

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

**(Incorporated in Malaysia)**

Interim Financial Report  
31 October 2018

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

Interim report for the period ended 31 October 2018  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited as at 31.10.18 RM'000</b>	<b>Audited as at 31.7.18 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	194,917	187,663
Land use rights	11,111	10,873
Intangible assets	23	23
Investment in a joint venture	458	458
Other investments	2,570	549
Goodwill on consolidation	2,712	2,712
	<u>211,791</u>	<u>202,278</u>
<b>Current Assets</b>		
Inventories	35,783	29,653
Trade receivables	52,389	64,783
Other receivables, deposits and prepayments	16,772	15,727
Amount due from a joint venture	36	20
Tax recoverable	122	215
Fixed deposits with licensed banks	9,373	4,334
Cash and bank balances	61,239	35,449
	<u>175,714</u>	<u>150,181</u>
<b>TOTAL ASSETS</b>	<u>387,505</u>	<u>352,459</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	123,078	123,077
Treasury shares	(1,490)	(1,490)
Reserves	4,051	2,951
Retained profits	99,892	98,733
	<u>225,531</u>	<u>223,271</u>
Non-controlling interests	24,644	23,886
<b>Total equity</b>	<u>250,175</u>	<u>247,157</u>
<b>Non-current Liabilities</b>		
Borrowings	69,775	23,311
Deferred taxation	2,055	2,114
	<u>71,830</u>	<u>25,425</u>
<b>Current Liabilities</b>		
Trade payables	17,627	18,295
Other payables and accruals	24,410	22,976
Borrowings	22,412	37,890
Provision for taxation	1,051	716
	<u>65,500</u>	<u>79,877</u>
Total liabilities	137,330	105,302
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>387,505</u>	<u>352,459</u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	1.30	1.28

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 2018 and the accompanying notes attached to this interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	31 October		31 October	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue	94,499	65,333	94,499	65,333
Cost of sales	(78,071)	(55,885)	(78,071)	(55,885)
<b>Gross profit</b>	<b>16,428</b>	<b>9,448</b>	<b>16,428</b>	<b>9,448</b>
Other operating income	348	2,039	348	2,039
Administrative expenses	(9,798)	(5,303)	(9,798)	(5,303)
Selling and distribution expenses	(3,604)	(1,915)	(3,604)	(1,915)
Other operating expenses	(174)	(215)	(174)	(215)
<b>Operating profit</b>	<b>3,200</b>	<b>4,054</b>	<b>3,200</b>	<b>4,054</b>
Finance cost	(856)	(274)	(856)	(274)
<b>Profit before taxation</b>	<b>2,344</b>	<b>3,780</b>	<b>2,344</b>	<b>3,780</b>
Taxation	(624)	(510)	(624)	(510)
<b>Profit for the period</b>	<b>1,720</b>	<b>3,270</b>	<b>1,720</b>	<b>3,270</b>
<b>Total other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	1,431	(300)	1,431	(300)
<b>Total comprehensive income for the period</b>	<b>3,151</b>	<b>2,970</b>	<b>3,151</b>	<b>2,970</b>
<b>Profit attributable to:</b>				
Owners of the parent	1,159	2,342	1,159	2,342
Non-controlling interests	561	928	561	928
	<b>1,720</b>	<b>3,270</b>	<b>1,720</b>	<b>3,270</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	2,259	2,111	2,259	2,111
Non-controlling interests	892	859	892	859
	<b>3,151</b>	<b>2,970</b>	<b>3,151</b>	<b>2,970</b>
<b>Earnings per share attributable to owners of the parent (sen):</b>				
- Basic	0.67	1.35	0.67	1.35
- Diluted	0.67	1.33	0.67	1.33

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 2018 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 Equity	
	Non-distributable			Foreign						Distributable				Non-controlling
	Share Capital	Treasury Shares	Share Premium	Fair value Reserves	Translation Reserves	Warrants Reserves	Discount on Shares	Statutory Reserves	ESOS Reserves	Retained Profits		Total	Interests	
	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	RM'000
At 1 August 2018	123,077	(1,490)	-	18	1,049	17,590	(17,590)	904	980	98,733	223,271	23,886	247,157	
Foreign currency translation differences for foreign operations	-	-	-	-	1,100	-	-	-	-	-	1,100	331	1,431	
Profit for the period	-	-	-	-	-	-	-	-	-	1,159	1,159	561	1,720	
Total comprehensive income for the period	-	-	-	-	1,100	-	-	-	-	1,159	2,259	892	3,151	
Transactions with owners:														
Share options exercised	1	-	-	-	-	-	-	-	*	-	1	-	1	
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(134)	(134)	
Total transactions with owners	1	-	-	-	-	-	-	-	*	-	1	(134)	(133)	
At 31 October 2018	123,078	(1,490)	-	18	2,149	17,590	(17,590)	904	980	99,892	225,531	24,644	250,175	
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 differences for foreign operations	-	-	-	-	(231)	-	-	-	-	-	(231)	(69)	(300)	
Profit for the period	-	-	-	-	-	-	-	-	-	2,342	2,342	928	3,270	
Total comprehensive income 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 interests	-	-	-	-	-	-	-	-	-	-	-	(229)	(229)	
Total transactions with 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	

\* Represents an amount less than RM 1,000.

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 2018 and the accompanying notes attached to this interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Cumulative Quarter Ended 31 October 2018 RM'000	Cumulative Quarter Ended 31 October 2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,344	3,780
Adjustments for :		
Depreciation	1,410	1,676
Amortisation of land use rights	71	74
Interest expense	856	274
Interest income	(94)	(402)
Unrealised loss/(gain) on foreign exchange	1,197	(168)
Property, plant and equipment written off	-	26
Gain on disposal of property, plant and equipment	-	(24)
Operating profit before working capital changes	<u>5,784</u>	<u>5,236</u>
Increase in inventories	(6,130)	(11,842)
Decrease/(Increase) in receivables	11,351	(2,391)
Increase/(Decrease) in payables	1,705	(4,790)
Cash generated from/(used in) operations	<u>12,710</u>	<u>(13,787)</u>
Tax paid	(636)	(1,398)
Interest paid	(856)	(274)
Net cash generated from/(used in) operating activities	<u>11,218</u>	<u>(15,459)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,432)	(27,475)
Placement of fixed deposits	(5)	(5)
Proceeds from disposal of plant and equipment	-	25
Interest received	94	440
Investment in unquoted shares	(2,021)	-
Net cash used in investing activities	<u>(10,364)</u>	<u>(27,015)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interest	(134)	(229)
Repayment of invoice financing	(4,267)	-
Drawdown/(repayment) of term loan	45,534	(518)
(Repayment)/drawdown of trust receipt	(4,208)	11,091
Repayment of revolving credit	(5,000)	-
Repayment of finance lease liabilities	(24)	(7)
Proceeds from issuance of shares pursuant to ESOS	1	43
Advances to a joint venture	(16)	-
Net cash generated from financing activities	<u>31,886</u>	<u>10,380</u>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>32,740</b>	<b>(32,094)</b>
Effects of exchange rate differences on cash and cash equivalents	(1,916)	884
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b><u>39,154</u></b>	<b><u>104,244</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b><u>69,978</u></b>	<b><u>73,034</u></b>
<b>Cash and cash equivalents comprise:</b>		
Deposits with licensed banks	9,373	13,674
Cash and bank balances	<u>61,239</u>	<u>59,975</u>
	<u>70,612</u>	<u>73,649</u>
Less: Deposits pledged with banks	(634)	(615)
	<u>69,978</u>	<u>73,034</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 2018 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 2018, 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 2018.

**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	Annual Improvements to MFRS Standards 2015 – 2017 Cycle on MFRS 3, 11, 112 and 123	Effective 1 January 2019
MFRS 16	Leases	Effective 1 January 2019
IC Int. 23	Uncertainty over Income Tax Treatments	Effective 1 January 2019
Amendments	Amendments from MFRS 17 to MFRS 1, 3, 5, 7, 9, 15, 101, 107, 116, 119, 128, 132, 136, 137, 138, 140	Effective 1 January 2020
MFRS 17	Insurance Contracts	Effective 1 January 2021
Amendments	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 issuance of 950 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 736.

**7. Dividend paid**

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

**8. Segmental reporting**

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

	<u>Textile and</u> <u>Apparel</u> RM'000	<u>Advertising</u> RM'000	<u>Investment</u> <u>Holding</u> RM'000	<u>Elimination</u> RM'000	<u>Consolidated</u> <u>Total</u> RM'000
Period ended 31 October 2018					
REVENUE					
External sales	90,054	4,159	286	-	94,499
Inter-segment sales	-	-	2,040	(2,040)	-
Total revenue	<u>90,054</u>	<u>4,159</u>	<u>2,326</u>	<u>(2,040)</u>	<u>94,499</u>
RESULTS					
Segment results	814	1,894	637	(239)	3,106
Interest expense	(783)	-	(137)	64	(856)
Interest income	60	84	14	(64)	94
Taxation	(354)	(270)	-	-	(624)
Profit/(Loss) for the period	<u>(263)</u>	<u>1,708</u>	<u>514</u>	<u>(239)</u>	<u>1,720</u>

	<u>Textile and</u> <u>Apparel</u> RM'000	<u>Advertising</u> RM'000	<u>Investment</u> <u>Holding</u> RM'000	<u>Elimination</u> RM'000	<u>Consolidated</u> <u>Total</u> RM'000
Period ended 31 October 2017					
REVENUE					
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>
RESULTS					
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.)**

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 14 December 2018, 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 up to 14 December 2018.

**11. Contingent liabilities**

Details of contingent liabilities of the Group as at the date of issue of the report are as follows: RM'000

Corporate guarantee given to banks for credit facilities granted to subsidiaries 230,913

**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	16,701
- Authorised but not contracted for	19,601
	<u>36,302</u>

**13. Authorisation for issue**

On 14 December 2018, 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 2018	2017	31 October 2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue	94,499	65,333	94,499	65,333
Profit before taxation	<u>2,344</u>	<u>3,780</u>	<u>2,344</u>	<u>3,780</u>

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

Revenue of the Group for the current quarter of RM 94,499,000 is higher when compared with the revenue of the corresponding quarter of the preceding financial year of RM 65,333,000. The increase in revenue is due to higher sales order from the textile and apparel division.

Profit before taxation decreased from RM 3,780,000 for the corresponding quarter of the preceding year to RM 2,344,000 for the current quarter mainly due to weakening of the US Dollar and initial start-up operational costs incurred on the textile mill. It was however offset by the positive growth from advertising division.

**Comparison with preceding quarter**

	3 months ended	3 months ended
	31 October 2018	31 July 2018
	RM'000	RM'000
Revenue	94,499	82,214
Profit before taxation	<u>2,344</u>	<u>2,238</u>

Revenue of the Group for the current quarter of RM 94,499,000 is higher when compared with the revenue of the preceding quarter of RM 82,214,000. The higher revenue and profit before taxation are mainly due to higher sales orders received by the textile and apparel division and strengthening of the US Dollar in the current quarter. However, the profit before taxation was still impacted by the initial start-up operational costs incurred on the textile mill.

**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.

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

**4) Variance of actual profit from forecast results or profit guarantee**

Not applicable.

**5) Profit for the period**

Included in profit for the period are the following:

	Individual Quarter		Cumulative Quarter	
	31 October		31 October	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Depreciation	1,410	1,676	1,410	1,676
Amortisation of land use rights	71	74	71	74
Interest expense	856	274	856	274
Interest income	(94)	(402)	(94)	(402)
Unrealised loss/(gain) on foreign exchange	1,197	(168)	1,197	(168)
Gain on disposal of property, plant and equipment	-	(24)	-	(24)
Property, plant and equipment written off	-	26	-	26

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Taxation	624	510	624	510

The effective tax rate of the Group is marginally higher than statutory tax rate.

**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.

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

**8) Status of corporate proposal**

As at 14 December 2018, there is no corporate proposal that is outstanding.

**9) Group borrowings and debts securities**

Details of the Group's borrowings as at 31 October 2018 are as follows:

	Short Term RM'000	Long Term RM'000
Secured	15,633	69,775
Unsecured	<u>6,779</u>	<u>-</u>
Total	<u>22,412</u>	<u>69,775</u>

Borrowings denominated in foreign currency as at 31 October 2018 are as follows:

	Secured Short Term RM'000
Trade financing denominated in USD	<u>12,638</u>

**10) Material litigations**

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

**11) Proposed dividend**

Details of the single tier final dividend approved at the Annual General Meeting held on 14 December 2018 is as follows:

Final dividend for the financial year	31 July 2018
Declared and approved on	14 December 2018
Date payable	18 January 2019
Dividend per share (single tier)	0.50 sen
Entitlement to dividend based on Record of Depositors as at	31 December 2018
Estimated number of ordinary shares (excluding treasury shares)	174,085,020
Estimated net dividend payable	RM870,425

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

**12) Earnings per share**

	Individual Quarter		Cumulative Quarter	
	31 October	2017	31 October	2017
	2018		2018	
<b>(a) Basic earnings per share</b>				
Profit for the period attributable to equity holders (RM'000)	1,159	2,342	1,159	2,342
Weighted average number of ordinary shares in issue ('000)	174,085	173,771	174,085	173,771
Basic earnings per share (sen)	<u>0.67</u>	<u>1.35</u>	<u>0.67</u>	<u>1.35</u>
<b>(b) Diluted earnings per share</b>				
Profit for the period attributable to equity holders (RM'000)	1,159	2,342	1,159	2,342
Weighted average number of ordinary shares in issue ('000)	174,085	176,723	174,085	176,723
Diluted earnings per share (sen)	<u>0.67</u>	<u>1.33</u>	<u>0.67</u>	<u>1.33</u>

**13) 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)  
14 December 2018