

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
Registration No. 199201019353 (250857-T)

(Incorporated in Malaysia)

Interim Financial Report
30 April 2024

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 - 5
EXPLANATORY NOTES	6 – 10
ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS	11 – 16

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 April 2024 RM'000	Audited 31 July 2023 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		159,041	166,793
Right-of-use assets		12,825	14,399
Intangible assets		3,283	3,286
Other investments		638	638
Goodwill on consolidation		2,712	2,712
		<u>178,499</u>	<u>187,828</u>
Current Assets			
Inventories		26,576	28,772
Trade receivables		34,274	54,172
Other receivables		5,523	4,440
Current tax assets		2,732	1,817
Other investments		90,254	72,495
Deposits with financial institutions		38,486	8,985
Cash and bank balances		67,608	58,369
		<u>265,453</u>	<u>229,050</u>
TOTAL ASSETS		<u>443,952</u>	<u>416,878</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital		127,441	126,071
ICULS equity		37,571	-
Treasury shares		(128)	(128)
Reserves		12,574	9,446
Retained profits		160,435	166,638
		<u>337,893</u>	<u>302,027</u>
Non-controlling interests		27,359	29,519
Total equity		<u>365,252</u>	<u>331,546</u>
Non-Current Liabilities			
Deferred tax liabilities		1,108	95
Lease liabilities		436	900
ICULS liabilities		125	-
Borrowings	22	29,722	36,724
		<u>31,391</u>	<u>37,719</u>
Current Liabilities			
Trade payables		5,632	7,474
Other payables		13,648	13,729
Contract liabilities	13	268	1,028
Lease liabilities		65	586
ICULS liabilities		36	-
Borrowings	22	27,426	24,545
Current tax liabilities		234	251
		<u>47,309</u>	<u>47,613</u>
Total liabilities		<u>78,700</u>	<u>85,332</u>
TOTAL EQUITY AND LIABILITIES		<u>443,952</u>	<u>416,878</u>
Net assets per share attributable to owners of the parent (RM)		1.19	1.09

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Audited Consolidated Financial Statements for the financial year ended 31 July 2023 and the accompanying notes attached to this interim financial report.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter 30 April		Cumulative 9 Months 30 April	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	8	38,936	48,356	146,981	168,733
Cost of sales		(36,791)	(42,900)	(129,757)	(143,358)
Gross profit		<u>2,145</u>	<u>5,456</u>	<u>17,224</u>	<u>25,375</u>
Other operating income		17,946	(10,278)	4,616	25,327
Administrative expenses		(4,755)	(5,301)	(16,854)	(15,885)
Selling and distribution expenses		(3,525)	(2,625)	(9,112)	(7,362)
Other operating expenses		(143)	(99)	(245)	(331)
Operating profit/(loss)		<u>11,668</u>	<u>(12,847)</u>	<u>(4,371)</u>	<u>27,124</u>
Finance cost	19	(848)	(982)	(2,777)	(2,981)
Share of result of a joint venture		-	(2)	-	(27)
Profit/(Loss) before taxation		<u>10,820</u>	<u>(13,831)</u>	<u>(7,148)</u>	<u>24,116</u>
Taxation	20	641	1,360	(2,307)	(2,864)
Profit/(Loss) for the period		<u>11,461</u>	<u>(12,471)</u>	<u>(9,455)</u>	<u>21,252</u>
Other comprehensive income/(loss), net of tax					
Foreign currency translation differences for foreign operations		479	(27)	4,220	(116)
Total comprehensive income/(loss) for the period		<u>11,940</u>	<u>(12,498)</u>	<u>(5,235)</u>	<u>21,136</u>
Profit/(Loss) attributable to:					
Owners of the parent		11,995	(12,539)	(6,487)	20,783
Non-controlling interests		(534)	68	(2,968)	469
		<u>11,461</u>	<u>(12,471)</u>	<u>(9,455)</u>	<u>21,252</u>
Total comprehensive income/(loss) attributable to:					
Owners of the parent		12,329	(11,704)	(3,075)	20,750
Non-controlling interests		(389)	(794)	(2,160)	386
		<u>11,940</u>	<u>(12,498)</u>	<u>(5,235)</u>	<u>21,136</u>
Earnings/(Loss) per share attributable to owners of the parent (sen):					
- Basic	25	4.34	(4.56)	(2.35)	7.56
- Diluted	25	2.58	(4.56)	(1.40)	7.56

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Consolidated Financial Statements for the financial year ended 31 July 2023 and the accompanying notes attached to this interim financial report.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Owners of the Parent →										Total Equity
	← Non-distributable →						Distributable				
	Share Capital	ICULS Equity	Treasury Shares	Exchange Translation Reserve	Statutory Reserve	ESOS Reserve	Fair Value Reserve	Retained Profits	Total	Non- controlling Interests	
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 2023	126,071	-	(128)	9,604	941	284	(1,383)	166,638	302,027	29,519	331,546
Loss for the year	-	-	-	-	-	-	-	(6,487)	(6,487)	(2,968)	(9,455)
Exchange translation differences for foreign operations	-	-	-	3,412	-	-	-	-	3,412	808	4,220
Total comprehensive income/(loss) for the period	-	-	-	3,412	-	-	-	(6,487)	(3,075)	(2,160)	(5,235)
Transactions with owners:											
Share options lapsed	-	-	-	-	-	(284)	-	284	-	-	-
Issuance of shares arising from conversion of ICULS	1,370	(1,324)	-	-	-	-	-	-	46	-	46
Right Issue of ICULS	-	38,895	-	-	-	-	-	-	38,895	-	38,895
Total transactions with owners	1,370	37,571	-	-	-	(284)	-	284	38,941	-	38,941
At 30 April 2024	127,441	37,571	(128)	13,016	941	-	(1,383)	160,435	337,893	27,359	365,252
At 1 August 2022	126,071	-	(737)	7,994	941	287	(1,320)	144,549	277,785	30,162	307,947
Profit for the year	-	-	-	-	-	-	-	20,783	20,783	469	21,252
Exchange translation differences for foreign operations	-	-	-	(33)	-	-	-	-	(33)	(83)	(116)
Total comprehensive (loss)/income for the period	-	-	-	(33)	-	-	-	20,783	20,750	386	21,136
Transactions with owners:											
Resales for the vesting of treasury shares	-	-	609	-	-	-	-	1,206	1,815	-	1,815
Total transactions with owners	-	-	609	-	-	-	-	1,206	1,815	-	1,815
At 30 April 2023	126,071	-	(128)	7,961	941	287	(1,320)	166,538	300,350	30,548	330,898

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Consolidated Financial Statements for the financial year ended 31 July 2023 and the accompanying notes attached to this interim financial report.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 April 2024 RM'000	9 months ended 30 April 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(7,148)	24,116
Adjustments for :		
Amortisation of intangible assets	4	6
Amortisation of right-of-use assets	683	658
Depreciation of property, plant and equipment	8,775	8,704
Fair value gain on other investments	(3,402)	(14,152)
Loss/(Gain) on disposal of property, plant and equipment	384	(49)
Income distribution from other investments	(116)	(150)
Addition/(Reversal) of inventories written down	855	(255)
Interest expense	2,777	2,981
Interest income	(550)	(755)
Property, plant and equipment written off	379	4
Termination of lease term	672	-
Share of result of a joint venture	-	27
Gain on other investment	(685)	(11,028)
Unrealised loss on foreign exchange	39	1,060
Operating profit before working capital changes	2,667	11,167
Changes in working capital:		
Change in inventories	1,531	(4,510)
Change in receivables	20,310	8,451
Change in payables	500	(13,469)
Change in contract liabilities	(760)	(57)
Cash generated from operations	24,248	1,582
Tax paid	(3,659)	3,918
Interest paid	(2,777)	(2,981)
Net cash generated from operating activities	17,812	2,519
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	700	723
Proceeds from disposal of property, plant and equipment	328	-
Purchase of property, plant and equipment	(1,802)	(7,460)
Net purchase of other investments	(13,556)	(9,623)
Net cash used in investing activities	(14,330)	(16,360)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(995)	(271)
Repayment of term loans	(11,290)	(7,974)
Drawdown of trade financing	1,403	2,300
Change in other borrowing	5,621	-
Proceeds from issuance of ICULS	39,063	-
Proceeds from resale of treasury shares	-	1,815
Net cash generated from/(used in) financing activities	33,802	(4,130)

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	9 months ended 30 April 2024 RM'000	9 months ended 30 April 2023 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	37,284	(17,971)
Effects of foreign exchange rate changes on cash and cash equivalents	1,606	16
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	65,068	75,915
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	103,958	57,960
Cash and cash equivalents comprise:		
Deposits with financial institutions	38,486	15,356
Cash and bank balances	67,608	44,881
	106,094	60,237
Less: Deposits pledged	(2,136)	(2,277)
Cash and cash equivalents	103,958	57,960

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's Audited Consolidated Financial Statements for the financial year ended 31 July 2023 and the accompanying notes attached to this interim financial report.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
(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 30 April 2024, 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 2023.

2. Significant accounting policies

The accounting policies and methods of computation adopted in this Report are consistent with those adopted in the audited financial statements for the financial year ended 31 July 2023 except for the adoption of the following amendments to MFRSs which are applicable to the Group:

MFRS 17 - Insurance Contracts	Effective 1 January 2023
Amendments to MFRS 17 - Insurance Contracts	Effective 1 January 2023
Amendments to MFRS 17 - Initial Application of MFRS 17 and MFRS 9 - Comparative Information	Effective 1 January 2023
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current	Effective 1 January 2023
Amendments to MFRS 101 - Disclosure of Accounting Policies	Effective 1 January 2023
Amendments to MFRS 108 - Definition of Accounting Estimates	Effective 1 January 2023
Amendments to MFRS 112- Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Effective 1 January 2023
Amendments to MFRS 112 - International Tax Reform- Pillar Two Model Rules	Effective 1 January 2023
Amendments to MFRS 16 - Lease Liability in a Sale and Leaseback	Effective 1 January 2024
Amendments to MFRS 101 - Non-current Liabilities with Covenants	Effective 1 January 2024
Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements	Effective 1 January 2024

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group.

Standards issued but not yet effective

The Group has not applied the following new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group:

Amendments to MFRS 121 - Lack of Exchangeability	Effective 1 January 2025
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
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EXPLANATORY NOTES (CONT'D.)

2. Significant accounting policies (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group intends to adopt the above MFRSs when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group.

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

Save as disclosed below, 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.

(a) Irredeemable Convertible Unsecured Loan Stocks (“**ICULS**”)

During the financial quarter under review, the Company had completed the Renounceable Rights Issue of up to RM102,578,353 nominal value of 2,051,567,055 five (5)-year, 0.10% ICULS at 100.0% of its nominal value of RM0.05 each (“**Rights ICULS**”) on the basis of five (5) Rights ICULS for every one (1) existing ordinary share of Techbase Industries Berhad (“**Shares**”) held (“**Rights Issue**”) on the entitlement date.

Pursuant to the Rights Issue, the Company allotted and issued 780,342,595 ICULS (nominal value of RM39,017,129.75) which was granted listing on the Main Market of Bursa Malaysia Securities Berhad on 5 April 2024.

As at 30 April 2024, a total of 26,486,000 ICULS at nominal value of RM0.05 each were converted into 6,846,500 new ordinary shares of RM0.20 each via a combination of cash option and non-cash option. A total proceeds of RM45,000 were raised from the conversion of ICULS via the cash option during the financial quarter under review. The proceeds from conversion of ICULS were utilised for the working capital requirements of the Group. The outstanding ICULS in issue as at 30 April 2024 was 753,856,595.

7. Dividend paid

No dividend was paid for the current quarter.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
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Interim report for the period ended 30 April 2024
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EXPLANATORY NOTES (CONT'D)

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>Others</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 2024						
REVENUE						
External sales	134,429	5,152	7,071	329	-	146,981
Inter-segment sales	-	204	-	3,655	(3,859)	-
Total revenue	<u>134,429</u>	<u>5,356</u>	<u>7,071</u>	<u>3,984</u>	<u>(3,859)</u>	<u>146,981</u>
RESULTS						
Segment results	(982)	(12,879)	1,593	3,923	3,424	(4,921)
Interest expense	(320)	(2,159)	(5)	(392)	99	(2,777)
Interest income	454	17	63	115	(99)	550
Taxation	(686)	-	(503)	(288)	(830)	(2,307)
(Loss)/Profit for the period	<u>(1,534)</u>	<u>(15,021)</u>	<u>1,148</u>	<u>3,358</u>	<u>2,594</u>	<u>(9,455)</u>

	<u>Apparels</u>	<u>Textile</u>	<u>Advertising</u>	<u>Others</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 2023						
REVENUE						
External sales	147,787	8,048	12,636	262	-	168,733
Inter-segment sales	-	2,417	-	3,677	(6,094)	-
Total revenue	<u>147,787</u>	<u>10,465</u>	<u>12,636</u>	<u>3,939</u>	<u>(6,094)</u>	<u>168,733</u>
RESULTS						
Segment results	3,184	(8,714)	6,692	22,420	2,787	26,369
Share of result of a joint venture	-	(27)	-	-	-	(27)
Interest expense	(457)	(2,512)	(12)	(45)	45	(2,981)
Interest income	485	17	252	46	(45)	755
Taxation	(1,682)	-	(1,010)	(172)	-	(2,864)
Profit/(Loss) for the period	<u>1,530</u>	<u>(11,236)</u>	<u>5,922</u>	<u>22,249</u>	<u>2,787</u>	<u>21,252</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.

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Interim report for the period ended 30 April 2024
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EXPLANATORY NOTES (CONT'D)

Geographical Segments

The Group's geographical revenue for the financial period-to-date is as follows:

	Period-to-date	
	30 April 2024	30 April 2023
	RM'000	RM'000
Malaysia	17,088	26,711
United States of America	60,491	87,650
European countries	21,178	21,690
Asia	40,403	21,526
Other countries	7,821	11,156
	<u>146,981</u>	<u>168,733</u>

9. Event subsequent to the end of reporting period

As at 21 June 2024, 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.

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	211
	<u>211</u>

13. Contract liabilities

Balance at 1 August 2023 as per MFRS 15	1,028
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at beginning	(1,028)
Increase in contract liabilities as a result of receiving deposits from customers upon placing sales orders as at 30 April 2024	268
Balance at 30 April 2024	<u>268</u>

Contract liabilities comprised of advances received from customers for rendering services.

**TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)**

Interim report for the period ended 30 April 2024
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EXPLANATORY NOTES (CONT'D)

14. Authorisation for issue

On 21 June 2024, the Board of Directors authorised the issuance of this interim report.

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Interim report for the period ended 30 April 2024
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ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

15. Review of Group's performance

	Individual Quarter		Cumulative Quarter	
	30 April		30 April	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Revenue	38,936	48,356	146,981	168,733
Profit/(Loss) before taxation	<u>10,820</u>	<u>(13,831)</u>	<u>(7,148)</u>	<u>24,116</u>

Comparison with corresponding quarter of the preceding financial year

The Group's revenue decreased by RM9.4 million to RM38.9 million for the current quarter from RM48.3 million for the corresponding quarter of the preceding financial year. This was primarily due to the lower sales contributed by all business divisions.

The Group recorded a profit before taxation of RM10.8 million in the current quarter compared to a loss before taxation of RM13.8 million in the corresponding quarter of the preceding financial year. This was mainly due to lower administrative expenses and higher other operating income but was partly offset by higher selling and distribution expenses.

Comparison with preceding quarter

	3 months ended	3 months ended
	30 April 2024	31 January 2024
	RM'000	RM'000
Revenue	38,936	68,863
Profit/(Loss) before taxation	<u>10,820</u>	<u>(7,224)</u>

Revenue of the Group in the current quarter decreased to RM38.9 million from RM68.9 million for the 3 months financial period ended 30 April 2024. This was mainly due to the lower sales contributed by all business divisions.

The Group recorded a profit before taxation of RM10.8 million as compared to a loss before tax of RM7.2 million for the preceding quarter. This was mainly due to lower administrative expenses and higher other operating income.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
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ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA LISTING REQUIREMENTS (CONT'D)

16. Current year prospects

The global economy continues to experience the impact of persistent high interest rates despite global inflation showing signs of moderation. According to a report issued by Bank Negara Malaysia, the interest rates are expected remain high, particularly in the United States of America, despite global inflation edging downwards in recent months, albeit more slowly in some advanced economies. Hence, the growth outlook is subject to downside risks, mainly from further escalation of geopolitical tensions and volatility in global financial markets. The Group's businesses are largely dependent on all these factors. Nevertheless, the Group will continue to monitor prevailing market conditions and adopt appropriate strategies to enhance its financial performance.

17. Profit forecast

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

18. Variance of actual profit from forecast results or profit guarantee

Not applicable.

19. Profit/(Loss) for the period

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

	Individual Quarter		Cumulative 9 Months	
	30 April		30 April	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	2,848	2,934	8,775	8,704
Amortisation of right-of-use assets	163	303	683	658
Amortisation of intangible assets	1	1	4	6
Fair value (gain)/loss on other investments	(18,599)	16,519	(3,402)	(14,152)
Loss/(Gain) on disposal of property, plant and equipment	4	(50)	384	(49)
Income distribution from other investments	(13)	(36)	(116)	(150)
Interest expense	848	982	2,777	2,981
Interest income	(147)	(318)	(550)	(755)
Property, plant and equipment written off	-	-	379	4
Termination of lease term	-	-	672	-
Loss/(Gain) on other investment	424	(5,280)	(685)	(11,028)
Unrealised (gain)/loss on foreign exchange	(141)	(863)	39	1,060
Addition/(Reversal) of inventories written down	855	(255)	855	(255)

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.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
(The figures have not been audited)

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

20. Taxation

	3 months ended		9 months ended	
	30 April		30 April	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Tax expenses	(854)	(1,360)	2,094	2,864
Deferred tax expenses	213	-	213	-
	<u>(641)</u>	<u>(1,360)</u>	<u>2,307</u>	<u>2,864</u>

The effective tax rate of the Group is lower than statutory tax rate mainly due to tax losses in company's subsidiaries and some other operating income is not taxable.

21. Status of corporate proposal

a) **Irredeemable Convertible Unsecured Loan Stock ("ICULS")**

The proceeds from Rights Issue of ICULS were utilised as follows:

	Proposed utilisation	Actual utilisation	Expected timeframe for utilisation
	RM'000	RM'000	
Installation of roof-top solar PV systems	10,000	-	Within 24 months
Working Capital	28,217	3,190	Within 24 months
Estimated expenses in relation to the Rights Issue of ICULS	800	800	Immediate
	<u>39,017</u>	<u>3,990</u>	

Save as disclosed above, there is no other corporate proposal which has been announced by the Company but yet to be completed

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
(The figures have not been audited)

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

22. Group borrowings and debts securities

Details of the Group's borrowings as at 30 April 2024 and 30 April 2023 are presented as follows:

	30 April 2024 RM'000	30 April 2023 RM'000
Long Term Borrowings		
Secured:-		
Term Loans	<u>29,722</u>	<u>40,576</u>
Short Term Borrowings		
Secured:-		
Term Loans	13,961	19,850
Share margin financing	9,135	-
Invoice financing	<u>4,330</u>	<u>11,385</u>
	<u>27,426</u>	<u>31,235</u>
Total	<u>57,148</u>	<u>71,811</u>

Borrowings denominated in foreign currency as at 30 April 2024 are as follows:

	Short Term RM'000
Borrowings denominated in RMB	<u>3,294</u>
	<u>3,294</u>

23. Material litigations

Legal claim against Trans Pacific Textile (M) Sdn Bhd (“TPTM”)

A subsidiary of the Company, TPTM received a Notice of Arbitration from Pembinaan Thong Lian Sdn Bhd (“PTLSB”). TPTM had engaged PTLSB for the construction of a textile factory and waste water treatment plant (“Project”) via its Letter of Acceptance dated 24 January 2017 and Letter of Supplemental Agreement dated 2 May 2017. As the completion of the Project was behind the original schedule, TPTM was awarded liquidated ascertained damages (“LAD”) of RM6.52 million following an adjudication proceeding.

Following the decision of the Adjudicator, PTLSB initiated an arbitration to claim the following:-

- (i) LAD of RM6.52 million;
- (ii) Retention sum of RM1.51 million;
- (iii) Damages suffered for alleged breach of contract by TPTM and the architect;
- (iv) Interest on any sums awarded in the Arbitral tribunal from such date as the Arbitrator deems fit and proper;
- (v) Cost of the arbitration; and
- (vi) Such other or further reliefs as the Arbitral Tribunal shall deem fit.

TPTM has engaged a legal firm to represent it to defend the claim brought by PTLSB. The parties have agreed on the appointment of the sole arbitrator and the first preliminary meeting was conducted on 25 August 2022.

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
(The figures have not been audited)

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

All pleadings have been filed by both parties detailing out the position of both parties in this arbitration as well as the common bundles of documents, agreed facts and list of witnesses.

On 22 January 2024, PTLSB had delivered an application to amend their statement of case which was allowed by the Arbitral Tribunal on 31 January 2024. Further, the Arbitral Tribunal had also fixed new deadlines for the parties to exchange the expert reports, witness statements and joint expert report on 23 February 2024, 29 February 2024 and 12 April 2024 respectively.

Following the ruling of the Arbitral Tribunal, TPTM had on 23 February 2024 filed an application under Section 18 of the Arbitration Act 2005 at the High Court to appeal against the said ruling allowing PTLSB to amend its statement of case. The first case management was conducted on 7 March 2024 whereby the Court fixed 21 March 2024 for PTLSB to file and deliver their Affidavit in Reply, 4 April 2024 for TPTM to file and deliver its Affidavit in Response and 8 April 2024 as the next case management date to give further directions.

The parties had completed the exchange of Affidavits as of 9 April 2024 (pursuant to an extension of time agreed between the parties and allowed by the Court during the Case Management on 8 April 2024 whereby the Court also fixed the next Case Management on 22 April 2024). Notwithstanding this, PTLSB through its solicitors' letter dated 18 April 2024 requested leave to file a further Affidavit to which TPTM had objected via its solicitors' letter of even date.

During the Case Management on 22 April 2024, the Senior Assistant Registrar had postponed it to the next day for her to take instructions from the High Court Judge in respect of the issue of Further Affidavit. However, PTLSB's solicitors during the Case Management on 23 April 2024 indicated that they have instructions to withdraw the said request for leave to file Further Affidavit. The Court then directed parties to file their respective Written Submissions by 18 June 2024 and Reply Submissions by 24 June 2024 and further fixed the matter for Hearing on 1 July 2024.

In so far as the filing and exchange of Written Submissions and Reply Submissions is concerned, both parties had agreed to a short extension of time to file and exchange the same i.e. on 20 June 2024 for the filing of Written Submissions and on 26 June 2024 for the filing of Reply Submissions. The Hearing date fixed by the Court on 1 July 2024 is maintained.

In addition, on 18 March 2024, the Arbitral Tribunal had confirmed that the arbitration proceedings are stayed pending the disposal of the application filed by TPTM at the High Court and consequently vacated all hearing dates.

As at the date of this interim report, parties are in the midst of finalising their respective Written Submissions before filing the same on 20 June 2024 and Reply Submissions before filing the same on 26 June 2024 before the application is heard on 1 July 2024 as indicated above.

The Directors of the Company do not expect the outcome of the action to have a material effect on our Group's financial position. Furthermore, the solicitors having conduct of the matter are of the opinion that there is a more than equal chance for success on the primary defenses and the heads of TPTM's claims in the counterclaim.

24. Proposed dividend

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

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)
(Incorporated in Malaysia)

Interim report for the period ended 30 April 2024
(The figures have not been audited)

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

25. Earnings/(Loss) per share

	Individual Quarter 30 April		Cumulative Quarter 30 April	
	2024	2023	2024	2023
(a) Basic earnings/(loss) per share				
Profit/(Loss) for the period attributable to parent (RM'000)	11,995	(12,539)	(6,487)	20,783
Weighted average number of ordinary shares in issue ('000)	276,200	274,956	276,200	274,956
Basic earnings/(loss) per share (sen)	<u>4.34</u>	<u>(4.56)</u>	<u>(2.35)</u>	<u>7.56</u>

	Individual Quarter 30 April		Cumulative Quarter 30 April	
	2024	2023	2024	2023
(b) Diluted earnings/(loss) per share				
Profit/(Loss) for the period attributable to parent (RM'000)	11,995	(12,539)	(6,487)	20,783
Weighted average number of ordinary shares in issue ('000)	276,200	274,982	276,200	274,982
Effect of dilution of ICULS ('000)	188,464	-	188,464	-
	<u>464,664</u>	<u>274,982</u>	<u>464,664</u>	<u>274,982</u>
Diluted earnings/(loss) per share (sen)	<u>2.58</u>	<u>(4.56)</u>	<u>(1.40)</u>	<u>7.56</u>

26. Audit qualification

The audit report of the Group's preceding year financial statements is not qualified.

By Order of the Board

TECHBASE INDUSTRIES BERHAD
(FORMERLY KNOWN AS PROLEXUS BERHAD)

Tan Tong Lang (MAICSA 7045482 / SSM PC No. 202208000250)
Tan Lay Khoon (MAICSA 7077867 / SSM PC No. 202208000544)

Company Secretaries
21 June 2024