

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

**(Incorporated in Malaysia)**

Interim Financial Report  
31 October 2017

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

Interim report for the period ended 31 October 2017  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|  | <b>Unaudited<br/>as at<br/>31.10.17<br/>RM'000</b> | <b>Audited<br/>as at<br/>31.7.17<br/>RM'000</b> |
|--|--|---|
| <b>ASSETS</b>  |  |   |
| <b>Non-Current Assets</b>  |  |   |
| Property, plant and equipment  | 132,789  | 106,970   |
| Land use rights  | 11,874   | 12,058  |
| Investments  | 527  | 527   |
| Intangible assets  | <u>2,712</u>                                       | <u>2,712</u>                                    |
|  | <u>147,902</u>                                     | <u>122,267</u>                                  |
| <b>Current Assets</b>  |  |   |
| Inventories  | 23,267   | 11,292  |
| Trade receivables  | 55,582   | 61,471  |
| Other receivables, deposits and prepayments  | 17,524   | 9,244   |
| Tax recoverable  | 174  | 222   |
| Fixed deposits with licensed banks   | 13,674   | 42,247  |
| Cash and bank balances   | <u>59,975</u>                                      | <u>62,607</u>                                   |
|  | <u>170,196</u>                                     | <u>187,083</u>                                  |
| <b>TOTAL ASSETS</b>  | <u>318,098</u>                                     | <u>309,350</u>                                  |
| <b>EQUITY AND LIABILITIES</b>  |  |   |
| <b>Equity attributable to owners of the Company</b>                                    |  |   |
| Share capital  | 122,895  | 122,838   |
| Treasury shares  | (1,490)  | (1,490)   |
| Reserves   | 5,567  | 5,812   |
| Retained profits   | <u>94,768</u>                                      | <u>92,426</u>                                   |
|  | <u>221,740</u>                                     | <u>219,586</u>                                  |
| Non-controlling interests  | <u>24,797</u>                                      | <u>24,167</u>                                   |
| <b>Total equity</b>  | <u>246,537</u>                                     | <u>243,753</u>                                  |
| <b>Non-current Liabilities</b>   |  |   |
| Borrowings   | 6,283  | 6,080   |
| Deferred taxation  | <u>2,067</u>                                       | <u>2,061</u>                                    |
|  | <u>8,350</u>                                       | <u>8,141</u>                                    |
| <b>Current Liabilities</b>   |  |   |
| Trade payables   | 9,981  | 4,393   |
| Other payables and accruals  | 33,405   | 42,724  |
| Borrowings   | 18,494   | 8,131   |
| Provision for taxation   | <u>1,331</u>                                       | <u>2,208</u>                                    |
|  | <u>63,211</u>                                      | <u>57,456</u>                                   |
| Total liabilities  | <u>71,561</u>                                      | <u>65,597</u>                                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <u>318,098</u>                                     | <u>309,350</u>                                  |
| <b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b> | 1.28   | 1.26  |

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 2017 and the accompanying notes attached to this interim financial report.

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|   | Individual Quarter |               | Cumulative Quarter |               |
|---|--------------------|---------------|--------------------|---------------|
|   | 31 October         |               | 31 October         |               |
|   | 2017               | 2016          | 2017               | 2016          |
|   | RM'000             | RM'000        | RM'000             | RM'000        |
| Revenue   | 65,333             | 87,523        | 65,333             | 87,523        |
| Cost of sales   | (55,885)           | (72,608)      | (55,885)           | (72,608)      |
| <b>Gross profit</b>   | <b>9,448</b>       | <b>14,915</b> | <b>9,448</b>       | <b>14,915</b> |
| Other operating income  | 2,039              | 2,809         | 2,039              | 2,809         |
| Administrative expenses   | (5,303)            | (5,847)       | (5,303)            | (5,847)       |
| Selling and distribution expenses                                     | (1,915)            | (2,366)       | (1,915)            | (2,366)       |
| Other operating expenses  | (215)              | (209)         | (215)              | (209)         |
| <b>Operating profit</b>   | <b>4,054</b>       | <b>9,302</b>  | <b>4,054</b>       | <b>9,302</b>  |
| Finance cost  | (274)              | (366)         | (274)              | (366)         |
| <b>Profit before taxation</b>   | <b>3,780</b>       | <b>8,936</b>  | <b>3,780</b>       | <b>8,936</b>  |
| Taxation  | (510)              | (1,461)       | (510)              | (1,461)       |
| <b>Profit for the period</b>  | <b>3,270</b>       | <b>7,475</b>  | <b>3,270</b>       | <b>7,475</b>  |
| <b>Total other comprehensive income, net of tax</b>                   |                    |               |                    |               |
| Foreign currency translation differences<br>for foreign operations    | (300)              | 1,443         | (300)              | 1,443         |
| <b>Total comprehensive income for the period</b>                      | <b>2,970</b>       | <b>8,918</b>  | <b>2,970</b>       | <b>8,918</b>  |
| <b>Profit attributable to:</b>  |                    |               |                    |               |
| Owners of the parent  | 2,342              | 6,440         | 2,342              | 6,440         |
| Non-controlling interests   | 928                | 1,035         | 928                | 1,035         |
|   | <b>3,270</b>       | <b>7,475</b>  | <b>3,270</b>       | <b>7,475</b>  |
| <b>Total comprehensive income attributable to:</b>                    |                    |               |                    |               |
| Owners of the parent  | 2,111              | 7,566         | 2,111              | 7,566         |
| Non-controlling interests   | 859                | 1,352         | 859                | 1,352         |
|   | <b>2,970</b>       | <b>8,918</b>  | <b>2,970</b>       | <b>8,918</b>  |
| <b>Earnings per share attributable to owners of the parent (sen):</b> |                    |               |                    |               |
| - Basic   | 1.35               | 3.78          | 1.35               | 3.78          |
| - Diluted   | 1.33               | 3.48          | 1.33               | 3.48          |

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 2017 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 |                              |                            |                                  |                                   |                                |                                 |                                 |                            |                               |               |                                    | Total<br>Equity<br>RM'000 |
|---|--------------------------------------|------------------------------|----------------------------|----------------------------------|-----------------------------------|--------------------------------|---------------------------------|---------------------------------|----------------------------|-------------------------------|---------------|------------------------------------|---------------------------|
|   | ←                                    |                              |                            | Non-distributable<br>Foreign     |                                   |                                |                                 | →                               |                            |                               | Distributable |                                    |                           |
|   | Share<br>Capital<br>RM'000           | Treasury<br>Shares<br>RM'000 | Share<br>Premium<br>RM'000 | Fair value<br>Reserves<br>RM'000 | Translation<br>Reserves<br>RM'000 | Warrants<br>Reserves<br>RM'000 | Discount on<br>Shares<br>RM'000 | Statutory<br>Reserves<br>RM'000 | ESOS<br>Reserves<br>RM'000 | Retained<br>Profits<br>RM'000 | RM'000        | controlling<br>Interests<br>RM'000 | RM'000                    |
| At 1 August 2017  | 122,838                              | (1,490)                      | -                          | 10                               | 3,811                             | 17,590                         | (17,590)                        | 885                             | 1,106                      | 92,426                        | 219,586       | 24,167                             | 243,753                   |
| Foreign currency translation<br>differences for foreign<br>operations | -                                    | -                            | -                          | -                                | (231)                             | -                              | -                               | -                               | -                          | -                             | (231)         | (69)                               | (300)                     |
| Profit for the period   | -                                    | -                            | -                          | -                                | -                                 | -                              | -                               | -                               | -                          | 2,342                         | 2,342         | 928                                | 3,270                     |
| Total comprehensive income<br>for the period                          | -                                    | -                            | -                          | -                                | (231)                             | -                              | -                               | -                               | -                          | 2,342                         | 2,111         | 859                                | 2,970                     |
| Transactions with owners:   |                                      |                              |                            |                                  |                                   |                                |                                 |                                 |                            |                               |               |                                    |                           |
| Share options exercised   | 57                                   | -                            | -                          | -                                | -                                 | -                              | -                               | -                               | (14)                       | -                             | 43            | -                                  | 43                        |
| Dividends to non-controlling<br>interests                             | -                                    | -                            | -                          | -                                | -                                 | -                              | -                               | -                               | -                          | -                             | -             | (229)                              | (229)                     |
| Total transactions with<br>owners                                     | 57                                   | -                            | -                          | -                                | -                                 | -                              | -                               | -                               | (14)                       | -                             | 43            | (229)                              | (186)                     |
| At 31 October 2017  | 122,895                              | (1,490)                      | -                          | 10                               | 3,580                             | 17,590                         | (17,590)                        | 885                             | 1,092                      | 94,768                        | 221,740       | 24,797                             | 246,537                   |
| 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<br>differences for foreign<br>operations | -                                    | -                            | -                          | -                                | 1,126                             | -                              | -                               | -                               | -                          | -                             | 1,126         | 317                                | 1,443                     |
| Profit for the period   | -                                    | -                            | -                          | -                                | -                                 | -                              | -                               | -                               | -                          | 6,440                         | 6,440         | 1,035                              | 7,475                     |
| Total comprehensive income<br>for the period                          | -                                    | -                            | -                          | -                                | 1,126                             | -                              | -                               | -                               | -                          | 6,440                         | 7,566         | 1,352                              | 8,918                     |
| Transfer to statutory reserve   | -                                    | -                            | -                          | -                                | -                                 | -                              | -                               | 51                              | -                          | (38)                          | 13            | (13)                               | -                         |
| Transactions with owners:   |                                      |                              |                            |                                  |                                   |                                |                                 |                                 |                            |                               |               |                                    |                           |
| Conversion of warrants  | 4                                    | -                            | 5                          | -                                | -                                 | (3)                            | 3                               | -                               | -                          | -                             | 9             | -                                  | 9                         |
| Share-based-payment<br>transactions                                   | -                                    | -                            | -                          | -                                | -                                 | -                              | -                               | -                               | 460                        | -                             | 460           | -                                  | 460                       |
| Share options exercised   | 45                                   | -                            | 53                         | -                                | -                                 | -                              | -                               | -                               | (23)                       | -                             | 75            | -                                  | 75                        |
| Dividends to non-controlling<br>interests                             | -                                    | -                            | -                          | -                                | -                                 | -                              | -                               | -                               | -                          | -                             | -             | (178)                              | (178)                     |
| Total transactions with<br>owners                                     | 49                                   | -                            | 58                         | -                                | -                                 | (3)                            | 3                               | -                               | 437                        | -                             | 544           | (178)                              | 366                       |
| At 31 October 2016  | 88,438                               | (1,490)                      | 30,903                     | -                                | 3,295                             | 18,474                         | (18,474)                        | 657                             | 1,019                      | 81,706                        | 204,528       | 16,727                             | 221,255                   |

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 2017 and the accompanying notes attached to this interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | Cumulative<br>Quarter Ended<br>31 October 2017<br>RM'000 | Cumulative<br>Quarter Ended<br>31 October 2016<br>RM'000 |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |  |  |
| Profit before taxation  | 3,780  | 8,936  |
| Adjustments for :   |  |  |
| Depreciation  | 1,676  | 1,378  |
| Amortisation of land use rights                                   | 74   | 76   |
| Dividend income   | -  | (9)  |
| Interest expense  | 274  | 366  |
| Interest income   | (402)  | (474)  |
| Unrealised gain on foreign exchange                               | (168)  | (890)  |
| Property, plant and equipment written off                         | 26   | -  |
| Gain on disposal of property, plant and equipment                 | (24)   | (48)   |
| Fair value loss on derivative financial instruments               | -  | 502  |
| Equity-settled share based payment                                | -  | 460  |
| Operating profit before working capital changes                   | 5,236  | 10,297   |
| Increase in inventories   | (11,842)   | (4,282)  |
| (Increase)/Decrease in receivables                                | (2,391)  | 19,969   |
| Decrease in payables  | (4,790)  | (13,876)   |
| Cash (used in)/generated from operations                          | (13,787)   | 12,108   |
| Tax paid  | (1,398)  | (2,935)  |
| Interest paid   | (274)  | (366)  |
| Net cash (used in)/generated from operating activities            | (15,459)   | 8,807  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |  |  |
| Payment for land use rights                                       | (10)   | -  |
| Purchase of property, plant and equipment                         | (27,465)   | (2,372)  |
| Dividend income   | -  | 9  |
| Placement of fixed deposits                                       | (5)  | (1,006)  |
| Proceeds from disposal of plant and equipment                     | 25   | 120  |
| Interest received   | 440  | 474  |
| Net cash used in investing activities                             | (27,015)   | (2,775)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |  |  |
| Dividend paid to non-controlling interest                         | (229)  | (178)  |
| Repayment of term loan  | (518)  | (2,001)  |
| Drawdown of trust receipt   | 11,091   | 2,529  |
| (Repayment)/drawdown of finance lease liabilities                 | (7)  | 109  |
| Proceeds from issuance of shares pursuant to Warrants exercised   | -  | 9  |
| Proceeds from issuance of shares pursuant to ESOS                 | 43   | 75   |
| Net cash generated from financing activities                      | 10,380   | 543  |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>       | (32,094)   | 6,575  |
| Effects of exchange rate differences on cash and cash equivalents | 884  | 839  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b> | 104,244  | 105,647  |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>       | 73,034   | 113,061  |
| <b>Cash and cash equivalents comprise:</b>                        |  |  |
| Deposits with licensed banks                                      | 13,674   | 59,416   |
| Cash and bank balances  | 59,975   | 56,992   |
|   | 73,649   | 116,408  |
| Less: Deposits with maturity more than 3 months                   | -  | (2,751)  |
| Less: Deposits pledged with banks                                 | (615)  | (596)  |
|   | 73,034   | 113,061  |

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 2017 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. For the period up to and including the financial year ended 31 July 2017, the Group prepared its financial statements in accordance with MFRS, International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act, 2016 in Malaysia.

The accounting policies and presentation adopted by the Group in this Report are consistent with those adopted in the audited financial statements for the financial year ended 31 July 2017.

**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 1     | Annual Improvements to MFRS Standards 2014 – 2016 Cycle  | Effective 1 January 2018 |
| MFRS 2     | <i>Classification and Measurement of Shared-based Payment Transaction</i><br>(Amendment to MFRS 2)                         | Effective 1 January 2018 |
| MFRS 9     | Financial Instruments (IFRS 9 as issued by IASB in July 2014)  | Effective 1 January 2018 |
| MFRS 15    | Revenue from Contracts with Customers  | Effective 1 January 2018 |
| MFRS 15    | Clarification to MFRS 15   | Effective 1 January 2018 |
| MFRS 140   | Transfer of Investment Property (Amendments to MFRS 140)   | Effective 1 January 2018 |
| IC Int. 22 | Foreign Currency Transactions and Advance Consideration  | Effective 1 January 2018 |
| MFRS 9     | Prepayment Features with Negative Compensation (Amendments to MFRS 9)  | Effective 1 January 2019 |
| MFRS 16    | Leases   | Effective 1 January 2019 |
| MFRS 128   | Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)  | Effective 1 January 2019 |
| IC Int. 23 | Uncertainty over Income Tax Treatments   | Effective 1 January 2019 |
| MFRS 17    | Insurance Contracts  | Effective 1 January 2021 |
| MFRS 10    | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) | Deferred                 |
| MFRS 128   | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) | Deferred                 |

**3. Seasonality or cyclical operations**

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

**4. Unusual items**

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

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

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

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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 14,400 new ordinary shares pursuant to exercise of ESOS at RM 0.722 per share. The total cash proceeds arising from the exercise of ESOS during the current quarter amounted to RM 10,397; and
- (ii) Issuance of 42,100 new ordinary shares pursuant to exercise of ESOS at RM 0.775 per share. The total cash proceeds arising from the exercise of ESOS during the current quarter amounted to RM 32,628.

**7. Dividend paid**

Dividend paid during the current quarter is as follow:

|   |                |
|---|----------------|
| Interim dividend for the financial year                     | 31 July 2017   |
| Declared and approved on                                    | 17 July 2017   |
| Date paid   | 15 August 2017 |
| Dividend per share (single tier)                            | 1.25 sen       |
| Entitlement to dividend based on Record of Depositors as at | 31 July 2017   |
| Number of ordinary shares (excluding treasury shares)       | 173,731,570    |
| Dividend paid   | RM2,171,644    |

There was no dividend paid during the 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><br><u>Holding</u> | <u>Elimination</u> | <u>Consolidated</u><br><u>Total</u> |
|-----------------------|----------------|--------------------|-------------------------------------|--------------------|-------------------------------------|
|                       | RM'000         | RM'000             | RM'000                              | RM'000             | RM'000                              |
| Period ended          |                |                    |                                     |                    |                                     |
| 31 October 2017       |                |                    |                                     |                    |                                     |
| <b>REVENUE</b>        |                |                    |                                     |                    |                                     |
| External sales        | 61,665         | 3,351              | 317                                 | -                  | 65,333                              |
| Inter-segment sales   | -              | -                  | 1,706                               | (1,706)            | -                                   |
| Total revenue         | <u>61,665</u>  | <u>3,351</u>       | <u>2,023</u>                        | <u>(1,706)</u>     | <u>65,333</u>                       |
| <b>RESULTS</b>        |                |                    |                                     |                    |                                     |
| Segment results       | 2,103          | 1,552              | 404                                 | (407)              | 3,652                               |
| Interest expense      | (184)          | -                  | (127)                               | 37                 | (274)                               |
| Interest income       | 235            | 30                 | 174                                 | (37)               | 402                                 |
| Taxation              | (210)          | (300)              | -                                   | -                  | (510)                               |
| Profit for the period | <u>1,944</u>   | <u>1,282</u>       | <u>451</u>                          | <u>(407)</u>       | <u>3,270</u>                        |

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**EXPLANATORY NOTES (CONT'D.)**

**8. Segmental reporting (cont'd.)**

Segment information is presented in respect of the Group's business segments: (cont'd.)

|                                 | <u>Apparel</u> | <u>Advertising</u> | <u>Investment</u> | <u>Elimination</u> | <u>Consolidated</u> |
|---------------------------------|----------------|--------------------|-------------------|--------------------|---------------------|
|                                 | <u>RM'000</u>  | <u>RM'000</u>      | <u>Holding</u>    | <u>RM'000</u>      | <u>Total</u>        |
|                                 |                |                    | <u>RM'000</u>     |                    | <u>RM'000</u>       |
| Period ended<br>31 October 2016 |                |                    |                   |                    |                     |
| <b>REVENUE</b>                  |                |                    |                   |                    |                     |
| External sales                  | 84,246         | 2,897              | 380               | -                  | 87,523              |
| Inter-segment sales             | -              | -                  | 1,295             | (1,295)            | -                   |
| Total revenue                   | <u>84,246</u>  | <u>2,897</u>       | <u>1,675</u>      | <u>(1,295)</u>     | <u>87,523</u>       |
| <b>RESULTS</b>                  |                |                    |                   |                    |                     |
| Segment results                 | 7,827          | 1,164              | 155               | (318)              | 8,828               |
| Interest expense                | (168)          | -                  | (198)             | -                  | (366)               |
| Interest income                 | 15             | 13                 | 446               | -                  | 474                 |
| Taxation                        | <u>(1,226)</u> | <u>(235)</u>       | <u>-</u>          | <u>-</u>           | <u>(1,461)</u>      |
| Profit for the period           | <u>6,448</u>   | <u>942</u>         | <u>403</u>        | <u>(318)</u>       | <u>7,475</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 29 December 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 31 October 2017.

**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     | 61,177        |
| - Authorised but not contracted for | 20,158        |
|                                     | <u>81,335</u> |

**13. Authorisation for issue**

On 29 December 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 |              |
|------------------------|--------------------|--------------|--------------------|--------------|
|                        | 31 October<br>2017 | 2016         | 31 October<br>2017 | 2016         |
|                        | RM'000             | RM'000       | RM'000             | RM'000       |
| Revenue                | 65,333             | 87,523       | 65,333             | 87,523       |
| Profit before taxation | <u>3,780</u>       | <u>8,936</u> | <u>3,780</u>       | <u>8,936</u> |

**Comparison with corresponding quarter of the preceding financial year**

Revenue of the Group for the current quarter of RM 65,333,000 is lower when compared with the revenue of the corresponding quarter of the preceding financial year of RM 87,523,000. The decrease in revenue is due to lower sales orders received by the apparel division. The softening of the traditional retail environment in US had affected revenue as the Group exports predominantly to US.

Profit before taxation decreased from RM 8,936,000 for the corresponding quarter of the preceding year to RM 3,780,000 for the current quarter mainly due to lower contribution from the apparel division. This was partly offset by lower administrative expenses and lower selling and distribution expenses.

**Comparison with preceding quarter**

|                        | 3 months ended  | 3 months ended |
|------------------------|-----------------|----------------|
|                        | 31 October 2017 | 31 July 2017   |
|                        | RM'000          | RM'000         |
| Revenue                | 65,333          | 90,392         |
| Profit before taxation | <u>3,780</u>    | <u>11,347</u>  |

Revenue of the Group for the current quarter of RM 65,333,000 is lower when compared with the revenue of the preceding quarter of RM 90,392,000. 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 quarters is 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.

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**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 October         |          | 31 October         |          |
|   | 2017               | 2016     | 2017               | 2016     |
|   | RM'000             | RM'000   | RM'000             | RM'000   |
| Depreciation  | 1,676              | 1,378    | 1,676              | 1,378    |
| Amortisation of land use rights                     | 74                 | 76       | 74                 | 76       |
| Interest expense                                    | 274                | 366      | 274                | 366      |
| Interest income                                     | (402)              | (474)    | (402)              | (474)    |
| Unrealised gain on foreign exchange                 | (168)              | (890)    | (168)              | (890)    |
| Fair value loss on derivative financial instruments | -                  | 502      | -                  | 502      |
| Equity-settled share based payment                  | -                  | 460      | -                  | 460      |
| Gain on disposal of property, plant and equipment   | (24)               | (48)     | (24)               | (48)     |
| Property, plant and equipment written off           | 26                 | -        | 26                 | -        |
|   | <u>26</u>          | <u>-</u> | <u>26</u>          | <u>-</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 October         |              | 31 October         |              |
|          | 2017               | 2016         | 2017               | 2016         |
|          | RM'000             | RM'000       | RM'000             | RM'000       |
| Taxation | 510                | 1,461        | 510                | 1,461        |
|          | <u>510</u>         | <u>1,461</u> | <u>510</u>         | <u>1,461</u> |

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

**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 29 December 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 and Warrants.

The status of the utilisation of proceeds of RM 56,832,730 raised from the Rights Issues and Warrants as at 31 October 2017 is as follows:

| Purpose  | Intended Timeframe for Utilisation   | Proposed Amount<br>RM'000 | Amount Utilised<br>as at 31 Oct 2017 |                        | Amount Unutilised as<br>at 31 Oct 2017 |        |
|--|--------------------------------------|---------------------------|--------------------------------------|------------------------|--|--------|
|  |                                      |                           | RM'000                               | Reallocation<br>RM'000 | RM'000                                 | RM'000 |
| Construction of a new garment factory in Vietnam | within 24 months ending 30 June 2018 | 22,000                    | (2,087)                              | -                      | 19,913                                 | *      |
| Setting up fabric mill                           | within 24 months ending 30 June 2018 | 33,233                    | (33,328)                             | 95                     | -                                      |        |
| Estimated expenses in relation to Rights Issue   | within 1 month ended 31 July 2016    | 1,600                     | (1,505)                              | (95)                   | -                                      |        |
|  |                                      | <u>56,833</u>             | <u>(36,920)</u>                      | <u>-</u>               | <u>19,913</u>                          |        |

\* With the Proposed Variation approved by the shareholders on the Extraordinary General Meeting held on 29 December 2017, the Company would be able to reallocate the unutilised balance of RM19.9 million earmarked for the Vietnam garment factory to part finance the fabric mill. The unutilised balance of RM19.9 million is expected to be fully utilised in the first half of 2018.

**10) Group borrowings and debts securities**

Details of the Group's borrowings as at 31 October 2017 are as follows:

|           | Short Term<br>RM'000 | Long Term<br>RM'000 |
|-----------|----------------------|---------------------|
| Secured   | 18,494               | 6,283               |
| Unsecured | -                    | -                   |
| Total     | <u>18,494</u>        | <u>6,283</u>        |

Borrowings denominated in foreign currency as at 31 October 2017 are as follows:

|                                    | Secured<br>Short Term<br>RM'000 |
|------------------------------------|---------------------------------|
| Trade financing denominated in USD | <u>11,091</u>                   |

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**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**

Details of the single tier final dividend approved at the Annual General Meeting held on 29 December 2017 is as follows:

|   |                  |
|---|------------------|
| Final dividend for the financial year                           | 31 July 2017     |
| Declared and approved on  | 29 December 2017 |
| Date payable  | 30 January 2018  |
| Dividend per share (single tier)                                | 1.00 sen         |
| Entitlement to dividend based on Record of Depositors as at     | 15 January 2018  |
| Estimated number of ordinary shares (excluding treasury shares) | 173,796,870      |
| Estimated dividend payable                                      | RM1,737,969      |

**13) Realised and unrealised profits/losses disclosure**

|   | As at<br>31 October<br>2017<br>RM'000 | As at<br>31 July<br>2017<br>RM'000 |
|---|---------------------------------------|------------------------------------|
| Total retained profits of the Company and its subsidiaries: |                                       |                                    |
| - Realised  | 112,594                               | 111,023                            |
| - Unrealised  | 1,598                                 | 783                                |
|   | <hr/>                                 | <hr/>                              |
|   | 114,192                               | 111,806                            |
| Less : Consolidation adjustments                            | (19,424)                              | (19,380)                           |
|   | <hr/>                                 | <hr/>                              |
| Total Group's retained profits as per consolidated accounts | 94,768                                | 92,426                             |

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**14) Earnings per share**

|   | Individual Quarter |             | Cumulative Quarter |             |
|---|--------------------|-------------|--------------------|-------------|
|   | 31 October<br>2017 | 2016        | 31 October<br>2017 | 2016        |
| <b>(a) Basic earnings per share</b>                           |                    |             |                    |             |
| Profit for the period attributable to equity holders (RM'000) | 2,342              | 6,440       | 2,342              | 6,440       |
| Weighted average number of ordinary shares in issue ('000)    | 173,771            | 170,544     | 173,771            | 170,544     |
| Basic earnings per share (sen)                                | <u>1.35</u>        | <u>3.78</u> | <u>1.35</u>        | <u>3.78</u> |
| <b>(b) Diluted earnings per share</b>                         |                    |             |                    |             |
| Profit for the period attributable to equity holders (RM'000) | 2,342              | 6,440       | 2,342              | 6,440       |
| Weighted average number of ordinary shares in issue ('000)    | 176,723            | 184,939     | 176,723            | 184,939     |
| Diluted earnings per share (sen)                              | <u>1.33</u>        | <u>3.48</u> | <u>1.33</u>        | <u>3.48</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)  
29 December 2017