

PROLEXUS BERHAD
Company No. 250857-T

(Incorporated in Malaysia)

Interim Financial Report
31 July 2019

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

Interim report for the period ended 31 July 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31.7.19 RM'000	Audited as at 31.7.18 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	202,741	187,663
Land use rights	10,804	10,873
Intangible assets	44	23
Investment in a joint venture	458	458
Other investments	2,578	549
Goodwill on consolidation	2,712	2,712
	<u>219,337</u>	<u>202,278</u>
Current Assets		
Inventories	39,655	29,653
Trade receivables	70,264	64,783
Other receivables, deposits and prepayments	12,200	15,727
Amount due from a joint venture	283	20
Tax recoverable	7	215
Derivative financial instruments	125	-
Fixed deposits with licensed banks	11,232	4,334
Cash and bank balances	53,971	35,449
	<u>187,737</u>	<u>150,181</u>
TOTAL ASSETS	<u>407,074</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	3,585	2,951
Retained profits	102,800	98,733
	<u>227,973</u>	<u>223,271</u>
Non-controlling interests	26,707	23,886
Total equity	<u>254,680</u>	<u>247,157</u>
Non-current Liabilities		
Borrowings	67,331	23,311
Deferred taxation	1,296	2,114
	<u>68,627</u>	<u>25,425</u>
Current Liabilities		
Trade payables	20,383	18,295
Other payables and accruals	36,838	22,976
Borrowings	25,363	37,890
Provision for taxation	1,183	716
	<u>83,767</u>	<u>79,877</u>
Total liabilities	<u>152,394</u>	<u>105,302</u>
TOTAL EQUITY AND LIABILITIES	<u>407,074</u>	<u>352,459</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.31	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 31 July 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarters	
	31 July		31 July	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue	111,925	82,214	364,010	302,694
Cost of sales	(89,685)	(66,691)	(308,393)	(256,221)
Gross profit	22,240	15,523	55,617	46,473
Other operating income	475	888	1,777	6,711
Administrative expenses	(8,376)	(10,313)	(30,256)	(27,922)
Selling and distribution expenses	(3,753)	(3,033)	(9,362)	(9,388)
Other operating expenses	(163)	(266)	(820)	(868)
Operating profit	10,423	2,799	16,956	15,006
Finance cost	(1,205)	(561)	(4,627)	(1,443)
Profit before taxation	9,218	2,238	12,329	13,563
Taxation	(787)	(1,347)	(3,184)	(3,530)
Profit for the period	8,431	891	9,145	10,033
Total other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(731)	(218)	824	(3,713)
Total comprehensive income for the period	7,700	673	9,969	6,320
Profit attributable to:				
Owners of the parent	7,220	794	6,014	8,003
Non-controlling interests	1,211	97	3,131	2,030
	8,431	891	9,145	10,033
Total comprehensive income attributable to:				
Owners of the parent	6,742	748	6,648	5,249
Non-controlling interests	958	(75)	3,321	1,071
	7,700	673	9,969	6,320
Earnings per share attributable to owners of the parent (sen):				
- Basic	4.15	0.46	3.45	4.60
- Diluted	4.15	0.45	3.45	4.58

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)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Owners of the Parent →											
	← Non-distributable →										Non-controlling Interests	Total Equity
	Foreign											
	Share Capital	Treasury Shares	Fair value Reserves	Translation Reserves	Warrants Reserves	Discount on Shares	Statutory Reserves	ESOS Reserves	Retained Profits	Total		
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	-	-	-	634	-	-	-	-	-	634	190	824
Profit for the period	-	-	-	-	-	-	-	-	6,014	6,014	3,131	9,145
Total comprehensive income for the period	-	-	-	634	-	-	-	-	6,014	6,648	3,321	9,969
Transactions with owners:												
Rights of issue of TPTM	-	-	-	-	-	-	-	-	(1,076)	(1,076)	1,076	-
Share options exercised	1	-	-	-	-	-	-	-*	1	2	-	2
Dividend	-	-	-	-	-	-	-	-	(872)	(872)	-	(872)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,576)	(1,576)
Total transactions with owners	1	-	-	-	-	-	-	-*	(1,947)	(1,946)	(500)	(2,446)
At 31 July 2019	123,078	(1,490)	18	1,683	17,590	(17,590)	904	980	102,800	227,973	26,707	254,680
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	-	-	-	(2,762)	-	-	-	-	-	(2,762)	(959)	(3,721)
Fair value gain on available-for-sale financial assets	-	-	8	-	-	-	-	-	-	8	-	8
Profit for the period	-	-	-	-	-	-	-	-	8,003	8,003	2,030	10,033
Total comprehensive income for the period	-	-	8	(2,762)	-	-	-	-	8,003	5,249	1,071	6,320
Transfer to statutory reserve	-	-	-	-	-	-	19	-	(42)	(23)	23	-
Transactions with owners:												
Share options exercised	239	-	-	-	-	-	-	(126)	84	197	-	197
Dividends	-	-	-	-	-	-	-	-	(1,738)	(1,738)	-	(1,738)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,375)	(1,375)
Total transactions with owners	239	-	-	-	-	-	-	(126)	(1,654)	(1,541)	(1,375)	(2,916)
At 31 July 2018	123,077	(1,490)	18	1,049	17,590	(17,590)	904	980	98,733	223,271	23,886	247,157

* 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)

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarters Ended 31 July 2019 RM'000	Cumulative Quarters Ended 31 July 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,329	13,563
Adjustments for :		
Amortisation of land use rights	287	282
Depreciation	10,393	5,519
Gain on disposal of property, plant and equipment	(14)	(102)
Impairment loss on trade receivables	30	-
Income distribution from unit trusts	(15)	(14)
Interest expense	4,627	1,443
Interest income	(378)	(779)
Property, plant and equipment written off	60	53
Unrealised gain on foreign exchange	(200)	(134)
Fair value changes on derivative financial assets	(125)	-
Operating profit before working capital changes	<u>26,994</u>	<u>19,831</u>
Increase in inventories	(10,231)	(19,080)
Increase in receivables	(1,339)	(11,812)
Increase / (Decrease) in payables	<u>15,734</u>	<u>(1,087)</u>
Cash generated from / (used in) operations	31,158	(12,148)
Tax paid	(3,295)	(5,275)
Tax refunded	210	315
Interest paid	<u>(4,627)</u>	<u>(1,443)</u>
Net cash generated from / (used in) operating activities	<u>23,446</u>	<u>(18,551)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Income distribution from unit trusts	15	-
Interest received	378	760
Investment in a joint venture	-	(458)
Investment in unquoted shares	(2,021)	-
Proceeds from disposal of plant and equipment	245	204
Purchase of property, plant and equipment	(25,310)	(68,178)
Purchase of trademark	(25)	(24)
Net cash used in investing activities	<u>(26,718)</u>	<u>(67,696)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(872)	(3,910)
Dividend paid to non-controlling interests	(1,576)	(1,375)
Drawdown of export credit refinancing	-	1,285
Drawdown / (Repayment) of term loans	49,547	(2,104)
(Repayment)/Drawdown of invoice financing	(6,972)	5,687
(Repayment)/Drawdown of trust receipt	(2,188)	17,462
(Repayment)/Drawdown of revolving credit	(9,000)	6,000
Repayment of finance lease liabilities	(31)	(29)
Proceeds from issuance of shares pursuant to ESOS	1	197
Net change in joint venture's balance	(263)	(20)
Net cash generated from financing activities	<u>28,646</u>	<u>23,193</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	25,374	(63,054)
Effects of exchange rate differences on cash and cash equivalents	25	(2,036)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	39,154	104,244
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	64,553	39,154
Cash and cash equivalents comprise:		
Deposits with licensed banks	11,232	4,334
Cash and bank balances	<u>55,521</u>	<u>35,449</u>
	66,753	39,783
Less: Deposits pledged with banks	<u>(2,200)</u>	<u>(629)</u>
	<u>64,553</u>	<u>39,154</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
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.

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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>Elimination</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	<u>Holding</u>		RM'000
Period ended						
31 July 2019						
REVENUE						
External sales	346,655	1,903	14,607	845	-	364,010
Inter-segment sales	-	977	-	8,724	(9,701)	-
Total revenue	346,655	2,880	14,607	9,569	(9,701)	364,010
RESULTS						
Segment results	20,560	(13,084)	7,523	3,373	(1,794)	16,578
Interest expense	(1,040)	(3,312)	-	(375)	100	(4,627)
Interest income	209	216	51	3	(101)	378
Taxation	(870)	-	(1,965)	(349)	-	(3,184)
Profit/(Loss) for the period	18,859	(16,180)	5,609	2,652	(1,795)	9,145

	<u>Apparels</u>	<u>Textile</u>	<u>Advertising</u>	<u>Investment</u>	<u>Elimination</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	<u>Holding</u>		RM'000
Period ended						
31 July 2018						
REVENUE						
External sales	288,730	-	12,732	1,232	-	302,694
Inter-segment sales	-	-	-	10,615	(10,615)	-
Total revenue	288,730	-	12,732	11,847	(10,615)	302,694
RESULTS						
Segment results	8,103	(1,709)	6,274	4,449	(2,890)	14,227
Interest expense	(744)	(332)	-	(616)	249	(1,443)
Interest income	459	73	217	279	(249)	779
Taxation	(1,603)	-	(1,697)	(230)	-	(3,530)
Profit/(Loss) for the period	6,215	(1,968)	4,794	3,882	(2,890)	10,033

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.

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EXPLANATORY NOTES (CONT'D.)

9. Event subsequent to the end of reporting period

As at 30 September 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 30 September 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	19,039
- Authorised but not contracted for	7,426
	<hr/>
	26,465
	<hr/>

13. Authorisation for issue

On 30 September 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 31 July 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	
	31 July 2019 RM'000	2018 RM'000	31 July 2019 RM'000	2018 RM'000
Revenue	111,925	82,214	364,010	302,694
Profit before taxation	<u>9,218</u>	<u>2,238</u>	<u>12,329</u>	<u>13,563</u>

Comparison with corresponding quarter of the preceding financial year

Revenue of the Group for the current quarter of RM 111,925,000 is higher when compared with the revenue for the corresponding quarter of the preceding financial year of RM 82,214,000. The increase in revenue is mainly due to higher sales orders from the apparels division.

Profit before taxation increased from RM 2,238,000 for the corresponding quarter of the preceding year to RM 9,218,000 for the current quarter mainly due to higher capacity utilization from the apparels division which led to an improvement of the Group's profit margin.

Comparison with preceding quarter

	3 months ended	3 months ended
	31 July 2019 RM'000	30 April 2019 RM'000
Revenue	111,925	64,970
Profit / (Loss) before taxation	<u>9,218</u>	<u>(2,714)</u>

Revenue of the Group for the current quarter of RM 111,925,000 is higher when compared with the revenue for the preceding quarter of RM 64,970,000, due to higher sales orders received from the apparels division. Profit before tax had also improved from a loss of RM 2,714,000 in the preceding quarter to a profit of RM 9,218,000 in the current quarter mainly due to higher capacity utilization from the apparels division.

2) Forthcoming 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.

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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 Quarters	
	31 July		31 July	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Depreciation	3,719	1,220	10,393	5,519
Amortisation of land use rights	75	68	287	282
Impairment loss on trade receivables	30	-	30	-
Interest expense	1,205	561	4,627	1,443
Interest income	(46)	-	(378)	(779)
Unrealised gain on foreign exchange	(903)	(541)	(200)	(134)
Loss / (Gain) on disposal of property, plant and equipment	1	22	(14)	(102)
Property, plant and equipment written off	(3)	27	60	53
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		Cumulative Quarters	
	31 July		31 July	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Taxation	787	1,347	3,184	3,530

The effective tax rate of the Group for the current quarter is lower than statutory tax rate mainly due to overprovision of deferred taxation in the prior year.

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 September 2019, 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) Group borrowings and debts securities

Details of the Group's borrowings as at 31 July 2019 are as follows:

	Short Term RM'000	Long Term RM'000
Secured	17,420	67,331
Unsecured	7,943	-
Total	<u>25,363</u>	<u>67,331</u>

Borrowings denominated in foreign currency as at 31 July 2019 are as follows:

	Secured Short Term RM'000
Trade financing denominated in USD	10,548
Trade financing denominated in RMB	<u>4,070</u>
	<u>14,618</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.

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(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	
	31 July		31 July	
	2019	2018	2019	2018
(a) Basic earnings per share				
Profit for the period attributable to equity holders (RM'000)	7,220	794	6,014	8,003
Weighted average number of ordinary shares in issue ('000)	174,085	173,887	174,085	173,887
Basic earnings per share (sen)	<u>4.15</u>	<u>0.46</u>	<u>3.45</u>	<u>4.60</u>
(b) Diluted earnings per share				
Profit for the period attributable to equity holders (RM'000)	7,220	794	6,014	8,003
Weighted average number of ordinary shares in issue ('000)	174,085	174,642	174,085	174,642
Diluted earnings per share (sen)	<u>4.15</u>	<u>0.45</u>	<u>3.45</u>	<u>4.58</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)
30 September 2019