

PROLEXUS BERHAD
Company No. 250857-T

(Incorporated in Malaysia)

Interim Financial Report
30 April 2017

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

Interim report for the period ended 30 April 2017
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30.4.17 RM'000	Audited as at 31.7.16 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	88,569	83,080
Land use rights	12,584	11,847
Investments	511	502
Intangible assets	2,712	2,712
	<u>104,376</u>	<u>98,141</u>
Current Assets		
Inventories	19,126	20,767
Trade receivables	47,031	67,450
Other receivables, deposits and prepayments	15,256	9,075
Tax recoverable	377	162
Derivative financial instruments	93	243
Fixed deposits with licensed banks	28,690	58,973
Cash and bank balances	88,641	49,010
	<u>199,214</u>	<u>205,680</u>
TOTAL ASSETS	<u>303,590</u>	<u>303,821</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	121,440	88,389
Treasury shares	(1,490)	(1,490)
Reserves	6,489	34,202
Retained profits	87,730	75,304
	<u>214,169</u>	<u>196,405</u>
Non-controlling interests	23,808	15,566
Total equity	<u>237,977</u>	<u>211,971</u>
Non-current Liabilities		
Borrowings	7,288	8,063
Deferred taxation	2,161	2,161
	<u>9,449</u>	<u>10,224</u>
Current Liabilities		
Trade payables	10,913	27,138
Other payables and accruals	27,575	38,211
Borrowings	17,174	13,710
Provision for taxation	502	2,567
	<u>56,164</u>	<u>81,626</u>
Total liabilities	65,613	91,850
TOTAL EQUITY AND LIABILITIES	<u>303,590</u>	<u>303,821</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.36	1.23

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 2016 and the accompanying notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	30 April		30 April	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	61,719	72,948	258,118	277,493
Cost of sales	(50,602)	(58,925)	(209,269)	(223,538)
Gross profit	11,117	14,023	48,849	53,955
Other operating income	567	653	5,489	3,797
Administrative expenses	(6,214)	(7,922)	(20,179)	(22,581)
Selling and distribution expenses	(1,615)	(2,407)	(7,541)	(8,230)
Other operating expenses	(89)	(77)	(561)	(331)
Operating profit	3,766	4,270	26,057	26,610
Finance cost	(352)	(330)	(1,034)	(865)
Profit before taxation	3,414	3,940	25,023	25,745
Taxation	(1,251)	690	(5,813)	(3,649)
Profit for the period	2,163	4,630	19,210	22,096
Total other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(1,347)	(2,025)	2,748	(1,318)
Total comprehensive income for the period	816	2,605	21,958	20,778
Profit attributable to:				
Owners of the parent	1,589	3,450	15,677	18,195
Non-controlling interests	574	1,180	3,533	3,901
	2,163	4,630	19,210	22,096
Total comprehensive income attributable to:				
Owners of the parent	549	1,901	17,847	17,110
Non-controlling interests	267	704	4,111	3,668
	816	2,605	21,958	20,778
Earnings per share attributable to owners of the parent (sen):				
- Basic	0.93	2.57 *	9.15	13.55 *
- Diluted	0.86	2.49 *	8.47	13.14 *

* Comparative number of shares was restated to take into account the effect of Rights Issue.

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 2016 and the accompanying notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Parent											
	Non-distributable						Distributable					
	Share Capital	Treasury Shares	Share Premium	Foreign Translation Reserves	Warrants Reserves	Discount on Shares	Statutory Reserves	ESOS Reserves	Retained Profits	Total	Non-controlling Interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 August 2016	88,389	(1,490)	30,845	2,169	18,477	(18,477)	606	582	75,304	196,405	15,566	211,971
Foreign currency translation differences for foreign operations	-	-	-	2,170	-	-	-	-	-	2,170	578	2,748
Profit for the period	-	-	-	-	-	-	-	-	15,677	15,677	3,533	19,210
Total comprehensive income for the period	-	-	-	2,170	-	-	-	-	15,677	17,847	4,111	21,958
Transfer to statutory reserve	-	-	-	-	-	-	320	-	(237)	83	(83)	-
Transactions with owners:												
Conversion of warrants	736	-	1,031	-	(575)	575	-	-	-	1,767	-	1,767
Share-based-payment transactions	-	-	-	-	-	-	-	746	-	746	-	746
Share options exercised	275	-	164	-	-	-	-	(104)	-	335	-	335
Issuance of shares in a subsidiary to non-controlling interest	-	-	-	-	-	-	-	-	-	-	4,400	4,400
Dividend	-	-	-	-	-	-	-	-	(3,014)	(3,014)	-	(3,014)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(186)	(186)
Total transactions with owners	1,011	-	1,195	-	(575)	575	-	642	(3,014)	(166)	4,214	4,048
Transition to no-par value regime on 31 January 2017 [^]	32,040	-	(32,040)	-	-	-	-	-	-	-	-	-
At 30 April 2017	121,440	(1,490)	-	4,339	17,902	(17,902)	926	1,224	87,730	214,169	23,808	237,977
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	-	-	-	(1,085)	-	-	-	-	-	(1,085)	(233)	(1,318)
Profit for the period	-	-	-	-	-	-	-	-	18,195	18,195	3,901	22,096
Total comprehensive income for the period	-	-	-	(1,085)	-	-	-	-	18,195	17,110	3,668	20,778
Transfer to statutory reserve	-	-	-	-	-	-	213	-	(333)	(120)	120	-
Transactions with owners:												
Share-based-payment transactions	-	-	-	-	-	-	-	640	-	640	-	640
Share options exercised	1,765	-	1,263	-	-	-	-	(576)	-	2,452	-	2,452
Dividend	-	-	-	-	-	-	-	-	(3,017)	(3,017)	-	(3,017)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(577)	(577)
Total transactions with owners	1,765	-	1,263	-	-	-	-	64	(3,017)	75	(577)	(502)
At 30 April 2016	59,696	(1,490)	3,765	1,631	-	-	714	569	66,635	131,520	14,885	146,405

[^] The new Companies Act 2016 ("the Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM32,040,000 for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares or the relative entitlement of any of the members as a result of this transition.

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 2016 and the accompanying notes attached to this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarter Ended 30 April 2017 RM'000	Cumulative Quarter Ended 30 April 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,023	25,745
Adjustments for :		
Depreciation	3,382	2,416
Amortisation of land use rights	234	13
Dividend income	(9)	(18)
Interest expense	1,035	865
Interest income	(1,110)	(192)
Unrealised loss on foreign exchange	801	1,604
Gain on disposal of property, plant and equipment	(153)	(122)
Fair value loss/(gain) on derivative financial instruments	150	(94)
Equity-settled share based payment	746	640
Operating profit before working capital changes	<u>30,099</u>	<u>30,857</u>
Decrease/(increase) in inventories	1,641	(10,043)
Decrease in receivables	14,738	4,610
(Decrease)/increase in payables	<u>(26,442)</u>	<u>1,082</u>
Cash generated from operations	<u>20,036</u>	<u>26,506</u>
Tax paid	(7,884)	(3,210)
Interest paid	<u>(1,035)</u>	<u>(865)</u>
Net cash generated from operating activities	<u>11,117</u>	<u>22,431</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,142)	(15,714)
Proceeds from issuance of shares in a subsidiary to non-controlling interest	4,400	-
Dividend income	9	18
Withdrawal of fixed deposits	1,744	316
Proceeds from disposal of plant and equipment	225	151
Interest received	<u>1,110</u>	<u>192</u>
Net cash used in investing activities	<u>(1,654)</u>	<u>(15,037)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(186)	-
Repayment of export credit refinancing	-	(3,804)
(Repayment)/drawdown of term loan	(2,030)	6,379
Drawdown/(repayment) of finance lease liabilities	110	(29)
(Repayment)/drawdown of revolving credit	(2,000)	8,000
Drawdown/(repayment) of trust receipts	6,207	(1,639)
Proceeds from issuance of shares pursuant to ESOS	335	2,452
Proceeds from issuance of shares pursuant to conversion of warrants	1,767	-
Dividend paid	<u>(3,014)</u>	<u>(3,017)</u>
Net cash generated from financing activities	<u>1,189</u>	<u>8,342</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,652	15,736
Effects of exchange rate differences on cash and cash equivalents	431	820
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	105,647	29,594
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	116,730	46,150
Cash and cash equivalents comprise:		
Deposits with licensed banks	28,690	6,844
Cash and bank balances	<u>88,641</u>	<u>42,382</u>
	<u>117,331</u>	<u>49,226</u>
Less: Deposits with maturity more than 3 months	-	(2,493)
Less: Deposits pledged with banks	<u>(601)</u>	<u>(583)</u>
	<u>116,730</u>	<u>46,150</u>

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 2016 and the accompanying notes attached to this interim financial report.

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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.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2016. 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 2016.

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:

Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014-2016 Cycle	Effective 1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	Effective 1 January 2018
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
MFRS 16	Leases	Effective 1 January 2019
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014-2016 Cycle	Effective 1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	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.

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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 except for the following:

- (i) Issuance of 7950 new ordinary shares pursuant to exercise of ESOS at RM 0.50 per share. The total cash proceeds arising from the exercise of warrants during the current quarter amounted to RM 3,975;
- (ii) Issuance of 11,850 new ordinary shares pursuant to exercise of ESOS at RM 0.722 per share. The total cash proceeds arising from the exercise of warrants during the current quarter amounted to RM 8,556;
- (iii) Issuance of 76,225 new ordinary shares pursuant to exercise of ESOS at RM 0.775 per share. The total cash proceeds arising from the exercise of warrants during the current quarter amounted to RM 59,075;
- (iv) Issuance of 19,500 new ordinary shares pursuant to exercise of ESOS at RM 1.234 per share. The total cash proceeds arising from the exercise of warrants during the current quarter amounted to RM 24,063;
- (v) Issuance of 1,400 new ordinary shares pursuant to the exercise of warrants at RM1.20 per share. The total cash proceeds arising from the exercise of warrants during the current quarter amounted to RM 1,680.

7. Dividend paid

There was no dividend paid during the current and previous corresponding quarter.

8. Segmental reporting

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

	<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 30 April 2017					
REVENUE					
External sales	248,387	9,272	459	-	258,118
Inter-segment sales	-	-	5,136	(5,136)	-
Total revenue	<u>248,387</u>	<u>9,272</u>	<u>5,595</u>	<u>(5,136)</u>	<u>258,118</u>
RESULTS					
Segment results	21,144	3,914	223	(333)	24,948
Interest expense	(551)	-	(484)	-	(1,035)
Interest income	64	40	1,006	-	1,110
Taxation	(3,894)	(1,589)	(330)	-	(5,813)
Profit for the period	<u>16,763</u>	<u>2,365</u>	<u>415</u>	<u>(333)</u>	<u>19,210</u>

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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 30 April 2016					
REVENUE					
External sales	268,303	8,132	1,058	-	277,493
Inter-segment sales	-	-	4,791	(4,791)	-
Total revenue	<u>268,303</u>	<u>8,132</u>	<u>5,849</u>	<u>(4,791)</u>	<u>277,493</u>
RESULTS					
Segment results	22,789	2,987	1,893	(1,251)	26,418
Interest expense	(420)	-	(445)	-	(865)
Interest income	76	59	57	-	192
Taxation	(3,021)	(613)	(15)	-	(3,649)
Profit for the period	<u>19,424</u>	<u>2,433</u>	<u>1,490</u>	<u>(1,251)</u>	<u>22,096</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

As at 30 June 2017, there were no material events subsequent to the end of the current financial period-to-date that have not been reflected in the financial statements.

10. Changes in composition of the Group

There were no changes in the composition of the Group during the period ended 30 April 2017 except for the following:

Incorporation of new subsidiaries

On 22 January 2017, the Company's indirect 64%-owned subsidiary, Honways Apparel Shuyang Limited ("Honways Apparel Shuyang") had incorporated two subsidiaries known as D. Diamond Apparel (Shuyang) Limited ("D.Diamond Apparel") and Super Sport Apparel (Shuyang) Limited ("Super Sport Apparel"). The certificates of incorporation were received by the Group on 11 April 2017.

D.Diamond Apparel and Super Sport Apparel will be principally involved in E-commerce sales for high-end casual wear and high-end sportswear respectively. The incorporation of these two subsidiaries is in line with the Group's expansion plan.

Voluntary winding up

The Company's wholly owned subsidiary, Plas Industries Sdn Bhd ("Plas Industries") had on 22 December 2016 resolved to wind up the 95% owned subsidiary, South East Garment Manufacturing Sdn Bhd ("South East Garment") by way of members' voluntary winding-up pursuant to section 254(1)(b) of the Companies Act, 1965. South East Garment is not major subsidiary to the Company.

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EXPLANATORY NOTES (CONT'D.)

10. Changes in composition of the Group (cont'd.)

Issuance of shares in a subsidiary to non-controlling interest

On 20 March 2017, the Company and Champ Bloom Incorporated (“CBI”) entered into a Shareholders Agreement for the subscription of shares in the Company’s wholly owned subsidiary, Trans Pacific Textile (M) Sdn Bhd (“TPTM”). The total issued and paid up capital of TPTM has increased from RM 500,000 to RM 39,550,000 of which CBI and the Company had subscribed for 4,000,000 and 31,500,000 ordinary shares of RM 1.10 each in TPTM respectively. Upon completion of this transaction, the Company’s equity interest in TPTM has reduced to 88.90%.

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	87,932
- Authorised but not contracted for	33,683
	<hr/>
	121,615
	<hr/>

13. Authorisation for issue

On 30 June 2017, the Board of Directors authorised the issue of this interim report

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

1) Review of Group performance

	Individual Quarter		Cumulative Quarter	
	30 April		30 April	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	61,719	72,948	258,118	277,493
Profit before taxation	<u>3,414</u>	<u>3,940</u>	<u>25,023</u>	<u>25,745</u>

Comparison with corresponding quarter of the preceding financial year

Revenue of the Group for the current quarter of RM 61,719,000 is lower when compared with the revenue of the corresponding quarter of the preceding financial year of RM 72,948,000. The decrease in revenue is mainly from the apparel division.

Profit before taxation decreased from RM 3,940,000 for the corresponding quarter of the preceding year to RM 3,414,000 for the current quarter mainly due to lower contribution from the apparel division.

Comparison with preceding quarter

	3 months ended	3 months ended
	30 April 2017	31 January 2017
	RM'000	RM'000
Revenue	61,719	108,876
Profit before taxation	<u>3,414</u>	<u>12,673</u>

Revenue of the Group for the current quarter of RM 61,719,000 is lower when compared with the revenue of the preceding quarter of RM 108,876,000. The lower revenue is mainly from the apparel division. Consequently, the profit for the current quarter is lower when compared with that of the preceding quarter.

2) Current year prospects

Barring any significant economic changes and unforeseen circumstances, the Group's performance for the forthcoming quarter is expected to be challenging.

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.

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

5) Profit for the period

This is arrived at:

	Individual Quarter		Cumulative Quarter	
	30 April		30 April	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Depreciation	1,156	655	3,382	2,416
Amortisation of land use rights	151	4	234	13
Interest expense	353	330	1,035	865
Interest income	(272)	(31)	(1,110)	(192)
Unrealised loss on foreign exchange	1,160	1,525	801	1,604
Fair value (gain)/loss on derivative financial instruments	(15)	758	150	(94)
Equity-settled share based payment	-	-	746	640
Gain on disposal of property, plant and equipment	(105)	(3)	(153)	(122)

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	
	30 April		30 April	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Taxation	1,251	(690)	5,813	3,649

The cumulative quarter effective tax rate of the Group is lower than the statutory tax rate due principally to utilisation of unabsorbed tax losses brought forward in the local subsidiaries and tax incentives being enjoyed by the foreign subsidiaries.

The individual quarter effective tax rate of the Group is higher than statutory tax rate due to inclusion of under provision of prior year tax of RM1,017,000.

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 30 June 2017, there is no corporate proposal that is outstanding.

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

9) Utilisation of proceeds

On 20 June 2016, the Rights Issue exercise has been completed upon listing of the Rights Shares with free Warrants.

The status of the utilisation of proceeds of RM 56,832,730 raised from the Rights Issues with free Warrants as at 30 April 2017 is as follows:

Purpose	Intended Timeframe for Utilisation	Proposed Amount RM'000	Amount Utilised	Reallocation RM'000	Amount Unutilised as
			as at 30 April 2017 RM'000		at 30 April 2017 RM'000
Construction of a new garment factory in Vietnam	within 24 months ending 30 June 2018	22,000	(695)	-	21,305
Setting up fabric mill	within 24 months ending 30 June 2018	33,233	(7,515)	95	25,813
Estimated expenses in relation to Rights Issue	within 1 month ended 31 July 2016	1,600	(1,505)	(95)	-
		<u>56,833</u>	<u>(9,715)</u>	<u>-</u>	<u>47,118</u>

10) Group borrowings and debts securities

Details of the Group's borrowings as at 30 April 2017 are as follows:

	Short Term RM'000	Long Term RM'000
Secured	17,174	7,288
Unsecured	-	-
Total	<u>17,174</u>	<u>7,288</u>

Borrowings denominated in foreign currency as at 30 April 2017 are as follows:

	Secured Short Term RM'000
Trade financing denominated in USD	<u>9,729</u>

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

11) Derivative financial instruments

	Contract/ Notional amount RM'000	Assets/ (Liabilities) RM'000
<u>30 April 2017</u>		
Current		
Non-hedging derivatives:		
Forward currency contract	<u>8,716</u>	<u>93</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 June 2017.

During the quarter, the Group recognised a gain of RM 15,000 arising from fair value changes on derivative financial instruments.

12) Material litigations

There was no material litigation pending since the last reporting period.

13) Proposed Dividend

The Board of Directors is pleased to declare an interim dividend of 1.25 sen per ordinary share for the financial year ending 31 July 2017 at an entitlement date to be determined later. There was no interim dividend declared in the previous corresponding period.

14) Realised and unrealised profits/losses disclosure

	As at 30 April 2017 RM'000	As at 31 July 2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	108,665	93,727
- Unrealised	<u>(1,010)</u>	<u>(1,716)</u>
	107,655	92,011
Less : Consolidation adjustments	<u>(19,925)</u>	<u>(16,707)</u>
Total Group's retained profits as per consolidated accounts	<u>87,730</u>	<u>75,304</u>

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

15) Earnings per share

	Individual Quarter		Cumulative Quarter	
	30 April		30 April	
	2017	2016	2017	2016
(a) Basic earnings per share				
Profit for the period attributable to equity holders (RM'000)	1,589	3,450	15,677	18,195
Weighted average number of ordinary shares in issue ('000)	171,403	134,302	171,403	134,302
Basic earnings per share (sen)	<u>0.93</u>	<u>2.57</u> *	<u>9.15</u>	<u>13.55</u> *
(b) Diluted earnings per share				
Profit for the period attributable to equity holders (RM'000)	1,589	3,450	15,677	18,195
Weighted average number of ordinary shares in issue ('000)	185,004	138,444	185,004	138,444
Diluted earnings per share (sen)	<u>0.86</u>	<u>2.49</u> *	<u>8.47</u>	<u>13.14</u> *

* Comparative number of shares was restated to take into account the effect of Rights Issue.

16) 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)
30 June 2017