

PROLEXUS BERHAD
Company No. 250857-T

(Incorporated in Malaysia)

Interim Financial Report
30 April 2019

CONTENTS

	PAGE
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	4
EXPLANATORY NOTES	5 – 7
ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS	8 – 11

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

Interim report for the period ended 30 April 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30.4.19 RM'000	Audited as at 31.7.18 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	204,726	187,663
Land use rights	10,889	10,873
Intangible assets	93	23
Investment in a joint venture	458	458
Other investments	2,584	549
Goodwill on consolidation	2,712	2,712
	<u>221,462</u>	<u>202,278</u>
Current Assets		
Inventories	40,091	29,653
Trade receivables	56,260	64,783
Other receivables, deposits and prepayments	12,191	15,727
Amount due from a joint venture	99	20
Tax recoverable	810	215
Fixed deposits with licensed banks	10,044	4,334
Cash and bank balances	52,715	35,449
	<u>172,210</u>	<u>150,181</u>
TOTAL ASSETS	<u>393,672</u>	<u>352,459</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	123,078	123,077
Treasury shares	(1,490)	(1,490)
Reserves	4,063	2,951
Retained profits	96,658	98,733
	<u>222,309</u>	<u>223,271</u>
Non-controlling interests	25,537	23,886
Total equity	<u>247,846</u>	<u>247,157</u>
Non-current Liabilities		
Borrowings	74,273	23,311
Deferred taxation	2,114	2,114
	<u>76,387</u>	<u>25,425</u>
Current Liabilities		
Trade payables	18,111	18,295
Other payables and accruals	30,618	22,976
Borrowings	19,265	37,890
Provision for taxation	1,445	716
	<u>69,439</u>	<u>79,877</u>
Total liabilities	145,826	105,302
TOTAL EQUITY AND LIABILITIES	<u>393,672</u>	<u>352,459</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.28	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.

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

Interim report for the period ended 30 April 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarters	
	30 April		30 April	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue	64,970	70,045	252,085	220,480
Cost of sales	(60,578)	(63,375)	(218,708)	(189,530)
Gross profit	<u>4,392</u>	<u>6,670</u>	<u>33,377</u>	<u>30,950</u>
Other operating income	110	619	1,302	5,823
Administrative expenses	(4,296)	(3,558)	(21,880)	(17,609)
Selling and distribution expenses	(1,486)	(1,805)	(5,608)	(6,355)
Other operating expenses	(177)	(179)	(657)	(602)
Operating (loss)/profit	<u>(1,457)</u>	<u>1,747</u>	<u>6,534</u>	<u>12,207</u>
Finance cost	(1,257)	(321)	(3,422)	(882)
(Loss)/profit before taxation	<u>(2,714)</u>	<u>1,426</u>	<u>3,112</u>	<u>11,325</u>
Taxation	(135)	(560)	(2,396)	(2,183)
(Loss)/profit for the period	<u>(2,849)</u>	<u>866</u>	<u>716</u>	<u>9,142</u>
Total other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	558	188	1,555	(3,495)
Total comprehensive(loss)/income for the period	<u>(2,291)</u>	<u>1,054</u>	<u>2,271</u>	<u>5,647</u>
(Loss)/profit attributable to:				
Owners of the parent	(2,851)	493	(1,204)	7,209
Non-controlling interests	2	373	1,920	1,933
	<u>(2,849)</u>	<u>866</u>	<u>716</u>	<u>9,142</u>
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(2,438)	639	(92)	4,501
Non-controlling interests	147	415	2,363	1,146
	<u>(2,291)</u>	<u>1,054</u>	<u>2,271</u>	<u>5,647</u>
Earnings per share attributable to owners of the parent (sen):				
- Basic	(1.64)	0.28	(0.69)	4.15
- Diluted	(1.64)	0.28	(0.69)	4.12

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 31 July 2018 and the accompanying notes attached to this interim financial report.

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

Interim report for the period ended 30 April 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Owners of the Parent →												Total Equity
	← Non-distributable →						Fair						
	Share Capital	Treasury Shares	Fair value Reserves	Foreign Translation Reserves	Warrants Discount on		Statutory Reserves	ESOS Reserves	Fair Value Reserves	Retained Profits	Total	Non- controlling Interests	
					Reserves	Shares							
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	-	-	-	1,112	-	-	-	-	-	-	1,112	443	1,555
Profit for the period	-	-	-	-	-	-	-	-	-	(1,204)	(1,204)	1,920	716
Total comprehensive income for the period	-	-	-	1,112	-	-	-	-	-	(1,204)	(92)	2,363	2,271
Transactions with owners:													
Share options exercised	1	-	-	-	-	-	-	*	-	1	2	-	2
Dividend	-	-	-	-	-	-	-	-	-	(872)	(872)	-	(872)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(712)	(712)
Total transactions with owners	1	-	-	-	-	-	-	*	-	(871)	(870)	(712)	(1,582)
At 30 April 2019	123,078	(1,490)	18	2,161	17,590	(17,590)	904	980	-	96,658	222,309	25,537	247,846
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	-	-	-	(2,709)	-	-	-	-	-	-	(2,709)	(786)	(3,495)
Profit for the period	-	-	-	-	-	-	-	-	-	7,209	7,209	1,933	9,142
Total comprehensive income for the period	-	-	-	(2,709)	-	-	-	-	-	7,209	4,500	1,147	5,647
Transfer to statutory reserve	-	-	-	-	-	-	114	-	-	(178)	(64)	64	-
Transactions with owners:													
Share options exercised	226	-	-	-	-	-	-	(39)	-	-	187	-	187
Dividend	-	-	-	-	-	-	-	-	-	(1,738)	(1,738)	-	(1,738)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(796)	(796)
Total transactions with owners	226	-	-	-	-	-	-	(39)	-	(1,738)	(1,551)	(796)	(2,347)
At 30 April 2018	123,064	(1,490)	10	1,102	17,590	(17,590)	999	1,067	-	97,719	222,471	24,582	247,053

* 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.

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

Interim report for the period ended 30 April 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarters Ended 30 April 2019 RM'000	Cumulative Quarters Ended 30 April 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,112	11,325
Adjustments for :		
Depreciation	6,674	4,299
Amortisation of land use rights	212	214
Dividend income	(13)	(13)
Fair value changes on derivative financial assets	53	-
Interest expense	3,422	882
Interest income	(332)	(779)
Unrealised loss on foreign exchange	703	407
Property, plant and equipment written off	63	26
Gain on disposal of property, plant and equipment	(15)	(124)
Derecognition of other payable	-	(2,699)
Operating profit before working capital changes	<u>13,879</u>	<u>13,538</u>
Increase in inventories	(10,438)	(16,669)
Decrease/(Increase) in receivables	12,012	(6,586)
Increase in payables	<u>7,415</u>	<u>2,326</u>
Cash generated from/(used in) operations	<u>22,868</u>	<u>(7,391)</u>
Tax paid	(2,693)	(5,343)
Interest paid	<u>(3,422)</u>	<u>(882)</u>
Net cash generated from/(used in) operating activities	<u>16,753</u>	<u>(13,616)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23,569)	(75,776)
Dividend income	13	13
Placement of fixed deposits	(5)	(9)
Proceeds from disposal of plant and equipment	273	161
Interest received	332	779
Investment in unquoted shares	<u>(2,021)</u>	<u>-</u>
Net cash used in investing activities	<u>(24,977)</u>	<u>(74,832)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(870)	(1,738)
Dividend paid to non-controlling interest	(711)	(796)
Drawdown of foreign currency trade loan	-	1,117
Drawdown of term loan	42,568	16,746
(Repayment)/Drawdown of trust receipt	(2,479)	10,292
(Repayment)/Drawdown of revolving credit	(9,000)	6,000
Repayment of finance lease liabilities	(23)	(21)
Proceeds from issuance of shares pursuant to ESOS	-	187
Advances to a joint venture	<u>(79)</u>	<u>-</u>
Net cash generated from financing activities	<u>29,406</u>	<u>31,787</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	21,182	(56,661)
Effects of exchange rate differences on cash and cash equivalents	1,778	(2,449)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	39,154	104,244
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	62,114	45,134
Cash and cash equivalents comprise:		
Deposits with licensed banks	10,044	4,525
Cash and bank balances	<u>52,715</u>	<u>41,228</u>
	<u>62,759</u>	<u>45,753</u>
Less: Deposits pledged with banks	<u>(645)</u>	<u>(619)</u>
	<u>62,114</u>	<u>45,134</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.

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

Interim report for the period ended 30 April 2019
(The figures have not been audited)

EXPLANATORY NOTES

1. Basis of preparation

The interim condensed consolidated financial statements (“Report”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: ‘Interim Financial Reporting’ and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. For the period up to and including the financial year ended 31 July 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
MFRS 3	Definition of a Business (Amendments to MFRS 3)	Effective 1 January 2020
MFRS 101	Definition of Material (Amendments to MFRS 101)	Effective 1 January 2020
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.

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.

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

Interim report for the period ended 30 April 2019
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D.)

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>Apparels</u>	<u>Textile</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	RM'000
Period ended 30 April 2019						
REVENUE						
External sales	238,608	997	11,860	620	-	252,085
Inter-segment sales	-	677	-	5,402	(6,079)	-
Total revenue	<u>238,608</u>	<u>1,674</u>	<u>11,860</u>	<u>6,022</u>	<u>(6,079)</u>	<u>252,085</u>
RESULTS						
Segment results	9,554	(10,164)	5,729	1,944	(861)	6,202
Interest expense	(782)	(2,414)	-	(313)	87	(3,422)
Interest income	139	189	51	40	(87)	332
Taxation	(1,332)	-	(960)	(104)	-	(2,396)
Profit/(Loss) for the period	<u>7,579</u>	<u>(12,389)</u>	<u>4,820</u>	<u>1,567</u>	<u>(861)</u>	<u>716</u>

	<u>Apparels</u>	<u>Textile</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	RM'000
Period ended 30 April 2018						
REVENUE						
External sales	209,015	-	10,588	877	-	220,480
Inter-segment sales	-	-	-	5,834	(5,834)	-
Total revenue	<u>209,015</u>	<u>-</u>	<u>10,588</u>	<u>6,711</u>	<u>(5,834)</u>	<u>220,480</u>
RESULTS						
Segment results	5,453	(722)	4,943	2,534	(780)	11,428
Interest expense	(517)	-	-	(385)	20	(882)
Interest income	279	141	124	255	(20)	779
Taxation	(1,283)	-	(900)	-	-	(2,183)
Profit/(Loss) for the period	<u>3,932</u>	<u>(581)</u>	<u>4,167</u>	<u>2,404</u>	<u>(780)</u>	<u>9,142</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.

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

Interim report for the period ended 30 April 2019
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D.)

9. Event subsequent to the end of reporting period

As at 25 June 2019, 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 25 June 2019.

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	16,984
- Authorised but not contracted for	7,426
	<hr/>
	24,410
	<hr/>

13. Authorisation for issue

On 25 June 2019, the Board of Directors authorised the issue of this interim report.

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

Interim report for the period ended 30 April 2019
(The figures have not been audited)

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

1) Review of Group's performance

	Individual Quarter		Cumulative Quarters	
	30 April		30 April	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue	64,970	70,045	252,085	220,480
(Loss)/profit before taxation	<u>(2,714)</u>	<u>1,426</u>	<u>3,112</u>	<u>11,325</u>

Comparison with corresponding quarter of the preceding financial year

Revenue of the Group for the current quarter of RM 64,970,000 is lower when compared with the revenue of the corresponding quarter of the preceding financial year of RM 70,045,000. The decreased in revenue is mainly due to lower sales orders from the apparels division.

Profit before taxation decreased from RM 1,426,000 for the corresponding quarter of the preceding year to a loss of RM 2,714,000 for the current quarter mainly due to initial lower capacity utilisation, higher depreciation charges and finance costs incurred on the textile mill as it commenced operations in the current financial year.

Comparison with preceding quarter

	3 months ended	3 months ended
	30 April 2019	31 January 2019
	RM'000	RM'000
Revenue	64,970	92,616
(Loss)/profit before taxation	<u>(2,714)</u>	<u>3,482</u>

Revenue of the Group for the current quarter of RM 64,970,000 is lower when compared with the revenue of the preceding quarter of RM 92,616,000, due to lower sales orders received from the apparels division. Profit before tax had also reduced from RM 3,482,000 in the preceding quarter to a loss of RM 2,714,000 in the current quarter mainly due to low capacity utilisation and one-off recruitment cost incurred by the apparels division.

2) Current year prospects

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

3) Profit forecast

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

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

Interim report for the period ended 30 April 2019
(The figures have not been audited)

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) (Loss)/profit for the period

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

	Individual Quarter 30 April		Cumulative Quarters 30 April	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Depreciation	1,852	1,385	6,674	4,299
Amortisation of land use rights	136	69	212	214
Interest expense	1,257	321	3,422	882
Interest income	(19)	(190)	(332)	(779)
Unrealised (gain)/loss on foreign exchange	(2,181)	(2,295)	703	407
Gain on disposal of property, plant and equipment	(13)	(32)	(15)	(124)
Property, plant and equipment written off	53	-	63	26
Derecognition of other payable	-	-	-	(2,699)

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 30 April		Cumulative Quarters 30 April	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Taxation	135	560	2,396	2,183

The effective tax rate of the Group for the current quarter is higher than statutory tax rate mainly due to lower group profit as a result of losses at the textile mill.

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 25 June 2019, there is no corporate proposal that is outstanding.

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

Interim report for the period ended 30 April 2019
(The figures have not been audited)

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

9) Group borrowings and debts securities

Details of the Group's borrowings as at 30 April 2019 are as follows:

	Short Term RM'000	Long Term RM'000
Secured	15,335	74,273
Unsecured	3,930	-
Total	<u>19,265</u>	<u>74,273</u>

Borrowings denominated in foreign currency as at 30 April 2019 are as follows:

	Secured Short Term RM'000
Trade financing denominated in USD	<u>14,768</u>

10) Material litigations

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

11) Proposed dividend

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

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

Interim report for the period ended 30 April 2019
(The figures have not been audited)

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

12) Earnings per share

	Individual Quarter		Cumulative Quarters	
	30 April		30 April	
	2019	2018	2019	2018
(a) Basic earnings per share				
(Loss)/profit for the period attributable to equity holders (RM'000)	(2,851)	493	(1,204)	7,209
Weighted average number of ordinary shares in issue ('000)	174,085	173,822	174,085	173,822
Basic earnings per share (sen)	<u>(1.64)</u>	<u>0.28</u>	<u>(0.69)</u>	<u>4.15</u>
(b) Diluted earnings per share				
(Loss)/profit for the period attributable to equity holders (RM'000)	(2,851)	493	(1,204)	7,209
Weighted average number of ordinary shares in issue ('000)	174,085	174,778	174,085	174,778
Diluted earnings per share (sen)	<u>(1.64)</u>	<u>0.28</u>	<u>(0.69)</u>	<u>4.12</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)
25 June 2019