measured in the Company’s statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

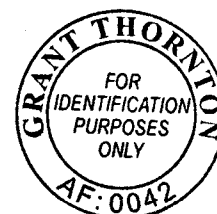
Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

(ii) Business combination

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

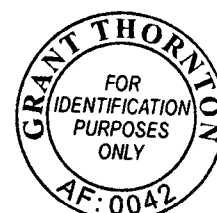
Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**(v) Non-controlling interests**

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

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

(vi) Transactions eliminated on consolidation

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

3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation or amortisation and accumulated impairment losses.

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimate useful life.

During the financial year, the Group reviewed the depreciation method applied to the property, plant and equipment and as a result, a subsidiary that previously applied the diminishing balance method has changed its depreciation method to the straight line method. The Group and the Company also reviewed the estimated useful lives of the following property, plant and equipment and revised the depreciation rates so as to reflect the expected pattern of consumption of the future economic benefits embodied to these property, plant and equipment. The depreciation rates are as follows:



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

GROUP

	New rate	Old rate
Buildings	Amortised over the lease period and 5%	2%
Equipment and fixtures	10% - 20%	5% - 30%
Motor vehicles	20%	10% - 25%

COMPANY

	New rate	Old rate
Equipment and fixtures	10%	20%

The effect of change in depreciation method and depreciation rates of the Group and of the Company is shown below and the profit for the year is decreased by the same amount. The changes in current depreciation charge by the respective item of property, plant and equipment are shown below:

	Increase in current depreciation charge	
	GROUP	COMPANY
	RM'000	RM'000
Buildings	210	-
Plant and machinery	1,608	-
Equipment and fixtures	773	9
Motor vehicles	337	-
	<u>2,928</u>	<u>9</u>

All other property, plant and equipment are depreciated at the following annual rates:

Leasehold land	Amortised over the lease period
Multimedia boards	10% - 20%
Plant and machinery	10%

Freehold land is not depreciated as it has an infinite life.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Depreciation on capital expenditure in progress commences when the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

3.3 Land Use Rights

Land use rights are stated at cost less accumulated amortisation and impairment losses, if any.

Amortisation is charged so as to write off the cost of land use rights, using the straight-line method, over its remaining life of 45 years. Land use rights represent up-front payment to acquire long-term interests in the usage of land.

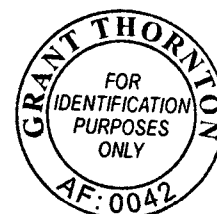
3.4 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**Finance lease**

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group or the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and is measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**3.6 Impairment of Non-Financial Assets**

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (“CGU”).

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3.7 Financial Instruments**3.7.1 Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issuance of the financial instrument.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3.7.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets**(i) Loans and receivables**

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non-current.

(ii) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**(iii) Fair value through profit or loss**

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

3.7.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in statement of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.7.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7.5 Derecognition

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

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

3.8 Impairment of Financial Assets

All financial assets (except for investment in subsidiaries and financial assets categorised as fair value through profit or loss) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity investment, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term highly liquid investments with a maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

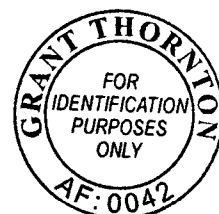
3.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials and trading goods refer to invoiced cost of goods plus incidental handling and freight charges and is determined on the first-in, first-out basis.

Cost in the case of work-in-progress and finished goods include materials, direct labour and attributable production overheads and are determined on the weighted average basis.

Net realisable value represents estimated selling price less all estimated costs to completion and estimated costs to be incurred in marketing, selling and distribution.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**3.11 Non-current Assets Held for Sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRS. Then, on initial classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell.

3.12 Provisions

Provisions are recognised when the Group and the Company have 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 the end of each reporting period 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.

3.13 Income Recognition**(i) Sale of goods**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Provision of services

Revenue arising from provision of services is recognised on the dates the services are rendered and completed.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iv) Management fee

Management fee is recognised on the accrual basis.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**(v) Interest income**

Interest income is recognised on a time proportion basis using the applicable effective interest rate.

3.14 Employee Benefits**(i) Short term benefits**

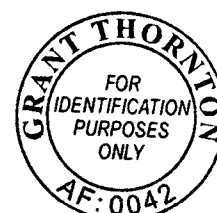
Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make such contributions to the national pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense as incurred. The Group’s China subsidiaries also make contributions to its country’s statutory pension scheme, details of which are described in (iii).

(iii) Retirement benefits scheme

Pursuant to the relevant regulations of The PRC government, the China subsidiaries participate in a local municipal government retirement benefits scheme (the “Scheme”), whereby the subsidiaries are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary. The only obligation of the China subsidiaries with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the profit or loss as incurred. There is no provision under the Scheme whereby forfeited contributions may be used to reduce future contributions.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**(iv) Share-based compensation**

The Company’s Employee Share Options Scheme (“ESOS”), an equity-settled, share-based compensation plan, allows the Group’s employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

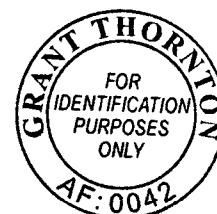
At the end of each reporting period, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3.15 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs is suspended or ceases when substantially, all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Other borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**3.16 Income Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**3.17 Value-added Tax/Goods and Services Tax**

The Group’s sale of goods in The PRC is subjected to value-added tax (“VAT”) at the applicable tax rate of 17% for The PRC domestic sales. Input VAT on purchases can be deducted from output VAT.

The Group’s and the Company’s supply of goods and services in Malaysia is subject to goods and services tax (“GST”) at the applicable standard rate of 6% or at zero rate of which certain goods and services are exempted from GST.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority at the respective entities in the Group is included as part of “other receivables” or “other payables” in the statements of financial position.

Revenues, expenses and assets are recognised net of the amount of GST/VAT except when the GST/VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

3.18 Foreign Currency Translation

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company’s functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currency) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, foreign currency monetary items are translated into functional currency at the exchange rates ruling at that date. All exchange gains or losses are recognised in profit or loss.

The financial statements of the foreign subsidiaries are translated into Ringgit Malaysia at the approximate rate of exchange ruling at the end of the reporting period for assets and liabilities and at the approximate average rate of exchange ruling on transaction dates for income and expenses. Exchange differences due to such currency translations are taken directly to foreign translation reserve.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**3.19 Share Capital, Share Issuance Expenses and Dividends**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Dividends on ordinary shares are accounted for in shareholder’s equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

Share premium includes any premiums received upon issuance of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

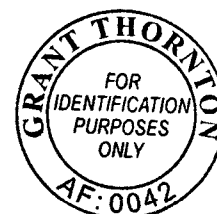
Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

3.20 Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3.21 Statutory Reserve

In accordance with the relevant laws and regulations of The People’s Republic of China (“The PRC”), the foreign subsidiaries established in The PRC are required to transfer 10% of their net profit for the financial year (after offsetting prior years losses) to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or for capitalisation as paid-up capital.



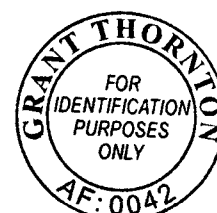
APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3.22 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.23 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

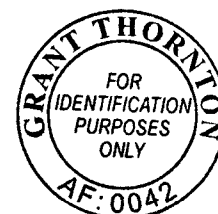


**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

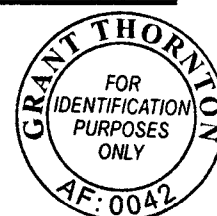
	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Multimedia boards RM'000	Plant and mahinery RM'000	Equipment and fixtures RM'000	Motor vehicles RM'000	Capital expenditure in progress RM'000	Total RM'000
2015									
Cost									
Balance at beginning	21,575	1,600	20,697	14,582	21,573	10,936	3,274	399	94,636
Arising from acquisition of a subsidiary	-	-	-	-	122	36	-	-	158
Additions	5,058	-	2,950	251	1,629	743	272	4,240	15,143
Disposals	-	-	-	-	(193)	(2)	-	-	(195)
Written off	-	-	-	-	(277)	(818)	-	-	(1,095)
Reclassification	-	-	-	399	-	-	-	(399)	-
Foreign currency translation	-	-	630	-	1,168	356	34	240	2,428
Balance at end	26,633	1,600	24,277	15,232	24,022	11,251	3,580	4,480	111,075
Accumulated depreciation									
Balance at beginning	-	137	2,654	12,386	11,122	8,315	2,048	-	36,662
Arising from acquisition of a subsidiary	-	-	-	-	114	26	-	-	140
Current charge	-	467	1,084	664	2,920	1,422	617	-	7,174
Disposals	-	-	-	-	(165)	(1)	-	-	(166)
Written off	-	-	-	-	(247)	(707)	-	-	(954)
Foreign currency translation	-	-	125	-	363	155	16	-	659
Balance at end	-	604	3,863	13,050	14,107	9,210	2,681	-	43,515
Carrying amount	26,633	996	20,414	2,182	9,915	2,041	899	4,480	67,560
2014									
Cost									
Balance at beginning	8,449	1,600	16,767	25,950	20,467	11,116	2,917	-	87,266
Additions	13,126	-	3,996	786	2,279	440	599	399	21,625
Disposals	-	-	-	-	(1,061)	(27)	(239)	-	(1,327)
Written off	-	-	-	(12,154)	-	(561)	-	-	(12,715)
Foreign currency translation	-	-	(66)	-	(112)	(32)	(3)	-	(213)
Balance at end	21,575	1,600	20,697	14,582	21,573	10,936	3,274	399	94,636
Accumulated depreciation									
Balance at beginning	-	107	1,910	23,974	10,240	8,166	2,036	-	46,433
Current charge	-	30	755	533	1,685	606	241	-	3,850
Disposals	-	-	-	-	(772)	(27)	(228)	-	(1,027)
Written off	-	-	-	(12,121)	-	(418)	-	-	(12,539)
Foreign currency translation	-	-	(11)	-	(31)	(12)	(1)	-	(55)
Balance at end	-	137	2,654	12,386	11,122	8,315	2,048	-	36,662
Carrying amount	21,575	1,463	18,043	2,196	10,451	2,621	1,226	399	57,974



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

COMPANY

	Equipment and fixtures RM'000	Motor vehicles RM'000	Total RM'000
2015			
Cost			
Balance at beginning	85	561	646
Additions	50	-	50
Balance at end	<u>135</u>	<u>561</u>	<u>696</u>
Accumulated depreciation			
Balance at beginning	70	346	416
Current charge	18	63	81
Balance at end	<u>88</u>	<u>409</u>	<u>497</u>
Carrying amount	<u>47</u>	<u>152</u>	<u>199</u>
2014			
Cost			
Balance at beginning	82	561	643
Addition	3	-	3
Balance at end	<u>85</u>	<u>561</u>	<u>646</u>
Accumulated depreciation			
Balance at beginning	65	284	349
Current charge	5	62	67
Balance at end	<u>70</u>	<u>346</u>	<u>416</u>
Carrying amount	<u>15</u>	<u>215</u>	<u>230</u>



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

- (i) The carrying amount of property, plant and equipment pledged as security for banking facilities granted to the Company and certain subsidiaries are as follows:

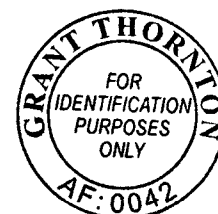
	GROUP	
	2015	2014
	RM'000	RM'000
Freehold land	12,287	2,270
Leasehold land	-	1,463
Buildings	7,577	9,907
	19,864	13,640

- (ii) Motor vehicles of the Group and of the Company with carrying amount of **RM151,670** (2014: RM283,934) and **RM151,670** (2014: RM214,430) respectively are acquired under finance lease. The leased assets are pledged as security for the related finance lease liabilities (Note 20).

5. LAND USE RIGHTS

	GROUP	
	2015	2014
	RM'000	RM'000
Cost		
Balance at beginning	624	636
Foreign currency translation	114	(12)
Balance at end	738	624
Accumulated amortisation		
Balance at beginning	43	29
Amortisation during the year	15	15
Foreign currency translation	9	(1)
Balance at end	67	43
Carrying amount	671	581

Land use rights represent leasehold interest on land located in Jiangsu province, The PRC. It is pledged to a licensed bank as security for banking facilities granted to a subsidiary.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	24,834	24,459
ESOS granted to employees of subsidiaries	888	334
Less: Accumulated impairment loss	(2,066)	(2,066)
	23,656	22,727

The details of the subsidiaries, all of which are incorporated in Malaysia, except where indicated are as follows:

Name of Entity	Effective Equity Interest		Principal Activities
	2015 %	2014 %	
Direct subsidiaries			
Honsin Apparel Sdn. Bhd.	100	100	Manufacturing of apparels and investment holding.
Plas Industries Sdn. Bhd.	100	100	Provision of apparel manufacturing services.
Prolexus Marketing Sdn. Bhd.	100	100	Dormant.
Novel Realty Sdn. Bhd.	100	100	Property investment.
Laser Capital Holdings Sdn. Bhd.	57.64	57.64	Investment holding.
Bixiz Kids Incorporated (M) Sdn. Bhd.	100	100	Provision of marketing services.
BE Elementz Sdn. Bhd.	100	100	Marketing of apparels and provision of marketing services.
Trans Pacific Textile (M) Sdn. Bhd. (formerly known as Pacific Mission Sdn. Bhd.)	100	100	Dormant.
# Prolexus International Limited (Incorporated in Hong Kong)	100	-	Dormant.



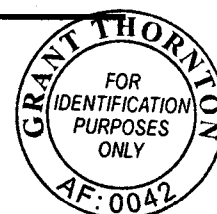
**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

Name of Entity	Effective Equity Interest		Principal Activities
	2015 %	2014 %	
Subsidiary of Plas Industries Sdn. Bhd.			
South East Garment Manufacturing Sendirian Berhad	95	95	Investment holding.
Subsidiary of Laser Capital Holdings Sdn. Bhd.			
^ HiQ Media (Malaysia) Sdn. Bhd.	51.91	51.91	Provision of advertising services on multimedia boards.
Subsidiaries of Honsin Apparel Sdn. Bhd.			
# Honways International Limited (Incorporated in Hong Kong)	64	64	Investment holding, trading of apparels and provision of agency services.
Jia Yong Industries Sdn. Bhd.	100	-	Provision of apparel manufacturing services.
Subsidiary of Honways International Limited			
# Honways Apparel Shuyang Limited (Incorporated in The PRC)	64	64	Manufacturing of apparels.
Subsidiary of Honways Apparel Shuyang Limited			
# Yu Xiang Industries Ltd. (Incorporated in The PRC)	64	64	Provision of apparel manufacturing services.

Not audited by Grant Thornton. However, component audit has been carried out by Grant Thornton on these subsidiaries for the purpose of forming a group opinion.

^ HiQ Media (Malaysia) Sdn. Bhd. is invested through the companies below:

	2015 %	2014 %
Prolexus Berhad	21.75	21.75
Laser Capital Holdings Sdn. Bhd.	30.16	30.16
	<u>51.91</u>	<u>51.91</u>



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON
(CONT’D)**

2015

- (i) On 3 November 2014, the Company incorporated a wholly-owned subsidiary by the name of Prolexus International Limited, with a paid-up capital of USD100,000 (equivalent to RM375,000). Prolexus International Limited will be principally involved in marketing and trading of apparel products. However, Prolexus International Limited has not commenced operations during the financial year.
- (ii) On 1 January 2015, the Company’s wholly-owned subsidiary, Honsin Apparel Sdn. Bhd. acquired 300,000 ordinary shares of RM1 each in Jia Yong Industries Sdn. Bhd. for a cash consideration of RM300,000.

The acquired subsidiary which qualified as business combination did not have a material effect on the Group’s results for the financial year ended 31 July 2015. The effects of the acquisition on the financial position of the Group as at the end of the financial year are disclosed in the consolidated statement of cash flows.

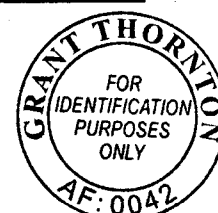
Non-controlling interests in subsidiaries

The Group’s subsidiaries, namely Honways International Limited, Honways Apparel Shuyang Limited and Yu Xiang Industries Ltd. (“collectively known as Honways Group”) and HiQ Media (Malaysia) Sdn. Bhd. (“HiQ Media”) have material non-controlling interests (“NCI”), details of which are disclosed as follows:

	----- 2015 -----		
	Honways Group RM’000	HiQ Media RM’000	Total RM’000
NCI percentage of ownership interest and voting interest	36.00%	48.09%	
Carrying amount of NCI	8,471	3,270	11,741
Profit allocated to NCI	<u>1,904</u>	<u>1,261</u>	<u>3,165</u>

**Summarised financial information before
intra-group elimination****At 31 July**

Non-current assets	13,868	2,388	16,256
Current assets	41,378	8,066	49,444
Non-current liabilities	-	(192)	(192)
Current liabilities	<u>(31,716)</u>	<u>(3,463)</u>	<u>(35,179)</u>
Net assets	<u>23,530</u>	<u>6,799</u>	<u>30,329</u>



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

	----- 2015 -----		
	Honways Group RM'000	HiQ Media RM'000	Total RM'000
Year ended 31 July			
Revenue	110,010	10,379	120,389
Profit for the year	5,748	2,622	8,370
Total comprehensive income for the year	<u>5,288</u>	<u>2,622</u>	<u>7,910</u>
Cash flows from operating activities	4,349	4,617	8,966
Cash flows used in investing activities	(4,247)	(204)	(4,451)
Cash flows used in financing activities	<u>(359)</u>	<u>(2,360)</u>	<u>(2,719)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(257)</u>	<u>2,053</u>	<u>1,796</u>
Dividends paid to NCI	<u>134</u>	<u>622</u>	<u>756</u>
	----- 2014 -----		
	Honways Group RM'000	HiQ Media RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	36.00%	48.09%	
Carrying amount of NCI	5,392	3,152	8,544
Profit allocated to NCI	<u>1,336</u>	<u>981</u>	<u>2,317</u>
Summarised financial information before intra-group elimination			
At 31 July			
Non-current assets	8,995	2,841	11,836
Current assets	26,945	6,052	32,997
Current liabilities	<u>(20,962)</u>	<u>(2,339)</u>	<u>(23,301)</u>
Net assets	<u>14,978</u>	<u>6,554</u>	<u>21,532</u>



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

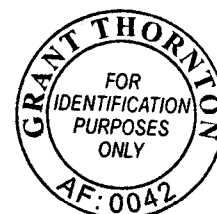
	----- 2014 -----		
	Honways Group RM'000	HiQ Media RM'000	Total RM'000
Year ended 31 July			
Revenue	91,977	7,475	99,452
Profit for the year	3,897	2,039	5,936
Total comprehensive income for the year	<u>3,711</u>	<u>2,039</u>	<u>5,750</u>
Cash flows from operating activities	5,036	2,885	7,921
Cash flows used in investing activities	(1,525)	(1,346)	(2,871)
Cash flows from/(used in) financing activities	<u>1,559</u>	<u>(1,810)</u>	<u>(251)</u>
Net increase/(decrease) in cash and cash equivalents	<u>5,070</u>	<u>(271)</u>	<u>4,799</u>
Dividends paid to NCI	<u>105</u>	<u>466</u>	<u>571</u>

7. OTHER INVESTMENT

	GROUP AND COMPANY	
	2015	2014
	RM'000	RM'000
Available-for-sale financial assets		
Unit trusts quoted in Malaysia	498	-
Less: Impairment loss	<u>(8)</u>	-
	<u>490</u>	-
Market value of quoted unit trusts in Malaysia	<u>490</u>	-

8. GOODWILL ON CONSOLIDATION

	GROUP	
	2015	2014
	RM'000	RM'000
Arising from the acquisition of a subsidiary	<u>2,712</u>	<u>2,712</u>



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
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Impairment test on goodwill

Goodwill acquired through business combinations has been allocated to its advertising segment as its cash generating unit (“CGU”).

For annual impairment testing purposes, the recoverable amount of the CGU, which is a reportable business, is determined based on its value-in-use. The value-in-use calculations apply a discounted cash flow model using the cash flow projections based on financial budget and projections approved by management.

No impairment loss is required for the goodwill as its recoverable amount is in excess of its carrying amount.

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Cash flow projections and growth rate

The five-year cash flow projections are based on the most recent budget approved by the management and extrapolated using a steady growth rate of 5% (2014: 5%) per annum for the subsequent years.

(ii) Discount rate

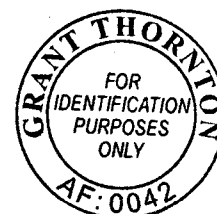
The discount rate of 6.49% (2014: 6.85%) is applied to the cash flow projections. The discount rate is estimated based on the weighted average cost of capital of the CGU for the year.

The management believes that no reasonably possible changes in any key assumptions would cause the recoverable amount of the CGU to differ materially from its carrying amount except for changes in prevailing operating environment which is not ascertainable.

9. INVENTORIES

	GROUP	
	2015	2014
	RM’000	RM’000
Raw materials	8,416	4,568
Work-in-progress	12,095	14,960
Finished goods	2,885	2,877
Trading goods	18	37
	<u>23,414</u>	<u>22,442</u>

The cost of inventories recognised in profit or loss for the financial year amounted to **RM276,878,465** (2014: RM231,276,311).



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
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(CONT'D)**

10. **TRADE RECEIVABLES**

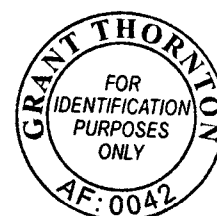
	GROUP	
	2015	2014
	RM'000	RM'000
Total amount	55,041	26,078
Less: Allowance for impairment		
Balance at beginning	(27)	-
Current year	-	(27)
No longer required	27	-
Balance at end	-	(27)
	55,041	26,051

The currency profile of trade receivables is as follows:

	GROUP	
	2015	2014
	RM'000	RM'000
Ringgit Malaysia	3,140	3,224
US Dollar	50,938	21,527
Chinese Renminbi	963	1,300
	55,041	26,051

The trade receivables are non-interest bearing and are generally on **20 to 60 days** (2014: 20 to 60 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables is an amount of **RM1,565,784** (2014: RM1,484,465) due from a company in which a director of a subsidiary has interest.



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(CONT'D)**

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
* Other receivables	1,346	1,065	239	263
VAT/GST recoverable	2,118	-	-	-
^ Deposits				
Refundable deposits	1,016	756	26	24
Non-refundable deposits	990	109	-	6
	2,006	865	26	30
Prepayments	3,744	3,512	133	95
	<u>9,214</u>	<u>5,442</u>	<u>398</u>	<u>388</u>

The currency profile of other receivables, deposits and prepayments is as follows:

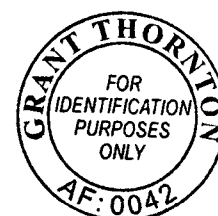
	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	5,126	2,435	398	388
US Dollar	229	601	-	-
Chinese Renminbi	3,722	2,240	-	-
Euro	137	166	-	-
	<u>9,214</u>	<u>5,442</u>	<u>398</u>	<u>388</u>

* Included in the Group's and the Company's other receivables is an amount of **RM104,310** (2014: RM Nil) due from a firm in which a director of the Company is a partner.

^ Included in the Group's deposits is an amount of **RM990,000** (2014: RM103,164) paid for the acquisition of freehold land and building. The balance purchase consideration is disclosed as capital commitment in Note 29.

12. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries is non-trade related, unsecured, non-interest bearing and is repayable on demand.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
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13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives held for trading at fair value through profit or loss is as follows:

	GROUP	
	2015	2014
	RM'000	RM'000
Forward exchange contracts:		
- Nominal value	8,710	9,977
- (Liabilities)/Assets	<u>(77)</u>	<u>76</u>

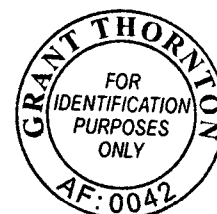
Forward exchange contracts are used to manage the foreign currency exposure arising from a subsidiary's sales denominated in US Dollar. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

14. DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Fixed deposits	3,984	3,108	-	508
Short term deposits	<u>2,301</u>	<u>-</u>	<u>2,301</u>	<u>-</u>
	<u>6,285</u>	<u>3,108</u>	<u>2,301</u>	<u>508</u>
Pledged as security for banking facilities granted to a subsidiary	569	1,555	-	-
Unencumbered	<u>5,716</u>	<u>1,553</u>	<u>2,301</u>	<u>508</u>
	<u>6,285</u>	<u>3,108</u>	<u>2,301</u>	<u>508</u>

The effective interest rates per annum and maturities of the deposits with licensed banks at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
Interest rate (%)				
Fixed deposits	2.95 to 3.80	3.00 to 3.40	-	3.00
Short term deposits	2.68 to 3.09	-	2.68 to 3.09	-



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	GROUP		COMPANY	
	2015	2014	2015	2014
Maturities (Days)				
Fixed deposits	60 to 365	90 to 365	-	90
Short term deposits	1	-	1	-

15. CASH AND BANK BALANCES

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	6,538	4,268	233	1,971
US Dollar	19,797	25,813	-	-
Chinese Renminbi	349	1,399	-	-
Others	3	5	-	-
	<u>26,687</u>	<u>31,485</u>	<u>233</u>	<u>1,971</u>

The Chinese Renminbi is not freely convertible into foreign currencies. Under The PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the China subsidiaries are permitted to exchange Chinese Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

16. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorised:				
Balance at beginning				
Ordinary shares of RM0.50 (2014: RM1.00) each	200,000	100,000	100,000	100,000
Sub division of par value to RM0.50 each	-	100,000	-	-
Balance at end				
Ordinary shares of RM0.50 each	<u>200,000</u>	<u>200,000</u>	<u>100,000</u>	<u>100,000</u>



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
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	Number of ordinary shares		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Issued and fully paid:				
Balance at beginning				
Ordinary shares of RM0.50 (2014: RM1.00) each	81,740	40,000	40,870	40,000
Sub division of par value to RM0.50 each	-	40,000	-	-
Bonus Issue	30,752		15,376	-
Exercise of ESOS	3,371	1,740	1,685	870
Balance at end				
Ordinary shares of RM0.50 each	115,863	81,740	57,931	40,870

2015

The Company undertook the following:

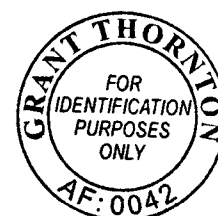
- (i) A bonus issue of 30,752,200 new ordinary shares of RM0.50 each (“Bonus Shares”) on the basis of two (2) Bonus Shares for every five (5) ordinary shares held (“Bonus Issue”); and
- (ii) Issuance of 3,370,830 new ordinary shares of RM0.50 each for cash arising from the exercise of employees’ share options at a weighted average exercise price of RM0.80 per ordinary share. The proceeds were used for working capital purposes.

2014

The Company undertook the following:

- (i) A share split exercise which entails the subdivision of its share capital of every one (1) ordinary share of RM1 each into two (2) ordinary shares of RM0.50 each.

The Memorandum and Articles of Association of the Company was amended to reflect the subdivision of par value of the authorised share capital of the Company from RM1 per ordinary share to RM0.50 per ordinary share; thereby resulting in the alteration of authorised share capital of the Company from RM100,000,000 comprising 100,000,000 ordinary shares of RM1 per share into RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 per share.



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- (ii) Issued 1,739,800 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at a weighted average exercise price of RM0.84 per ordinary share. The proceeds were used for working capital purposes.

17. TREASURY SHARES

The shareholders of the Company, by a special resolution passed at the Extraordinary General Meeting on 30 November 2005, approved the Company's plan and mandate to authorise the directors of the Company to buy back its own shares up to 10% of the existing total issued and paid up share capital.

Of the total **115,862,830** (2014: 81,739,800) issued and fully paid ordinary shares as at 31 July 2015, **6,265,400** (2014: 6,265,400) are held as treasury shares by the Company. As at 31 July 2015, the number of outstanding ordinary shares in issue and fully paid after the set off is therefore **109,597,430** (2014: 75,474,400) ordinary shares of **RM0.50** (2014: RM0.50) each.

Treasury shares have no rights to voting, dividends and participation in other distribution.

18. RESERVES

18.1 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

18.2 Exchange translation reserve

The exchange translation reserve is in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiaries.

18.3 ESOS reserve

The fair value of equity-settled share options granted was estimated using Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The expected life of the option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
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18.4 **Statutory reserve**

In accordance with the relevant laws and regulations of The PRC, the subsidiaries of the Company established in The PRC are required to transfer 10% of their profits after taxation prepared in accordance with the accounting regulation of The PRC to the statutory reserve until the reserve balance reaches 50% of their respective registered capital. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital.

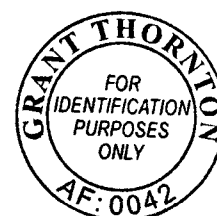
19. **RETAINED PROFITS**

COMPANY

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

20. **BORROWINGS**

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Secured:-				
<u>Finance lease liabilities</u>				
Minimum payments:				
Within 1 year	33	53	33	33
Later than 1 year but not later than 2 years	33	33	33	33
Later than 2 years but not later than 5 years	81	100	81	100
Later than 5 years	-	14	-	14
	<u>147</u>	<u>200</u>	<u>147</u>	<u>180</u>
Future finance charges	<u>(20)</u>	<u>(28)</u>	<u>(20)</u>	<u>(25)</u>
	127	172	127	155
Amount due within 1 year included under current liabilities	<u>(28)</u>	<u>(45)</u>	<u>(28)</u>	<u>(28)</u>
Balance carried forward	99	127	99	127



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	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Balance brought forward	99	127	99	127
<u>Term loan</u>				
Total amount repayable	4,010	4,636	-	-
Amount due within 1 year included under current liabilities	(657)	(626)	-	-
	<u>3,353</u>	<u>4,010</u>	-	-
	<u>3,452</u>	<u>4,137</u>	<u>99</u>	<u>127</u>
Current liabilities				
Secured:-				
Finance lease liabilities	28	45	28	28
* Foreign currency trade loan	295	-	-	-
Term loan	657	626	-	-
* Trust receipts	6,110	5,147	-	-
	<u>7,090</u>	<u>5,818</u>	<u>28</u>	<u>28</u>
Unsecured:-				
Export credit refinancing	-	1,190	-	-
	<u>7,090</u>	<u>7,008</u>	<u>28</u>	<u>28</u>
Total borrowings	<u>10,542</u>	<u>11,145</u>	<u>127</u>	<u>155</u>

* The foreign currency trade loan and trusts receipts are denominated in US Dollar.

The borrowings (other than finance lease liabilities) are secured by:

- (i) Legal charges over certain properties of the subsidiaries,
- (ii) Facility agreement,
- (iii) Corporate guarantee of the Company, and
- (iv) Pledge of fixed deposits of a subsidiary.

The finance lease liabilities are secured over the leased assets (Note 4).



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
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A summary of the average effective interest rates and the maturities of the borrowings are as follows:

	Average effective interest rate per annum (%)	Total RM'000	Within 1 year RM'000	Later than 1 year but not later than 2 years RM'000	Later than 2 years but not later than 5 years RM'000	Later than 5 years RM'000
GROUP						
2015						
Finance lease liabilities	2.33	127	28	28	71	-
Foreign currency trade loan	1.75	295	295	-	-	-
Term loan	4.75	4,010	657	689	2,273	391
Trust receipts	3.55 to 3.70	6,110	6,110	-	-	-
2014						
Export credit refinancing	4.15	1,190	1,190	-	-	-
Finance lease liabilities	2.25 to 2.33	172	45	28	86	13
Term loan	4.75	4,636	626	657	2,168	1,185
Trust receipts	3.55 to 3.68	5,147	5,147	-	-	-
COMPANY						
2015						
Finance lease liability	2.33	127	28	28	71	-
2014						
Finance lease liability	2.33	155	28	28	86	13



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
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21. DEFERRED TAX LIABILITIES

	GROUP	
	2015	2014
	RM'000	RM'000
Revaluation surplus		
Balance at beginning	1,394	1,490
Realisation of revaluation surplus upon disposal of properties	-	(45)
Transfer from/(to) profit or loss	141	(51)
Balance at end	<u>1,535</u>	<u>1,394</u>
Temporary differences on property, plant and equipment		
Balance at beginning	819	910
Transfer (to)/from profit or loss	(276)	81
Under/(Over) provision in prior year	20	(172)
Balance at end	<u>563</u>	<u>819</u>
	<u>2,098</u>	<u>2,213</u>

22. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2015	2014
	RM'000	RM'000
Ringgit Malaysia	4,750	3,230
US Dollar	13,643	12,051
Chinese Renminbi	1,546	1,082
Others	21	14
	<u>19,960</u>	<u>16,377</u>

The trade payables are non-interest bearing and are normally settled within **30 to 90 days** (2014: 30 to 90 days) terms.

Included herein is an amount of **RM751,655** (2014: RM465,757) due to a company in which a director of a subsidiary has interest.



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23. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
* Other payables	5,850	3,863	366	187
VAT/GST payable	242	76	43	-
Advance billings to customers	1,479	1,502	-	-
Accruals	22,413	12,771	2,000	1,840
	<u>29,984</u>	<u>18,212</u>	<u>2,409</u>	<u>2,027</u>

The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	18,696	12,227	2,140	2,027
Chinese Renminbi	7,021	4,271	269	-
US Dollar	4,267	1,714	-	-
	<u>29,984</u>	<u>18,212</u>	<u>2,409</u>	<u>2,027</u>

* Included herein are the following:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amount due to companies in which a director of a subsidiary has interest	3,384	1,325	-	-
Amount due to a firm in which a director of the Company is a partner	-	100	-	100

The amounts are unsecured, non-interest bearing and are repayable on demand.



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24. REVENUE

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gross dividend from subsidiaries	-	-	1,210	20,553
Management fee income	-	-	5,648	5,064
Invoiced value of goods sold less returns and discounts	338,734	284,964	-	-
Invoiced value of advertisement space sold less discounts and agency commission	10,379	7,475	-	-
Provision of agency services	1,227	1,674	-	-
	350,340	294,113	6,858	25,617

25. PROFIT BEFORE TAX

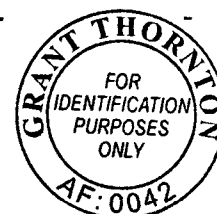
This is arrived at:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
After charging:				
Allowance for impairment on trade receivable	-	27	-	-
Amortisation of land used rights	15	15	-	-
Auditors' remuneration				
- Grant Thornton				
- audit fees				
- current year	147	132	23	21
- prior years	-	(5)	-	-
- non-audit fees	8	-	8	-
- Other auditors				
- statutory audit	33	19	-	-
Bad debts	63	11	63	10
Depreciation	7,174	3,850	81	67
* Directors' remuneration for non-executive directors	359	292	359	292



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	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fair value changes on derivative financial instruments	153	-	-	-
Goodwill on consolidation written off	477	-	-	-
Impairment loss on other investment	8	-	8	-
Interest expense on:				
- Bankers acceptance	28	-	-	-
- Bank overdraft	1	1	-	-
- Export credit refinancing	31	44	-	-
- Finance lease	7	11	5	5
- Term loan	207	127	-	-
- Trust receipts	241	95	-	-
Loss on disposal of property, plant and equipment	-	180	-	-
Property, plant and equipment written off	141	176	-	-
Realised loss on foreign exchange	-	576	-	-
Rental of advertising sites	981	656	-	-
Rental of machinery and equipment	209	182	-	-
Rental of premises	1,016	963	77	76
** Staff costs	68,658	57,875	2,646	2,249
And crediting:				
Allowance for impairment no longer required	27	-	-	-
Bad debts recovered	-	7	-	-
Debt waived	1	-	-	-
Deemed gain on deconsolidation of a subsidiary	-	9	-	-
Dividend income	12	-	12	-
Fair value changes on derivative financial instruments	-	652	-	-
Gain on disposal of non-current asset held for sale	-	50	-	-
Gain on disposal of property, plant and equipment	3	-	-	-



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	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income	207	127	39	8
Rental income	33	11	-	-
Realised gain on foreign exchange	4,011	232	-	-
Unrealised gain on foreign exchange	1,767	908	-	-

* Directors' remuneration for non-executive directors are as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
- Allowance	19	12	19	12
- Equity-settled-share- based payment	66	44	66	44
	85	56	85	56
- Fee	274	236	274	236
	359	292	359	292

** **Staff costs**

- Wages, salaries, incentives, overtime, allowance and bonus	60,766	52,287	2,028	1,670
- Equity-settled-share- based payment	878	663	324	329
- Defined contribution plans	6,862	4,782	289	246
- SOCSO	152	143	5	4
	68,658	57,875	2,646	2,249

Directors' remuneration

Included in the staff costs of the Group and of the Company is the aggregate amount of remuneration received and receivable by directors of the Company and its subsidiaries as shown below:



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	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive directors of the Company:				
Directors' emoluments				
- Salaries	1,545	1,291	1,080	932
- Equity-settled-share- based payment	165	229	165	229
- Defined contribution plans	274	245	205	177
	<u>1,984</u>	<u>1,765</u>	<u>1,450</u>	<u>1,338</u>
Directors' fee	3,000	2,100	1,400	1,400
	<u>4,984</u>	<u>3,865</u>	<u>2,850</u>	<u>2,738</u>
Benefits-in-kind	40	40	22	22
	<u>5,024</u>	<u>3,905</u>	<u>2,872</u>	<u>2,760</u>
Executive directors of subsidiaries:				
Directors' emoluments				
- Salaries and bonus	901	641	-	-
- Equity-settled-share- based payment	45	16	-	-
- Defined contribution plans	48	42	-	-
	<u>994</u>	<u>699</u>	<u>-</u>	<u>-</u>
Director's fee	60	24	-	-
	<u>1,054</u>	<u>723</u>	<u>-</u>	<u>-</u>
Total executive directors' remuneration	<u>6,078</u>	<u>4,628</u>	<u>2,872</u>	<u>2,760</u>
Analysed as:				
- Present directors	6,078	4,588	2,872	2,720
- Past director	-	40	-	40
	<u>6,078</u>	<u>4,628</u>	<u>2,872</u>	<u>2,760</u>



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26. TAX EXPENSE

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
In Malaysia				
Current year	(5,704)	(2,905)	(107)	-
(Under)/Over provision in prior year				
- Current tax	(694)	(26)	(2)	-
- Deferred tax	(20)	172	-	-
Deferred tax:				
- Relating to origination and reversal of temporary differences	135	(116)	-	-
- Changes in tax rate	-	35	-	-
	135	(81)	-	-
Realisation of deferred tax upon:				
- Disposal of revalued assets	-	45	-	-
- Depreciation of revalued assets	-	51	-	-
	-	96	-	-
	<u>(6,283)</u>	<u>(2,744)</u>	<u>(109)</u>	<u>-</u>
Outside Malaysia				
Current year	(915)	(713)	-	-
Over provision in prior year	166	85	-	-
	<u>(749)</u>	<u>(628)</u>	<u>-</u>	<u>-</u>
	<u>(7,032)</u>	<u>(3,372)</u>	<u>(109)</u>	<u>-</u>

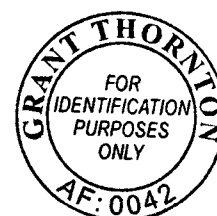
Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
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The reconciliation of tax expense of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	<u>31,055</u>	<u>24,173</u>	<u>1,339</u>	<u>21,196</u>
Income tax at Malaysian statutory tax rate of 25%	(7,764)	(6,043)	(335)	(5,299)
Tax rates differences in foreign jurisdictions	237	252	-	-
Income not subject to tax	718	862	311	5,138
Double deduction of expenses for tax purposes	29	23	-	-
Expenses not deductible for tax purposes	(1,799)	(930)	(332)	(133)
Annual crystallisation of deferred tax on revaluation surplus	51	51	-	-
Realisation of deferred tax upon disposal of revalued assets	-	45	-	-
Utilisation of unabsorbed allowance for increase in export	885	570	-	-
Utilisation of unabsorbed tax losses and capital allowances	1,545	1,687	246	298
Deferred tax movements not recognised	(420)	(177)	(7)	(4)
Changes in tax rate	34	57	10	-
	<u>(6,484)</u>	<u>(3,603)</u>	<u>(107)</u>	<u>-</u>
(Under)/Over provision in prior years	<u>(548)</u>	<u>231</u>	<u>(2)</u>	<u>-</u>
	<u>(7,032)</u>	<u>(3,372)</u>	<u>(109)</u>	<u>-</u>



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
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The amount and future availability of unabsorbed tax losses, capital allowances and reinvestment allowance at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unabsorbed tax losses	12,459	18,347	-	986
Unabsorbed capital allowances	859	1,150	-	-
Unabsorbed reinvestment allowance	117	117	-	-
	<u>117</u>	<u>117</u>	<u>-</u>	<u>-</u>

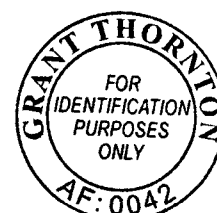
These unabsorbed tax losses and unabsorbed allowances are available to be carried forward for set off against future assessable income of the Company and its subsidiaries.

The following deductible temporary differences have not been recognised in the financial statements:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment	1,397	3,017	37	28
Unabsorbed tax losses	(12,459)	(18,347)	-	(986)
Unabsorbed capital allowances	(859)	(1,150)	-	-
Unabsorbed reinvestment allowance	(117)	(117)	-	-
	<u>(12,038)</u>	<u>(16,597)</u>	<u>37</u>	<u>(958)</u>

Deferred tax assets have not been recognised on the above temporary differences as it is not probable that taxable profit will be available in the foreseeable future to the extent that the above deductible temporary differences can be utilised.

The Malaysian corporate tax rate will be reduced to 24% from the year of assessment 2016 as announced in the Budget 2014. Consequently, deferred tax is measured using this tax rate.



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27. EARNINGS PER SHARE

27.1 Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

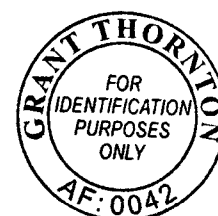
	2015	2014
Profit attributable to owners of the Company (RM'000)	<u>20,772</u>	<u>18,487</u>
Weighted average number of shares ('000)		
Issued shares at beginning	105,351	73,735
Effect of bonus issue	-	30,752
Effect of shares issued pursuant to share options	<u>1,602</u>	<u>864</u>
Weighted average number of shares at end	<u>106,953</u>	<u>105,351</u>
Basic earnings per share (sen)	<u>19</u>	<u>18*</u>

27.2 Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted to assume conversion of all dilutive potential ordinary shares arising from share options granted to employees and directors as follows:

	2015	2014
Profit attributable to owners of the Company (RM'000)	<u>20,772</u>	<u>18,487</u>
Weighted average number of issued ordinary shares as above	106,953	105,351
Adjustment for dilutive effect of ESOS	<u>6,422</u>	<u>3,547</u>
	<u>113,375</u>	<u>108,898</u>
Diluted earnings per share (sen)	<u>18</u>	<u>17*</u>

* Comparative number of shares was restated to take into account the Bonus Issue effect, in compliance with MFRS 133.



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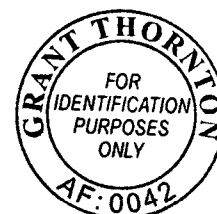
28. DIVIDENDS

	GROUP AND COMPANY	
	2015	2014
	RM'000	RM'000
In respect of financial year ended 31 July 2015:		
- A single tier interim dividend of 1.50 sen per share	1,632	-
In respect of financial year ended 31 July 2014:		
- A first and final single tier dividend of 3.50 sen per share	2,688	-
In respect of financial year ended 31 July 2013:		
- A first and final dividend of 2 sen per share less 25% tax	-	1,118
- A special tax exempt dividend of 1 sen per share	-	745
	<u>4,320</u>	<u>1,863</u>

At the forthcoming Annual General Meeting, a single tier final dividend of 2.70 sen per share amounting to RM2,985,654 in respect of the financial year ended 31 July 2015 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the proposed dividends. Such dividends, if approved by the shareholders will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2016.

29. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment:				
- Approved and contracted for	11,892	1,181	-	-
- Approved but not contracted for	-	8,026	-	-
	<u>11,892</u>	<u>9,207</u>	<u>-</u>	<u>-</u>



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30. **CONTINGENT LIABILITIES (UNSECURED)**

	COMPANY	
	2015	2014
	RM’000	RM’000
Corporate guarantee for banking facilities given to a subsidiary		
- Limit	62,285	53,245
- Amount utilised	<u>4,305</u>	<u>5,826</u>

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the banks’ requirement of the parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiary. The actual terms of the credit facilities are likely to be the best indicator of “at market” terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiary. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

31. **SEGMENTAL INFORMATION**

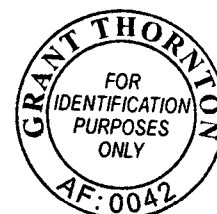
Segmental information is presented in respect of the Group’s business and geographical segments. The primary format and business segments are based on the Group’s management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business Segments

The Group comprises the following main business segments:

- | | |
|-----------------------------------|--|
| (1) Apparels | Manufacturing of apparels and provision of apparel manufacturing services. |
| (2) Advertising | Provision of advertising services on multimedia boards. |
| (3) Investment holding and others | Investment holding, provision of management services and provision of agency services. |



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

By business segments	Apparels		Advertising		Investment holding and others		Elimination		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	338,734	284,964	10,379	7,475	1,227	1,674	-	-	350,340	294,113
External sales	-	-	-	-	6,858	25,617	(6,858)	(25,617)	-	-
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	338,734	284,964	10,379	7,475	8,085	27,291	(6,858)	(25,617)	350,340	294,113
Results										
Segment results	26,774	20,347	3,604	1,998	985	1,979	-	-	31,363	24,324
Interest expense	(510)	(274)	-	-	(5)	(4)	-	-	(515)	(278)
Interest income	97	66	71	52	39	9	-	-	207	127
Tax (expense)/income	(5,879)	(3,368)	(1,053)	(11)	(100)	7	-	-	(7,032)	(3,372)
Profit for the year	20,482	16,771	2,622	2,039	919	1,991	-	-	24,023	20,801
Assets										
Segment assets	171,926	115,750	6,037	6,520	87,979	87,370	(106,840)	(94,438)	159,102	115,202
Current tax assets	-	-	-	-	-	39	-	-	-	39
Derivative financial assets	-	76	-	-	-	-	-	-	-	76
Deposits with licensed banks	2,175	1,562	1,809	1,038	2,301	508	-	-	6,285	3,108
Cash and bank balances	16,387	25,310	3,246	1,335	6,793	4,840	261	-	26,687	31,485
Total assets	190,488	142,698	11,092	8,893	97,073	92,757	(106,579)	(94,438)	192,074	149,910
Liabilities										
Segment liabilities	101,813	79,137	2,611	2,329	21,126	19,928	(75,606)	(66,805)	49,944	34,589
Borrowings	10,415	10,990	-	-	127	155	-	-	10,542	11,145
Deferred tax liabilities	1,595	1,894	192	-	-	319	311	-	2,098	2,213
Derivative financial liabilities	77	-	-	-	-	-	-	-	77	-
Current tax liabilities	2,383	1,000	853	10	48	-	-	-	3,284	1,010
Total liabilities	116,283	93,021	3,656	2,339	21,301	20,402	(75,295)	(66,805)	65,945	48,957
Other information										
Additions to non-current assets	14,457	9,713	275	1,398	411	10,514	-	-	15,143	21,625
Depreciation and amortisation	5,844	3,097	728	609	617	159	-	-	7,189	3,865
Non-cash (income)/expenses other than depreciation and amortisation	(446)	(869)	22	48	346	259	-	-	(78)	(562)
					76					
					157					



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Notes to segment information:

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consists of property, plant and equipment.
- C Other non-cash expenses/(income) consist of the following items:

	2015 RM'000	2014 RM'000
Allowance for impairment on trade receivable	(27)	27
Bad debts	63	11
Debt waived	(1)	-
Deemed gain on deconsolidation of a subsidiary	-	(9)
Equity-settled share-based payment	878	663
Fair value changes on derivative financial instruments	153	(652)
Gain on disposal of non-current asset held for sale	-	(50)
(Gain)/Loss on disposal of property, plant and equipment	(3)	180
Goodwill on consolidation written off	477	-
Impairment loss on other investment	8	-
Property, plant and equipment written off	141	176
Unrealised gain on foreign exchange	(1,767)	(908)
	<u>(78)</u>	<u>(562)</u>

Geographical Segments

The Group's location of its customers is in the principal geographical regions, namely Malaysia, China, United States and the European countries.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	11,386	8,004	57,573	52,272
China	8,728	4,895	13,868	8,995
United States of America	206,726	186,398	-	-
European countries	66,498	53,940	-	-
Other countries	57,002	40,876	-	-
	<u>350,340</u>	<u>294,113</u>	<u>71,441</u>	<u>61,267</u>



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Information about major customers

Total revenue from major customers which individually contributed more than 10% of the Group's revenue from the apparels segment amounted to **RM275,419,273** (2014: RM261,652,266).

32. RELATED PARTY DISCLOSURES

(i) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and to the Company, if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making any financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. Key management personnel includes all the Directors of the Group and of the Company and certain members of senior management of the Group and of the Company.

The Group has related party relationship with its subsidiaries, key management personnel and the following companies:

Related party relationship:

Related party	Relationship
C L Boo & Associates	: A firm in which a director of the Company, Mr. Boo Chin Liong is a partner.
Ahmad Mustapha & Co	: A firm in which a director of the Company, En. Ahmad Mustapha Ghazali is a partner.
Champ Bloom Incorporated and F.D. Way Industrial Co., Ltd.	: Companies in which a director of a subsidiary, Mr. Chen, Cheng-Chun has interest.



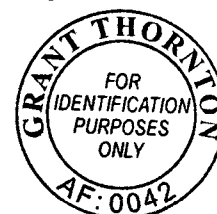
**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
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(ii) Related party transactions

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Gross dividend income from subsidiaries				
- Honsin Apparel Sdn. Bhd.	-	-	-	16,450
- HiQ Media (Malaysia) Sdn. Bhd.	-	-	522	392
- Laser Capital Holdings Sdn. Bhd.	-	-	688	711
- Plas Industries Sdn. Bhd.	-	-	-	3,000
Management fee income from subsidiaries				
- Honsin Apparel Sdn. Bhd.	-	-	4,680	4,139
- HiQ Media (Malaysia) Sdn. Bhd.	-	-	96	96
- Plas Industries Sdn. Bhd.	-	-	247	210
- BE Elementz Sdn. Bhd.	-	-	306	306
- Bixiz Kids Incorporated (M) Sdn. Bhd.	-	-	306	306
- Laser Capital Holdings Sdn. Bhd.	-	-	13	7
Purchases from F.D. Way Industrial Co., Ltd.	8,225	3,463	-	-
Agency services charged to Champ Bloom Incorporated	1,227	1,674	-	-
Professional fee paid to C L Boo & Associates	243	30	-	-
Rental expenses charged by Ahmad Mustapha & Co	76	76	76	76
Handling fees charged by Champ Bloom Incorporated	1,946	2,093	-	-

(iii) Compensation of key management personnel

The Group and the Company have no other members of key management personnel apart from the Board of Directors of the Company and of the subsidiaries, which their compensation has been shown in Note 25.



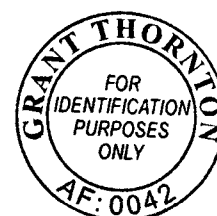
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33. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as:

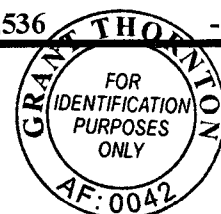
- (i) Loans and receivables (“L&R”);
- (ii) Available-for-sale financial assets (“AFS”);
- (iii) Financial liabilities measured at amortised cost (“FL”); and
- (iv) Fair value through profit or loss (“FVTPL”).

	Carrying amount RM’000	L&R RM’000	AFS RM’000	FL RM’000	FVTPL RM’000
GROUP					
2015					
Financial assets					
Other investment	490	-	490	-	-
Trade receivables	55,041	55,041	-	-	-
Other receivables and refundable deposits	4,480	4,480	-	-	-
Deposits with licensed banks	6,285	6,285	-	-	-
Cash and bank balances	26,687	26,687	-	-	-
	92,983	92,493	490	-	-
Financial liabilities					
Trade payables	19,960	-	-	19,960	-
Other payables and accruals	28,505	-	-	28,505	-
Derivative financial instruments	77	-	-	-	77
Borrowings	10,542	-	-	10,542	-
	59,084	-	-	59,007	77



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	Carrying amount RM'000	L&R RM'000	AFS RM'000	FL RM'000	FVTPL RM'000
2014					
Financial assets					
Trade receivables	26,051	26,051	-	-	-
Other receivables and refundable deposits	1,821	1,821	-	-	-
Derivative financial instruments	76	-	-	-	76
Deposits with licensed banks	3,108	3,108	-	-	-
Cash and bank balances	31,485	31,485	-	-	-
	62,541	62,465	-	-	76
Financial liabilities					
Trade payables	16,377	-	-	16,377	-
Other payables and accruals	16,710	-	-	16,710	-
Borrowings	11,145	-	-	11,145	-
	44,232	-	-	44,232	-
COMPANY					
2015					
Financial assets					
Other investment	490	-	490	-	-
Other receivables and refundable deposits	265	265	-	-	-
Amount due from subsidiaries	39,377	39,377	-	-	-
Deposits with licensed banks	2,301	2,301	-	-	-
Cash and bank balances	233	233	-	-	-
	42,666	42,176	490	-	-
Financial liabilities					
Other payables and accruals	2,409	-	-	2,409	-
Borrowings	127	-	-	127	-
	2,536	-	-	2,536	-



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	Carrying amount RM'000	L&R RM'000	AFS RM'000	FL RM'000	FVTPL RM'000
2014					
Financial assets					
Other receivables and refundable deposits	287	287	-	-	-
Amount due from subsidiaries	39,918	39,918	-	-	-
Deposits with licensed banks	508	508	-	-	-
Cash and bank balances	1,971	1,971	-	-	-
	42,684	42,684	-	-	-
Financial liabilities					
Other payables and accruals	2,027	-	-	2,027	-
Borrowings	155	-	-	155	-
	2,182	-	-	2,182	-

34. FINANCIAL RISK MANAGEMENT

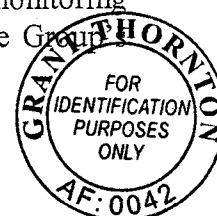
The Group and the Company are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative activities.

34.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from advances and financial guarantees given to its subsidiaries.

34.1.1 Trade receivables

The Group extends to existing customers credit terms that range between **20 to 60 days** (2014: 20 to 60 days). In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.



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The ageing of trade receivables of the Group is as follows:

	Gross RM'000	Individual impairment RM'000	Net RM'000
2015			
Not past due	39,159	-	39,159
Past due 1 - 30 days	9,485	-	9,485
Past due 31 - 60 days	3,404	-	3,404
Past due 61 - 90 days	1,931	-	1,931
Past due more than 90 days	1,062	-	1,062
	<u>15,882</u>	-	<u>15,882</u>
	<u>55,041</u>	-	<u>55,041</u>
2014			
Not past due	22,631	-	22,631
Past due 1 - 30 days	1,676	-	1,676
Past due 31 - 60 days	277	-	277
Past due 61 - 90 days	179	-	179
Past due more than 90 days	1,315	(27)	1,288
	<u>3,447</u>	<u>(27)</u>	<u>3,420</u>
	<u>26,078</u>	<u>(27)</u>	<u>26,051</u>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables of **RM15,882,363** (2014: RM3,419,299) that are past due but not impaired as the management is of the view that these debts will be recovered in due course.

The Group has significant concentration of credit risk in the form of outstanding balance due from **2 customers** (2014: 2 customers) representing **69%** (2014: 75%) of the total trade receivables.

34.1.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors the results of the subsidiaries regularly.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

34.1.3 Financial guarantees

The Company provides unsecured corporate guarantee to banks in respect of banking facilities granted to subsidiaries as disclosed in Note 30.

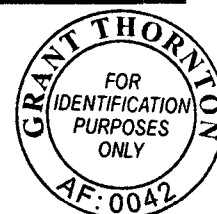
The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any of the subsidiaries would default on repayment.

34.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000	More than 5 years RM'000
GROUP						
2015						
<i>Non-derivative financial liabilities</i>						
Interest bearing borrowings	10,542	11,113	7,271	866	2,580	396
Trade payables	19,960	19,960	19,960	-	-	-
Other payables and accruals	28,505	28,505	28,505	-	-	-
Financial guarantee	-	4,305	4,305	-	-	-
	59,007	63,883	60,041	866	2,580	396
2014						
<i>Non-derivative financial liabilities</i>						
Interest bearing borrowings	11,145	11,930	7,222	866	2,599	1,243
Trade payables	16,377	16,377	16,377	-	-	-
Other payables and accruals	16,710	16,710	16,710	-	-	-
Financial guarantee	-	5,826	5,826	-	-	-
	44,232	50,843	46,135	866	2,599	1,243



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

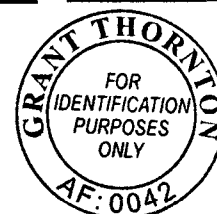
	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	More than 1 year and less than 2 years RM'000	More than 2 years and less than 5 years RM'000	More than 5 years RM'000
COMPANY						
2015						
<i>Non-derivative financial liabilities</i>						
Interest bearing borrowings	127	147	33	33	81	-
Other payables and accruals	2,409	2,409	2,409	-	-	-
Financial guarantee	-	4,305	4,305	-	-	-
	2,536	6,861	6,747	33	81	-
2014						
<i>Non-derivative financial liabilities</i>						
Interest bearing borrowings	155	180	33	33	100	14
Other payables and accruals	2,027	2,027	2,027	-	-	-
Financial guarantee	-	5,826	5,826	-	-	-
	2,182	8,033	7,886	33	100	14

34.3 Interest rate risk

The Group's and the Company's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on their carrying amounts as at the end of the reporting period is as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate instruments				
Financial assets	6,285	3,108	2,301	508
Financial liabilities	<u>6,532</u>	<u>6,509</u>	<u>127</u>	<u>155</u>
Floating rate instruments				
Financial liabilities	<u>4,010</u>	<u>4,636</u>	<u>-</u>	<u>-</u>



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have decreased profit before tax by **RM10,879** (2014: RM6,705) and a corresponding decrease would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

34.4 Foreign currency risk

The objectives of the Group's and the Company's foreign exchange policies are to allow the Group and the Company to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group and the Company to unnecessary foreign exchange risks.

The Group and the Company is exposed to foreign currency risk mainly on sales and purchases that are denominated in a currency other than the Company's functional currency. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currency giving rise to this risk is primarily US Dollar ("USD").

The Group's and the Company's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is as follows:

GROUP

	2015		2014	
	USD RM'000	OTHERS RM'000	USD RM'000	OTHERS RM'000
Trade receivables	50,938	-	21,527	-
Other receivables	229	137	601	166
Cash and bank balances	19,797	3	25,813	5
Borrowings	(6,405)	-	(5,147)	-
Trade payables	(13,643)	(21)	(12,051)	(14)
Other payables	(4,267)	(269)	(1,714)	-
Derivative financial instruments	(77)	-	76	-
Net exposure	<u>46,572</u>	<u>(150)</u>	<u>29,105</u>	<u>157</u>



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

COMPANY

	2015		2014	
	USD RM'000	OTHERS RM'000	USD RM'000	OTHERS RM'000
Other payables	-	(269)	-	-

Sensitivity analysis for foreign currency risk

The table below demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's and the Company's profit before tax. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have decreased/increased profit before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect.

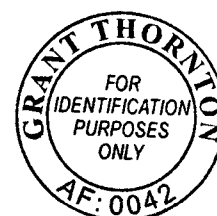
	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
USD	(4,657)	(2,911)	-	-
Other currencies	15	(16)	27	-
(Decrease)/Increase in profit before tax	(4,642)	(2,927)	27	-

35. FAIR VALUE OF FINANCIAL INSTRUMENTS**GROUP AND COMPANY**

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company at the end of the reporting period approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the non-current portion of finance lease liabilities are reasonable approximation of fair values due to the insignificant impact of discounting.

The Group and the Company use the following hierarchy for determining the fair value of all financial instruments carried at fair value:



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Input that are based on observable market data, either directly or indirectly

Level 3 - Input that are not based on observable market data

The table below analyses financial instruments carried at fair value which fair value is disclosed together with their fair value and carrying amounts shown in the statements of financial position.

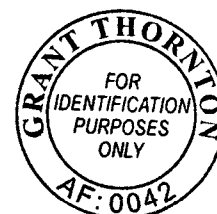
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
GROUP					
2015					
Financial assets					
Forward exchange contracts	-	77	-	77	77
Quoted unit trusts	490	-	-	490	490
2014					
Financial liabilities					
Forward exchange contracts	-	76	-	76	76
COMPANY					
2015					
Financial assets					
Quoted unit trusts	490	-	-	490	490
2014					
Financial assets					
Quoted unit trusts	-	-	-	-	-

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

Derivatives

The fair value of the outstanding forward exchange contracts is obtained from the financial institutions which the Group obtained the facility from.



APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR THE FYE 2015 TOGETHER WITH THE AUDITORS’ REPORT THEREON (CONT’D)**36. CAPITAL MANAGEMENT**

The primary objective of the Group’s capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

A licensed bank in which a subsidiary of the Group obtains credit facilities has imposed a debt covenant that requires this subsidiary to ensure its gearing ratio does not exceed 1.1 at all times. The subsidiary did not breach the covenant imposed by the licensed bank.

Other than the aforementioned, the Group is not subject to any externally imposed capital requirements. The Group manages capital by regularly monitoring its liquidity requirements rather than using debt/equity ratio.

37. EMPLOYEE SHARE OPTION SCHEME (“ESOS”)

The Company’s ESOS is governed by the By-Laws approved by the shareholders at the Extraordinary General Meeting held on 3 September 2013, and the ESOS will be in force for duration of five years expiring on 8 September 2018.

The salient features of the ESOS are as follows:

- (i) The total number of new ordinary shares which are available to be issued under the ESOS shall not in aggregate exceed fifteen percent (15%) of the total issued and fully paid-up share capital (excluding treasury shares) of the Company at any point in time during the duration of the scheme.
- (ii) A person shall be eligible to participate in the ESOS if, as at the date of offer, has attained the age of at least eighteen (18) years old; not be an undischarged bankrupt nor subject to any bankruptcy proceedings; be a director of the Company or be a full-time Malaysian employee confirmed in service and served at least one (1) continuous year within the Group (“Eligible Person”). Eligibility to participate in the scheme does not confer on an Eligible Person a claim or right to participate in the scheme unless the ESOS Committee has made an offer and the Eligible Person has accepted the offer in accordance with the terms of the offer and the scheme. The selection of any Eligible Person to participate in the scheme shall be at the discretion of the ESOS Committee.



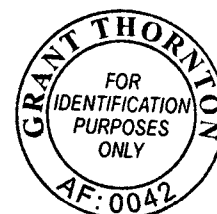
**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

- (iii) The option price at which the grantee is entitled to subscribe for each new ordinary share shall not be lower than the par value and be either at a premium or discount of not more than 10% (or such lower or higher limit in accordance with any prevailing guidelines, rules or regulations issued by the Bursa Securities) of the 5-day volume weighted average market price of the Company's share as at the offer date.
- (iv) The options offered to the grantee may, subject to the compliance or fulfilment by the grantee of the vesting conditions, be vested in the grantee in such number or tranche or tranches as shall be determined by the ESOS Committee.
- (v) The new ordinary shares to be allotted upon the exercise of the option will, upon allotment, rank pari passu in all respects with the then existing issued and fully paid-up shares of the Company, except that the new ordinary shares so allotted will not be entitled to any rights, dividends, allotments or other forms of distribution, the entitlement date of which is declared prior to the date of allotment of the ordinary shares and will be subject to all the provisions of the Articles of Association of the Company and the Listing Requirements relating to transfer, transmission and otherwise.
- (vi) The ESOS shall continue to be in force for a period of five (5) years from the effective date of the ESOS. However, the ESOS may at the discretion of the ESOS Committee be extended without any approval from the shareholders of the Company in any general meeting provided that the extension of the ESOS shall not in aggregate exceed a duration of ten (10) years.

The details of the outstanding share options for ordinary shares of RM0.50 each granted to the Group's employees and directors and its related exercise price are as follows:

Grant date	Exercise price RM	----- Number of options over ordinary shares of RM0.50 each -----					Balance at 31.7.15
		Balance at 1.8.14	Granted and accepted	Exercised	Effect of Bonus Issue *	Lapsed	
12.9.13	RM0.586	6,444,800	-	(2,418,660)	2,087,920	(108,920)	6,005,140
7.5.14	RM0.904	904,000	-	(354,370)	318,280	(56,200)	811,710
5.9.14	RM0.971	-	1,786,000	(567,800)	653,840	(50,120)	1,821,920
23.12.14	RM1.007	-	460,000	(30,000)	184,000	-	614,000

* Adjustment to the number of share options pursuant to the Company's Bonus Issue.



**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

The fair value of the share options granted were estimated at the grant date using Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the Black Scholes model for the ESOS granted:

	12-Sep-13	7-May-14	5-Sep-14	23-Dec-14
Fair value (RM)	0.14	0.50	0.44	0.42
Expected volatility (%)	10.09	36.89	36.58	35.09
Risk-free interest rate (% p.a.)	3.82	3.91	4.03	4.01
Dividend yield (%)	3.11	1.96	1.97	2.19
Borrowings cost (%)	2.56	2.56	2.56	3.38
Expected life of option (years)	4.99	4.34	4.01	3.71
Weighted average share price (RM)	0.96	1.51	1.51	1.60

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

38. NON-CURRENT ASSET HELD FOR SALE

	GROUP	
	2015 RM'000	2014 RM'000
Freehold building:		
Balance at beginning	-	225
Disposal	-	(225)
Balance at end	<u>-</u>	<u>-</u>

A subsidiary of the Company entered into a Sale and Purchase Agreement to dispose of the freehold land and building of which the disposal was completed in the previous financial year.

The non-current asset held for sale was pledged to a licensed bank for banking facilities granted to the subsidiary in the previous financial year.

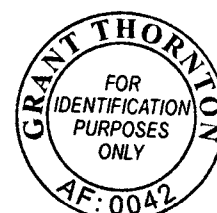


**APPENDIX IV – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF PROLEXUS FOR
THE FYE 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON
(CONT'D)**

39. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of retained profits of the Group and of the Company as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits of the Company and its subsidiaries				
- Realised	63,950	59,388	4,531	22,997
- Unrealised	1,051	741	-	-
	<u>65,001</u>	<u>60,129</u>	<u>4,531</u>	<u>22,997</u>
Less: Consolidation adjustments	(13,211)	(8,891)	-	-
	<u>51,790</u>	<u>51,238</u>	<u>4,531</u>	<u>22,997</u>



**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016**

PROLEXUS BERHAD
Company No. 250857-T

(Incorporated in Malaysia)

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LEE PENG LOON
Secretary
MACS 01258

20 APR 2016

Interim Financial Report
31 January 2016

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**

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**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**

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

Interim report for the period ended 31 January 2016
(The figures have not been audited)

of
LEE PENG LOON
Secretary
MACS 01258

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

20 APR 2016

	Unaudited as at 31.1.16 RM'000	Audited as at 31.7.15 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	80,855	67,560
Land use rights	671	671
Investments	507	490
Intangible assets	2,712	2,712
	<u>84,745</u>	<u>71,433</u>
Current Assets		
Inventories	13,448	23,414
Trade receivables	40,303	55,041
Other receivables, deposits and prepayments	11,181	9,214
Derivative financial instruments	774	-
Fixed deposits with licensed banks	5,387	6,285
Cash and bank balances	59,033	26,687
	<u>130,126</u>	<u>120,641</u>
TOTAL ASSETS	<u>214,871</u>	<u>192,074</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	59,040	57,931
Treasury shares	(1,490)	(1,490)
Reserves	7,946	6,224
Retained profits	63,203	51,790
	<u>128,699</u>	<u>114,455</u>
Non-controlling interests	14,751	11,674
Total equity	<u>143,450</u>	<u>126,129</u>
Non-current Liabilities		
Borrowings	9,606	3,452
Deferred taxation	2,098	2,098
	<u>11,704</u>	<u>5,550</u>
Current Liabilities		
Trade payables	9,504	19,960
Other payables and accruals	28,781	29,984
Borrowings	16,182	7,090
Derivative financial instruments	-	77
Provision for taxation	5,250	3,284
	<u>59,717</u>	<u>60,395</u>
Total liabilities	71,421	65,945
TOTAL EQUITY AND LIABILITIES	<u>214,871</u>	<u>192,074</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.17	1.04

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying notes attached to this interim financial report.

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**
PROLEXUS BERHAD (250857-T)
(Incorporated in Malaysia)

 Interim report for the period ended 31 January 2016
 (The figures have not been audited)

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 Secretary
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

20 APR 2016

	Individual Quarter		Cumulative Quarter	
	31 January		31 January	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	99,867	83,913	204,545	163,616
Cost of sales	(78,753)	(69,223)	(164,613)	(134,820)
Gross profit	21,114	14,690	39,932	28,796
Other operating income	482	1,704	3,144	2,633
Administrative expenses	(7,605)	(4,979)	(14,659)	(10,380)
Selling and distribution expenses	(3,026)	(2,290)	(5,823)	(4,492)
Other operating expenses	(144)	(141)	(254)	(344)
Operating profit	10,821	8,984	22,340	16,213
Finance cost	(306)	(113)	(535)	(273)
Profit before taxation	10,515	8,871	21,805	15,940
Taxation	(2,081)	(887)	(4,339)	(1,873)
Profit for the period	8,434	7,984	17,466	14,067
Total other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(2,018)	108	707	108
Total comprehensive income for the period	6,416	8,092	18,173	14,175
Profit attributable to:				
Owners of the parent	7,017	6,912	14,745	12,312
Non-controlling interests	1,417	1,072	2,721	1,755
	8,434	7,984	17,466	14,067
Total comprehensive income attributable to:				
Owners of the parent	5,679	6,981	15,209	12,381
Non-controlling interests	737	1,111	2,964	1,794
	6,416	8,092	18,173	14,175
Earnings per share attributable to owners of the parent (sen):				
- Basic	6.50	6.46	13.67	11.51
- Diluted	6.18	6.24	12.99	11.12

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying notes attached to this interim financial report.

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**
**PROLEXUS BERHAD (250857-T)
(Incorporated in Malaysia)**

Interim report for the period ended 31 January 2016
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Owners of the Parent →							Non-controlling Interests	Total Equity	
	← Non-distributable →				Distributable					
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Foreign Translation Reserves RM'000	Statutory Reserves RM'000	ESOS Reserves RM'000	Retained Profits RM'000			Total RM'000
At 1 August 2015	57,931	(1,490)	2,502	2,716	501	505	51,790	114,455	11,674	126,129
Foreign currency translation differences for foreign operations	-	-	-	464	-	-	-	464	243	707
Profit for the period	-	-	-	-	-	-	14,745	14,745	2,721	17,466
Total comprehensive income for the period	-	-	-	464	-	-	14,745	15,209	2,964	18,173
Transfer to statutory reserve	-	-	-	-	202	-	(315)	(113)	113	-
Transactions with owners:										
Share-based-payment transactions	-	-	-	-	-	640	-	640	-	640
Share options exercised	1,109	-	784	-	-	(368)	-	1,525	-	1,525
Dividend	-	-	-	-	-	-	(3,017)	(3,017)	-	(3,017)
Total transactions with owners	1,109	-	784	-	-	272	(3,017)	(852)	-	(852)
At 31 January 2016	59,040	(1,490)	3,286	3,180	703	777	63,203	128,699	14,751	143,450
At 1 August 2014	40,870	(1,490)	869	686	207	314	51,238	92,694	8,259	100,953
Foreign currency translation differences for foreign operations	-	-	-	69	-	-	-	69	39	108
Profit for the period	-	-	-	-	-	-	12,312	12,312	1,755	14,067
Total comprehensive income for the period	-	-	-	69	-	-	12,312	12,381	1,794	14,175
Transfer to statutory reserve	-	-	-	-	36	-	(36)	-	-	-
Transactions with owners:										
Share-based-payment transactions	-	-	-	-	-	736	-	736	-	736
Share options exercised	903	-	925	-	-	(317)	-	1,511	-	1,511
Bonus Issue	15,376	-	-	-	-	-	(15,376)	-	-	-
Dividend	-	-	-	-	-	-	(2,688)	(2,688)	-	(2,688)
Total transactions with owners	16,279	-	925	-	-	419	(18,064)	(441)	-	(441)
At 31 January 2015	57,149	(1,490)	1,794	755	243	733	45,450	104,634	10,053	114,687

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying notes attached to this interim financial report.

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**

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

Interim report for the period ended 31 January 2016
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarter Ended 31 January 2016 RM'000	Cumulative Quarter Ended 31 January 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	21,805	15,940
Adjustments for :		
Depreciation	1,761	1,840
Interest expense	535	273
Interest income	(161)	(84)
Unrealised loss/(gain) on foreign exchange	79	(4,600)
(Gain)/loss on disposal of property, plant and equipment	(119)	8
Fair value (gain)/loss on derivative financial instruments	(852)	1,870
Equity-settled share based payment	640	736
Operating profit before working capital changes	23,688	15,983
Decrease in inventories	10,966	10,480
Decrease/(increase) in receivables	12,671	(12,835)
Decrease in payables	(7,659)	(7,678)
Cash generated from operations	39,666	5,950
Tax paid	(2,381)	(1,534)
Interest paid	(535)	(273)
Net cash generated from operating activities	36,750	4,143
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,056)	(1,668)
Placement of fixed deposits	631	(1,063)
Placement of fixed deposits pledged with banks	-	(555)
Purchase of investments	-	(500)
Proceeds from disposal of property, plant and equipment	151	10
Interest received	161	84
Net cash used in investing activities	(14,113)	(3,692)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment from export credit refinancing	(781)	(409)
Drawdown/(repayment) of term loan	6,721	(133)
Repayment of finance lease liabilities	(30)	(36)
Drawdown of revolving credit	8,000	-
Repayment of trust receipts	(4,691)	(157)
Proceeds from issuance of shares pursuant to ESOS	1,525	1,511
Dividend paid	(3,017)	(2,688)
Net cash generated from/(used in) financing activities	7,727	(1,912)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	30,364	(1,461)
Effects of exchange rate differences on cash and cash equivalents	1,439	1,141
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	29,594	32,038
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	61,397	31,718
Cash and cash equivalents comprise:		
Deposits with licensed banks	5,387	3,249
Cash and bank balances	59,033	31,087
	64,420	34,336
Less: Deposits with maturity more than 3 months	(2,440)	(1,063)
Less: Deposits pledged with banks	(583)	(1,555)
	61,397	31,718

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 July 2015 and the accompanying notes attached to this interim financial report.

APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE 2016 (CONT'D)

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

Interim report for the period ended 31 January 2016
(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 July 2015, the Group prepared its financial statements in accordance with MFRS, International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act, 1965 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 2015.

2. 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:

MFRS 14	Regulatory Deferral Accounts	Effective 1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	Effective 1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	Effective 1 January 2016
Amendments to MFRS 10, and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective 1 January 2016
MFRS 101	Disclosure Initiative	Effective 1 January 2016
Amendments to MFRS 7 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	Effective 1 January 2016
Amendments to MFRS 116, and MFRS 141	Agriculture: Bearer Plants	Effective 1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	Effective 1 January 2016
MFRS 9	Financial Instruments (IFRS 9 issued by IASB In July 2014)	Effective 1 January 2018
MFRS 15	Revenue from Contracts with Customers	Effective 1 January 2018
Amendments to MFRS 7	Mandatory Date of MFRS 9 and Transition Disclosures	Effective 1 January 2018

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 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.

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**

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

Interim report for the period ended 31 January 2016
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D.)

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

Dividend paid during the current and previous corresponding period are as follows:

	31.1.16	31.1.15
First and final dividend for the financial year	31 July 2015	31 July 2014
Declared and approved on	10 December 2015	10 December 2014
Date payable	14 January 2016	14 January 2015
Dividend per share	2.70 sen	3.50 sen
Entitlement to dividends based on Record of Depositors as at	31 December 2015	15 December 2014
Number of ordinary shares (excluding treasury shares)	111,757,600	76,814,400
Net dividend payable	RM3,017,455	RM2,688,504

8. Segmental reporting

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

	<u>Apparel</u>	<u>Advertising</u>	<u>Investment Holding</u>	<u>Elimination</u>	<u>Consolidated Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 January 2016					
REVENUE					
External sales	198,117	5,792	636	-	204,545
Inter-segment sales	-	-	2,779	(2,779)	-
Total revenue	<u>198,117</u>	<u>5,792</u>	<u>3,415</u>	<u>(2,779)</u>	<u>204,545</u>
RESULTS					
Segment results	19,551	2,287	341	-	22,179
Interest expense	(280)	-	(255)	-	(535)
Interest income	66	38	57	-	161
Taxation	(3,827)	(468)	(44)	-	(4,339)
Profit for the period	<u>15,510</u>	<u>1,857</u>	<u>99</u>	<u>-</u>	<u>17,466</u>

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**

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

Interim report for the period ended 31 January 2016
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D.)

8. Segmental reporting (cont'd.)

	<u>Apparel</u>	<u>Advertising</u>	<u>Investment</u> <u>Holding</u>	<u>Elimination</u>	<u>Consolidated</u> <u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 31 January 2015					
REVENUE					
External sales	156,769	6,287	560	-	163,616
Inter-segment sales	-	-	2,824	(2,824)	-
Total revenue	<u>156,769</u>	<u>6,287</u>	<u>3,384</u>	<u>(2,824)</u>	<u>163,616</u>
RESULTS					
Segment results	13,158	2,349	622	-	16,129
Interest expense	(270)	-	(3)	-	(273)
Interest income	48	28	8	-	84
Taxation	(1,873)	-	-	-	(1,873)
Profit for the period	<u>11,063</u>	<u>2,377</u>	<u>627</u>	<u>-</u>	<u>14,067</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.

9. Event subsequent to the end of reporting period

Internal Restructuring

On 3 February 2016, there is a re-organisation of the Group structure ("Transaction") in the Company. The indirect 100% owned subsidiary, Trans Pacific Textile (M) Sdn. Bhd. (Formerly known as Pacific Mission Sdn. Bhd.) shall be the direct wholly-owned subsidiary of the Company. The transaction involved the transfer of the entire equity interest of 500,000 ordinary shares of RM1.00 each in Trans Pacific Textile (M) Sdn. Bhd. from the Company's wholly-owned subsidiary, Bixiz Kids Incorporated (M) Sdn. Bhd. to the Company for a total cash consideration of RM500,000.00 only. The transaction is to enhance the overall operational efficiency of the Group.

Memorandum of Understanding ("MOU")

The Company had on 5 February 2016 entered into a MOU with Men-Chuen Fibre Industry Co., Ltd. ("MC") for the purpose of forming a strategic partnership between the parties to further enhance their business activities and complement each other's businesses. MC is a well-established knitted fabric mill involved in knitting and dyeing with operations in Taiwan and Vietnam. Men-Chuen Vietnam Co. Ltd. ("MCV"), is a wholly-owned subsidiary of MC principally involved in manufacturing of knitted fabrics in Vietnam.

Salient features of the MOU are as follows:-

1. The Company intends to expand into upstream apparel production through its subsidiary, Trans Pacific Textile (M) Sdn. Bhd. ("TPT"), by setting up a fabric mill.
2. MC shall participate in the new fabric mill by investing and subscribing for an amount to be agreed upon in the issued and paid-up share capital of TPT and provide its expertise in all relevant areas.
3. The Company shall also be setting up an apparel manufacturing plant in Vietnam as part of the Group's capacity expansion plans.
4. MCV shall invest in the proposed Vietnam plant for an amount to be mutually agreed upon and in turn the Company shall invest a similar stake in MCV.
5. An agreement embodying all the terms and conditions that the parties have agreed upon shall be executed within 6 months from the date of the MOU. Each party shall be at liberty to enter into the agreement either under its own name or any of its subsidiaries, associate companies or newly incorporated entities.

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**

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

Interim report for the period ended 31 January 2016
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D.)

10. Changes in composition of the Group

There were no changes in the composition of the Group during the period ended 31 January 2016.

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	1,245
- Authorised but not contracted for	2,931
	<u>4,176</u>

13. Authorisation for issue

On 28 March 2016, the Board of Directors authorized the issue of this interim report.

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**
**PROLEXUS BERHAD (250857-T)
(Incorporated in Malaysia)**

Interim report for the period ended 31 January 2016
(The figures have not been audited)

**ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING
REQUIREMENTS**
1) Review of Group performance

	Individual Quarter		Cumulative Quarter	
	31 January		31 January	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	99,867	83,913	204,545	163,616
Profit before taxation	<u>10,515</u>	<u>8,871</u>	<u>21,805</u>	<u>15,940</u>

Comparison with corresponding quarter of the preceding financial year

Revenue of the Group for the current quarter of RM 99,867,000 is higher when compared with the revenue of the corresponding quarter of the preceding financial year of RM 83,913,000. The increase in revenue is attributable to higher revenue in apparel division.

Profit before taxation increased from RM 8,871,000 for the corresponding quarter of the preceding year to RM 10,515,000 for the current quarter mainly due to increase in profits from the apparel division.

Comparison with preceding quarter

	3 months ended 31 January 2016 RM'000	3 months ended 31 October 2015 RM'000
Revenue	99,867	104,678
Profit before taxation	<u>10,515</u>	<u>11,290</u>

Revenue of the Group for the current quarter of RM 99,867,000 is lower when compared with the revenue of the preceding quarter of RM 104,678,000. The decrease in revenue is mainly due to lower revenue from the apparel division.

Profit for the current quarter is lower when compared with that of the preceding quarter as a result of lower revenue from the apparel division.

2) Current year prospects

Barring any significant economic changes and unforeseen circumstances, the Group's performance for the forthcoming quarters are expected to remain stable.

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.

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**
**PROLEXUS BERHAD (250857-T)
(Incorporated in Malaysia)**

Interim report for the period ended 31 January 2016
(The figures have not been audited)

**ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING
REQUIREMENTS (CONT'D.)**
5) Profit for the period

Included in profit for the period are as follows:

	Individual Quarter		Cumulative Quarter	
	31 January		31 January	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Depreciation	940	945	1,761	1,840
Interest expense	306	113	535	273
Interest income	(65)	(34)	(161)	(84)
Unrealised loss/(gain) on foreign exchange	1,361	(3,515)	79	(4,600)
Fair value (gain)/loss on derivative financial instruments	(869)	1,621	(852)	1,870
Equity-settled share based payment (Gain)/loss on disposal of property, plant and equipment	57	77	640	736
	<u>(96)</u>	<u>-</u>	<u>(119)</u>	<u>8</u>

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.

6) Taxation

	Individual Quarter		Cumulative Quarter	
	31 January		31 January	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Taxation	<u>2,081</u>	<u>887</u>	<u>4,339</u>	<u>1,873</u>

The effective tax rate of the Group is lower than the statutory tax rate due principally to utilization of unabsorbed tax losses brought forward and the benefit of allowance for increased exports incentive.

7) Profit on disposal of quoted or unquoted investments or properties

There were no disposals of quoted or unquoted investments or properties during the current quarter.

8) Status of corporate proposal

As at 28 March 2016, the outstanding corporate proposal is in relation to the Proposed Renounceable Rights Issue of up to 62,531,620 new ordinary shares of RM 0.50 each in the Company together with up to 62,531,620 free detachable warrants on the basis of One (1) Rights Share together with One (1) free warrant for every two (2) existing ordinary shares of RM 0.50 each held by the entitled shareholders of the Company at an entitlement date to be determined and at an issue price to be fixed by the board at a later date ("Proposed Rights Issue").

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**
**PROLEXUS BERHAD (250857-T)
(Incorporated in Malaysia)**

Interim report for the period ended 31 January 2016
(The figures have not been audited)

**ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING
REQUIREMENTS (CONT'D.)**
8) Status of corporate proposal (cont'd.)

In relation to the above, there are also a proposed increase in authorised share capital of the Company from RM 100,000,000 comprising 200,000,000 ordinary shares of RM 0.50 each to RM 250,000,000 comprising 500,000,000 ordinary shares of RM 0.50 each ("Proposed Increase in Authorised Share Capital") and a proposed amendments to the Memorandum and Article of Association of the Company ("Proposed Amendments").

An Extraordinary General Meeting of the Company will be held on 7 April 2016 for the purpose of the Proposed Rights Issue, Proposed Increase in Authorised Share Capital and Proposed Amendments.

9) Group borrowings and debts securities

Details of the Group's borrowings as at 31 January 2016 are as follows:

	Short Term RM'000	Long Term RM'000
Secured	16,182	9,606
Unsecured	-	-
Total	<u>16,182</u>	<u>9,606</u>

Borrowings denominated in foreign currency as at 31 January 2016 are as follows:

	Secured Short Term RM'000
Trade financing denominated in USD	<u>6,867</u>

10) Derivative financial instruments

	Contract/ Notional amount RM'000	Assets/ (Liabilities) RM'000
<u>31 January 2016</u>		
Current		
Non-hedging derivatives:		
Forward currency contract	<u>16,932</u>	<u>774</u>

The Group 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 April 2016.

During the quarter, the Group recognised a gain of RM 869,000 arising from fair value changes on derivative financial instruments. The fair value changes are attributable to changes in foreign exchange forward rate.

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**

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

Interim report for the period ended 31 January 2016
(The figures have not been audited)

**ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING
REQUIREMENTS (CONT'D.)**
11) Material litigations

There was no material litigation pending since the last reporting period.

12) Proposed dividend

The Board of Directors is pleased to declare an interim dividend of 1.5 sen per ordinary share of RM0.50 each for the financial year ending 31 July 2016 at an entitlement date to be determined later.

In the previous corresponding period, the Board of Directors had declared an interim dividend of 1.5 sen per ordinary share of RM0.50 each for the financial year ended 31 July 2015.

13) Realised and unrealised profits/losses disclosure

	As at 31 January 2016 RM'000	As at 31 July 2015 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	76,111	61,422
- Unrealised	(89)	(741)
	<hr/> 76,022	<hr/> 60,681
Less : Consolidation adjustments	(12,819)	(8,891)
Total Group's retained profits as per consolidated accounts	<hr/> 63,203	<hr/> 51,790

**APPENDIX V – UNAUDITED QUARTERLY REPORT OF PROLEXUS FOR THE 6-MONTH FPE
2016 (CONT'D)**
**PROLEXUS BERHAD (250857-T)
(Incorporated in Malaysia)**

Interim report for the period ended 31 January 2016
(The figures have not been audited)

**ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING
REQUIREMENTS (CONT'D.)**
14) Earnings per share

	Individual Quarter 31 January		Cumulative Quarter 31 January	
	2016	2015	2016	2015
(a) Basic earnings per share				
Profit for the period attributable to equity holders (RM'000)	7,017	6,912	14,745	12,312
Weighted average number of ordinary shares in issue ('000)	107,886	106,957	107,886	106,957
Basic earnings per share (sen)	<u>6.50</u>	<u>6.46</u>	<u>13.67</u>	<u>11.51</u>
(b) Diluted earnings per share				
Profit for the period attributable to equity holders (RM'000)	7,017	6,912	14,745	12,312
Weighted average number of ordinary shares in issue ('000)	113,493	110,750	113,493	110,750
Diluted earnings per share (sen)	<u>6.18</u>	<u>6.24</u>	<u>12.99</u>	<u>11.12</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)
28 March 2016

APPENDIX VI – DIRECTORS' REPORT



PROLEXUS BERHAD (250857-T)

Corporate Office
37-2 Block C, Jaya One,
72A Jalan Universiti,
46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel: 603-7954 0018 Fax: 603-7958 8359

Registered Office:
51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

Date: 9 May 2016

The Shareholders of Prolexus Berhad ("**Prolexus**" or the "**Company**")

Dear Sir/ Madam,

On behalf of the Board of Directors of Prolexus ("**Board**"), I wish to report that after due enquiry by the Board in relation to the interval between the period from 31 July 2015 (being the date to which the last audited financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

- (i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have risen since the last audited financial statements of the Group which has adversely affected the trading or the value of the assets of the Group;
- (iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Abridged Prospectus, there are no contingent liabilities by reason of any guarantee or indemnity given by the Group;
- (v) there have been no default or any known event since the last audited financial statements of the Group that could give rise to a default situation on payments of either interest and/or principal sums for any borrowings; and
- (vi) save as disclosed in this Abridged Prospectus, there has been no material changes in the published reserves or unusual factors affecting the profits of the Group since the last audited financial statements of the Group.

Yours faithfully,
For and on behalf of the Board of
PROLEXUS BERHAD

A handwritten signature in black ink, appearing to read 'Ahmad Mustapha Ghazali'.

AHMAD MUSTAPHA GHAZALI
Executive Chairman

APPENDIX VII – ADDITIONAL INFORMATION

1. SHARE CAPITAL

- (i) Save for the Rights Shares, Warrants and the new Prolexus Shares to be issued pursuant to the exercise of Warrants, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is only one (1) class of shares in our Company, namely the ordinary shares of RM0.50 each, all of which rank pari passu with one another.
- (iii) Save as disclosed below, no other person has been or is entitled to be granted an option to subscribe for any of our securities as at the date of this Abridged Prospectus:-
 - (a) The Entitled Shareholders will be provisionally allotted with the Rights Shares and corresponding numbers of Warrants. The Warrants are exercisable at an exercise price of RM1.20 each during the exercise period of five (5) years from the date of its first issuance thereof.
 - (b) Pursuant to the ESOS, the eligible employees and Directors of our Group have been and may be granted ESOS Options to subscribe for new Shares up to but not exceeding 15% of our total issued and paid-up share capital (excluding treasury shares) at any time, prior to its expiry on 8 September 2018. As at the LPD, a total of 5,670,800 ESOS Options are unexercised and outstanding. The breakdown of these ESOS Options are set out below:-
 - (aa) 3,471,940 ESOS Options exercisable at an exercise price of RM0.586;
 - (bb) 635,180 ESOS Options exercisable at an exercise price of RM0.904;
 - (cc) 1,115,680 ESOS Options exercisable at an exercise price of RM0.971;
 - (dd) 448,000 ESOS Options exercisable at an exercise price of RM1.007;

The consideration for the acceptance of the offer and grant of the ESOS Options is RM1.00. The number of ESOS Options and the exercise price of the ESOS Options may be subject to adjustments in accordance with our Company's by-laws governing the ESOS.

2. DIRECTORS' REMUNERATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are set out below:-

Article 86

The fees of the Directors shall be from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine, but the remuneration (other than fees) of the executive Directors shall from time to time be determined by the Managing Director. Provided always that:-

- (a) *fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;*

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

- (b) *salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;*
- (c) *fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting; and*
- (d) *any fee paid to an alternate director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

Article 110(a)

A Director may with the approval of a majority of his co-directors, appoint any person to act as his alternate and at his discretion by way of a notice to the Board, remove such alternate director from office. PROVIDED ALWAYS that any fee paid by the Company to the alternate director shall be deducted from that Director's remuneration.

Article 112

The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Abridged Prospectus:-

- (i) Sale and Purchase Agreement dated 19 September 2014 between Plas Industries Sdn Bhd, a wholly-owned subsidiary of the Company, and South East Garment Manufacturing Sdn Bhd pursuant to the acquisition by Plas Industries Sdn Bhd of a piece of land held under Hakmilik Sementara No. H.S.(D) 13621, No. PT 172, Mukim 14, Daerah Seberang Perai Utara, Pulau Pinang measuring an area of 6,897.7919 square metre together with a single storey detached factory with an annexed double storey office building for a total cash consideration of RM4,300,000.
- (ii) Sale and Purchase Agreement dated 20 April 2015 between Honsin Apparel Sdn Bhd ("**Honsin**"), a wholly-owned subsidiary of the Company, and Pride Eastland Sdn Bhd pursuant to the acquisition by Honsin of a piece of land held under Geran Mukim, 3466, Lot 4373 situated in the Mukim of Simpang Kanan, District of Batu Pahat, State of Johor measuring an area of 2 acres, 0 rood and 8 poles and together with a three storey shophouse for a total cash consideration of RM3,304,026.
- (iii) Sale and Purchase Agreement dated 8 June 2015 between Trans Pacific Textile (M) Sdn Bhd ("**TPT**"), a wholly-owned subsidiary of the Company, and Khing Sing Hing Development Sdn Bhd pursuant to the acquisition by TPT of a piece of land held under GRN 85901, Lot 4769 situated in Mukim Kluang, District of Kluang, Johor measuring an area of 3.7534 hectares for a total cash consideration of RM3,329,927.40.
- (iv) Sale and Purchase Agreement dated 8 June 2015 between TPT, Lim Neo Moi, Sia King Chee and Siah Kim Seng pursuant to the acquisition by TPT of a piece of land held under GRN 85891, Lot 4767 situated in Mukim Kluang, District of Kluang, Johor measuring an area of 3.6598 hectares for a total cash consideration of RM3,246,887.70.

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

- (v) Sale and Purchase Agreements dated 8 June 2015 between TPT, Seah Kim Moi and Sia Kim Tee pursuant to the acquisition by TPT of a piece of land held under GRN 85895, Lot 4768 situated in Mukim Kluang, District of Kluang, Johor measuring an area of 3.7458 hectares for a total cash consideration of RM3,323,184.90.
- (vi) Memorandum of Understanding dated 5 February 2016 entered into between our Company and Men-Chuen Fibre Industry Co., Ltd. (collectively, the “Parties”) for the purpose of forming a strategic partnership between the Parties to further enhance their business activities and complement each other’s businesses. Pursuant to the Memorandum of Understanding, an agreement embodying all the terms and conditions that the Parties have agreed upon shall be executed within six (6) months from the date of the Memorandum of Understanding.
- (vii) Agreement dated 27 April 2016 entered into between Trans Pacific Textile (VN) Company Limited, an indirect wholly-owned subsidiary of the Company, and Long Jiang Industrial Park Development Co., Ltd. to lease two (2) parcels of industrial land measuring an area of 61,950 square metre located at Lot 125 and 126, Long Jiang Industrial Park, Tan Lap 1 Commune, Tan Phuoc District, Tien Giang Province, Vietnam for a total land lease rental of USD2,787,750 (equivalent to approximately RM10,884,770).
- (viii) Deed Poll dated 5 May 2016 executed by our Company constituting the Warrants.
- (ix) Underwriting Agreement dated 5 May 2016 entered into between our Company and the Joint Underwriters for the underwriting of the Underwritten Shares for an underwriting commission of 1.8%.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, to the best knowledge of our Board and after making all reasonable enquiries, our Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board has no knowledge of any proceedings pending or threatened against our Group or any facts which are likely to give rise to any proceedings, which may materially and adversely affect the business or financial position of our Group.

5. CONSENTS

Our Principal Adviser, Joint Underwriters, Company Secretary, Share Registrar, Principal Bankers, the Due Diligence Solicitors and Bloomberg L.P. have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names, the Reporting Accountants’ letter on the proforma consolidated statements of financial position of our Company as at 31 July 2015, the audited consolidated financial statements of our Company for the FYE 2015 together with auditors’ report, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)**6. GENERAL**

- (i) There is no existing or proposed service contract entered into by our Group with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- (ii) Save as disclosed in this Abridged Prospectus, after having made all reasonable enquiries and to the best of our Board's knowledge, the financial conditions and operations of our Group are not affected by any of the following:-
 - (a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
 - (b) material commitments for capital expenditure of our Group;
 - (c) unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from operations and the extent to which income was so affected;
 - (d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on our Group's revenue or operating income;
 - (e) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits; and
 - (f) substantial increase in revenue.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Prolexus at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang during normal business hours from Monday to Friday (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

- (i) the Memorandum and Articles of Association of Prolexus;
- (ii) audited consolidated financial statements of Prolexus for the past two (2) FYE 2014 and FYE 2015 and the unaudited quarterly report of Prolexus for the six (6)-month FPE 2016;
- (iii) the material contracts (including the Deed Poll) referred to in Section 3 above;
- (iv) the letters of consent referred to in Section 5 above;
- (v) the letter of Undertakings by the Undertaking Shareholders as referred to in Section 2.4 of this Abridged Prospectus;
- (vi) the proforma consolidated statements of financial position of Prolexus as at 31 July 2015 together with the Reporting Accountants' letter thereon as set out in Appendix III of this Abridged Prospectus; and
- (vii) the Directors' report as set out in Appendix VI of this Abridged Prospectus.

APPENDIX VII – ADDITIONAL INFORMATION (CONT'D)

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the accompanying NPA and RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement/information herein misleading.

KAF IB, being our Principal Adviser and Joint Underwriter for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue.