

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

(Incorporated in Malaysia)

Interim Financial Report
31 October 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 – 19

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 31 October 2024 RM'000	Audited 31 July 2024 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		155,334	155,569
Right-of-use assets		15,083	15,930
Investment properties		12,244	12,250
Intangible assets		-	-
Other investments		573	573
Deferred tax assets		38	1,117
Goodwill on consolidation		2,712	2,712
		<u>185,984</u>	<u>188,151</u>
Current Assets			
Inventories		36,756	25,141
Trade receivables		31,896	26,496
Other receivables		7,199	4,275
Current tax assets		3,796	3,240
Other investments		76,982	80,204
Deposits with financial institutions		6,792	15,887
Cash and bank balances		48,863	68,937
		<u>212,284</u>	<u>224,180</u>
TOTAL ASSETS		<u>398,268</u>	<u>412,331</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital		130,960	130,699
ICULS equity		35,374	35,635
Treasury shares		(128)	(128)
Reserves		7,190	11,007
Retained profits		132,540	140,602
		<u>305,936</u>	<u>317,815</u>
Non-controlling interests		21,033	22,842
Total equity		<u>326,969</u>	<u>340,657</u>
Non-Current Liabilities			
Deferred tax liabilities		1,700	2,705
Lease liabilities		404	1,520
ICULS liabilities		129	138
Borrowings	22	25,653	27,552
		<u>27,886</u>	<u>31,915</u>
Current Liabilities			
Trade payables		11,361	5,468
Other payables		11,625	11,857
Contract liabilities	13	338	439
Lease liabilities		1,924	912
ICULS liabilities		28	18
Borrowings	22	18,137	21,004
Current tax liabilities		-	61
		<u>43,413</u>	<u>39,759</u>
Total liabilities		<u>71,299</u>	<u>71,674</u>
TOTAL EQUITY AND LIABILITIES		<u>398,268</u>	<u>412,331</u>
Net assets per share attributable to owners of the parent (RM)		1.02	1.06

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 2024 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 31 October 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative 3 Months	
		31 October		31 October	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Revenue	8	37,521	39,182	37,521	39,182
Cost of sales		(36,829)	(36,425)	(36,829)	(36,425)
Gross profit		<u>692</u>	<u>2,757</u>	<u>692</u>	<u>2,757</u>
Other operating income		2,384	2,747	2,384	2,747
Administrative expenses		(5,278)	(5,472)	(5,278)	(5,472)
Selling and distribution expenses		(1,463)	(2,345)	(1,463)	(2,345)
Other operating expenses		(4,542)	(7,497)	(4,542)	(7,497)
Operating loss		<u>(8,207)</u>	<u>(9,810)</u>	<u>(8,207)</u>	<u>(9,810)</u>
Finance cost		(740)	(934)	(740)	(934)
Loss before taxation		<u>(8,947)</u>	<u>(10,744)</u>	<u>(8,947)</u>	<u>(10,744)</u>
Taxation	20	(245)	(555)	(245)	(555)
Loss for the period		<u>(9,192)</u>	<u>(11,299)</u>	<u>(9,192)</u>	<u>(11,299)</u>
Other comprehensive loss, net of tax					
Item that will be reclassified subsequently to profit or loss					
Currency translation differences of foreign operations		(4,496)	4,434	(4,496)	4,434
Total comprehensive loss for the period		<u>(13,688)</u>	<u>(6,865)</u>	<u>(13,688)</u>	<u>(6,865)</u>
Loss attributable to:					
Owners of the company		(8,062)	(9,845)	(8,062)	(9,845)
Non-controlling interests		(1,130)	(1,454)	(1,130)	(1,454)
		<u>(9,192)</u>	<u>(11,299)</u>	<u>(9,192)</u>	<u>(11,299)</u>
Total comprehensive loss attributable to:					
Owners of the company		(11,879)	(6,189)	(11,879)	(6,189)
Non-controlling interests		(1,809)	(676)	(1,809)	(676)
		<u>(13,688)</u>	<u>(6,865)</u>	<u>(13,688)</u>	<u>(6,865)</u>
Loss per share attributable to owners of the company (sen):					
- Basic	26	(2.69)	(3.57)	(2.69)	(3.57)
- Diluted	26	(1.69)	(3.57)	(1.69)	(3.57)

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 2024 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 31 October 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Owners of the Company →										Non-controlling interests	Total equity
	← Non-distributable →					Distributable						
	Share capital	Treasury shares	Currency translation reserve	Statutory reserve	Fair value reserve	ESOS Reserve	ICULS equity component	Retained earnings	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 2024	130,699	(128)	11,528	927	(1,448)	-	35,635	140,602	317,815	22,842	340,657	
Loss for the year	-	-	-	-	-	-	-	(8,062)	(8,062)	(1,130)	(9,192)	
Currency translation differences of foreign operations	-	-	(3,817)	-	-	-	-	-	(3,817)	(679)	(4,496)	
Total comprehensive loss for the period	-	-	(3,817)	-	-	-	-	(8,062)	(11,879)	(1,809)	(13,688)	
Transactions with owners:												
Issuance of shares arising from conversion of ICULS	261	-	-	-	-	-	(261)	-	-	-	-	
Total transactions with owners	261	-	-	-	-	-	(261)	-	-	-	-	
At 31 October 2024	130,960	(128)	7,711	927	(1,448)	-	35,374	132,540	305,936	21,033	326,969	
At 1 August 2023 (Restated)	126,071	(128)	9,242	927	(1,383)	284	-	169,737	304,750	29,365	334,115	
Loss for the year	-	-	-	-	-	-	-	(9,845)	(9,845)	(1,454)	(11,299)	
Currency translation differences of foreign operations	-	-	3,655	-	-	-	-	-	3,655	779	4,434	
Total comprehensive income/(loss) for the period	-	-	3,655	-	-	-	-	(9,845)	(6,189)	(676)	(6,865)	
Transactions with owners:												
Share options lapsed	-	-	-	-	-	(284)	-	284	-	-	-	
Total transactions with owners	-	-	-	-	-	(284)	-	284	-	-	-	
At 31 October 2023	126,071	(128)	12,897	927	(1,383)	-	-	160,176	298,561	28,689	327,250	

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 2024 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 31 October 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31 October 2024 RM'000	3 months ended 31 October 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(8,947)	(10,744)
Adjustments for:		
Amortisation of intangible assets	-	2
Amortisation of right-of-use assets	211	270
Depreciation of property, plant and equipment	2,093	3,159
Fair value loss on other investments	1,846	6,161
Loss on disposal of property, plant and equipment	-	623
Income distribution from other investments	(6)	(15)
Interest expense	740	934
Interest income	(550)	(121)
Property, plant and equipment written off	1	379
Loss/(Gain) on other investment	2,324	(2,325)
Unrealised (gain)/loss on foreign exchange	(1,486)	874
Operating loss before working capital changes	<u>(3,774)</u>	<u>(803)</u>
Changes in working capital:		
Change in inventories	(11,752)	(15,204)
Change in receivables	(8,708)	18,086
Change in payables	5,294	5,942
Change in contract liabilities	(101)	(513)
Cash (used in)/generated from operations	<u>(19,041)</u>	<u>7,508</u>
Tax paid	(788)	(2,194)
Interest paid	(740)	(934)
Net cash (used in)/generated from operating activities	<u>(20,569)</u>	<u>4,380</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	429	281
Proceeds from disposal of property, plant and equipment	-	141
Purchase of property, plant and equipment	(2,187)	(303)
Purchase of right-of-use assets	(3)	-
Purchase of other investment	(942)	(7,015)
Net cash used in investing activities	<u>(2,703)</u>	<u>(6,896)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(104)	(560)
Net changes in term loans	(3,295)	(1,975)
Net changes in other borrowing	(1,341)	4,498
Proceeds from issuance of ICULS	1	-
Net cash (used in)/generated from financing activities	<u>(4,739)</u>	<u>1,963</u>

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	3 months ended 31 October 2024 RM'000	3 months ended 31 October 2023 RM'000
NET CHANGES IN CASH AND CASH EQUIVALENTS	(28,011)	(553)
Effects of foreign exchange rate changes on cash and cash equivalents	(1,257)	1,564
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	80,641	65,068
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	51,373	66,079
Cash and cash equivalents comprise:		
Fixed deposits with financial institutions	6,792	13,023
Cash and bank balances	48,863	55,182
Bank overdraft	(1,985)	-
	53,670	68,205
Less: Deposits pledged	(2,297)	(2,126)
Cash and cash equivalents	51,373	66,079

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 2024 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 31 October 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 31 July 2025, 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 2024.

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:

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 101 - Classification of Liabilities as Current or Non-Current	Effective 1 January 2024
Amendments to MFRS 107 and MFRS 7 - Supplier Finance Arrangements	Effective 1 January 2024

The adoption of these new and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company except for:

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 9 and MFRS 7 - Amendments to the Classification and Measurement of Financial Instruments	Effective 1 January 2026
Amendments to MFRSs - Annual Improvements to MFRS Accounting Standards – Volume 11	Effective 1 January 2026
Amendments to MFRS 18 - Presentation and Disclosure in Financial Statements	Effective 1 January 2027
Amendments to MFRS 19 - Subsidiaries without Public Accountability: Disclosures	Effective 1 January 2027
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

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.

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D.)

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 are no material changes in estimates for the current quarter and financial year-to-date.

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**”)

On 5 April 2024, 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 31 October 2024, a total of 70,551,100 ICULS at nominal value of RM0.05 each were converted into 24,444,475 new ordinary shares of RM0.20 each via a combination of cash option and non-cash option. The outstanding ICULS in issue as at 31 October 2024 was 709,791,495.

7. Dividend paid

No dividend was paid for the current quarter.

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D)

8. Segmental reporting

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

	<u>Apparels</u> RM'000	<u>Textile</u> RM'000	<u>Advertising</u> RM'000	<u>Others</u> RM'000	<u>Eliminations</u> RM'000	<u>Consolidated</u> RM'000
Period ended 31 October 2024						
REVENUE						
External sales	33,363	1,817	2,245	96	-	37,521
Inter-segment sales	8,086	-	-	642	(8,728)	-
Total revenue	<u>41,449</u>	<u>1,817</u>	<u>2,245</u>	<u>738</u>	<u>(8,728)</u>	<u>37,521</u>
RESULTS						
Segment results	(2,545)	(2,902)	572	(3,882)	-	(8,757)
Interest expense	(72)	(615)	-	(85)	32	(740)
Interest income	241	6	22	313	(32)	550
(Loss)/Profit before taxation	<u>(2,376)</u>	<u>(3,511)</u>	<u>594</u>	<u>(3,654)</u>	<u>-</u>	<u>(8,947)</u>
Taxation	(74)	-	(171)	-	-	(245)
(Loss)/Profit for the period	<u>(2,450)</u>	<u>(3,511)</u>	<u>423</u>	<u>(3,654)</u>	<u>-</u>	<u>(9,192)</u>

	<u>Apparels</u> RM'000	<u>Textile</u> RM'000	<u>Advertising</u> RM'000	<u>Others</u> RM'000	<u>Eliminations</u> RM'000	<u>Consolidated</u> RM'000
Period ended 31 October 2023						
REVENUE						
External sales	34,484	1,994	2,648	56	-	39,182
Inter-segment sales	12,084	196	-	1,246	(13,526)	-
Total revenue	<u>46,568</u>	<u>2,190</u>	<u>2,648</u>	<u>1,302</u>	<u>(13,526)</u>	<u>39,182</u>
RESULTS						
Segment results	(1,781)	(5,043)	(496)	(2,611)	-	(9,931)
Interest expense	(65)	(762)	(59)	(79)	31	(934)
Interest income	113	6	1	32	(31)	121
Loss for the period	<u>(1,733)</u>	<u>(5,799)</u>	<u>(554)</u>	<u>(2,658)</u>	<u>-</u>	<u>(10,744)</u>
Taxation	(239)	-	(316)	-	-	(555)
Loss for the period	<u>(1,972)</u>	<u>(5,799)</u>	<u>(870)</u>	<u>(2,658)</u>	<u>-</u>	<u>(11,299)</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.

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D)

8. Segmental reporting (cont'd)

Geographical Segments

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

	Period-to-date	
	31 October 2024	31 October 2023
	RM'000	RM'000
Malaysia	5,770	6,645
United States of America	11,668	10,131
European countries	4,416	5,971
Asia	12,595	14,015
Other countries	3,072	2,420
	<u>37,521</u>	<u>39,182</u>

9. Event subsequent to the end of reporting period

As at 20 December 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	121
	<u>121</u>

13. Contract liabilities

Balance at 1 August 2024 as per MFRS 15	RM'000
	439
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at beginning	(439)
Increase in contract liabilities as a result of receiving deposits from customers upon placing sales orders as at 31 October 2024	338
Balance at 31 October 2024	<u>338</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 31 October 2024
(The figures have not been audited)

EXPLANATORY NOTES (CONT'D)

14. Authorisation for issue

On 20 December 2024, the Board of Directors authorised the issuance of this interim report.

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

15. Review of Group's performance

Comparison with corresponding quarter of the preceding financial year

	Individual Quarter		Cumulative 3 Months	
	31 October		31 October	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Revenue	37,521	39,182	37,521	39,182
Loss before taxation	<u>(8,951)</u>	<u>(10,744)</u>	<u>(8,951)</u>	<u>(10,744)</u>

The Group's revenue decreased by RM1.66 million to RM37.52 million for the current quarter from RM39.18 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 loss before taxation of RM8.95 million in the current quarter compared to a loss before taxation of RM10.74 million in the corresponding quarter of the preceding financial year. This improvement was mainly attributed to the reduction in losses from the textile division.

Comparison with preceding quarter

	3 months ended	3 months ended
	31 October 2024	31 July 2024
	RM'000	RM'000
Revenue	37,521	36,058
Loss before taxation	<u>(8,951)</u>	<u>(24,899)</u>

Revenue of the Group in the current quarter increased to RM37.52 million from RM36.06 million for the 3 months financial period ended 31 July 2024. This was mainly attributed to the higher sales contributed by apparels and textile divisions.

The Group recorded a loss before taxation of RM8.95 million as compared to a loss before tax of RM24.90 million for the preceding quarter. This was mainly attributed to lower operating expenses.

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

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

16. Current year prospects

The outlook for 2025 presents both opportunities and challenges for the Group, which operates across garment, textile and media board advertisement industries. Global uncertainties including but not limited to persistent geopolitical tensions, inflationary pressures, potential disruptions in the global supply chain, fluctuations in commodity prices and rising energy costs continue to pose challenges for the businesses. Domestically, the increased minimum wage from RM1,500 to RM1,700, effective February 2025, will elevate labour costs, while the proposed mandatory of EPF contributions to foreign workers will further add to financial pressures.

Nonetheless, opportunities arise from Malaysia's continued economic recovery and government initiatives supporting digitalisation and sustainability. By embracing innovation and prioritising workforce upskilling to improve productivity and operational efficiency, the Group remains committed to its long-term goals and continue to explore new opportunities while monitoring market conditions to ensure sustainable growth in the coming year.

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.

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

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

19. Loss for the period

Included in loss for the period are the following:

	Individual Quarter		Cumulative 3 Months	
	31 October		31 October	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	2,093	3,159	2,093	3,159
Amortisation of right-of-use assets	211	270	211	270
Amortisation of intangible assets	-	2	-	2
Fair value loss on other investment	1,846	6,161	1,846	6,161
Loss on disposal of property, plant and equipment	-	623	-	623
Income distribution from other investments	(6)	(15)	(6)	(15)
Interest expense	740	934	740	934
Interest income	(550)	(121)	(550)	(121)
Property, plant and equipment written off	1	379	1	379
Loss/(Gain) on other investment	2,324	(2,325)	2,324	(2,325)
Unrealised (gain)/loss on foreign exchange	(1,486)	874	(1,486)	874

Other than the above items, there were no gain or loss on disposal of quoted or unquoted investments, write off of receivable, as well as exceptional items.

20. Taxation

	Individual Quarter		Cumulative 3 Months	
	31 October		31 October	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Tax expenses	171	555	171	555
Deferred tax expenses	74	-	74	-
	<u>245</u>	<u>555</u>	<u>245</u>	<u>555</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.

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

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

21. Status of corporate proposal

Irredeemable Convertible Unsecured Loan Stock (“ICULS”)

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

	Proposed utilisation RM'000	Actual utilisation RM'000	Expected timeframe for utilisation
Installation of roof-top solar PV systems	10,000	8,000	Within 24 months
Working Capital	28,217	28,217	Within 24 months
Estimated expenses in relation to the Rights Issue of ICULS	800	800	Immediate
	<u>39,017</u>	<u>37,017</u>	

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

22. Group borrowings and debts securities

Details of the Group’s borrowings as at 31 October 2024 and 31 October 2023 are presented as follows:

	31 October 2024 RM'000	31 October 2023 RM'000
Long Term Borrowings		
Secured:-		
Term Loans	<u>25,653</u>	<u>33,722</u>
Short Term Borrowings		
Secured:-		
Term Loans	10,731	16,384
Bank Overdraft	1,985	-
Share margin financing	849	7,565
Invoice financing	<u>4,572</u>	<u>6,154</u>
	<u>18,137</u>	<u>30,103</u>
Total	<u>43,790</u>	<u>63,825</u>

Borrowings denominated in foreign currency as at 31 October 2024 are as follows:

	Short Term RM'000
Borrowings denominated in RMB	<u>3,076</u>
	<u>3,076</u>

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

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

23. Material litigations

(i) 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) Wrongfully deducted 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.

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. 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.

The completion of exchange of Affidavits and filing of Written Submissions took place from April 2024 until end June 2024. The High Court then heard TPTM’s application on 1 July 2024 whereby after the Hearing, the High Court had directed parties to produce further legal authorities on or before 12 August 2024 to support their respective arguments and/or positions taken in this proceeding and fixed 21 August 2024 to deliver its Decision. TPTM had produced the said further legal authorities to the High Court on 16 August 2024 (pursuant to an extension of time agreed by the parties and allowed by the High Court).

On 21 August 2024, the High Court had allowed TPTM’s application with no order as to costs and further ordered that the ruling of the Arbitral Tribunal dated 31 January 2024 in allowing PTLSB to amend their statement of case be set aside. The High Court also ordered that PTLSB’s application be remitted back to the Arbitral Tribunal to be reheard on merits and for both parties to be provided with the right to file full and proper legal submissions before any ruling is given by the Arbitral Tribunal.

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

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

23. Material litigations (cont'd)

The sealed High Court Order was duly served on the Arbitral Tribunal on 3 September 2024 upon its extraction from the High Court's registry to which the Arbitral Tribunal was notified of the Court's directions for the application to be reheard on merits. In this regard, TPTM through its solicitors had also requested from the Arbitral Tribunal for a preliminary meeting to be fixed and/or for new directions to be given in respect of the amendment application. So far, the Arbitral Tribunal has not responded nor issue new directions on the amendment application.

The sealed High Court Order was duly served on the Arbitral Tribunal on 3 September 2024 upon its extraction from the High Court's registry to which the Arbitral Tribunal was notified of the Court's directions for the application to be reheard on merits. In this regard, pursuant to Order for Directions No. 15 dated 9 December 2024 issued by the Arbitral Tribunal, PTLNB had delivered its legal submissions on 3 December 2024. Parties had also further agreed on the following extended deadlines in respect of the legal submissions: (i) For TPTM to deliver its reply submissions by 24 December 2024, (ii) For PTLNB to respond to TPTM's reply submissions by 9 January 2025 and (iii) For TPTM to reply further to PTLNB's response submissions by 23 January 2025 (in the event there are new issues/arguments being raised by PTLNB).

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 defences and the heads of TPTM's claims in the counterclaim.

(ii) Writ of Summons and Statement of Claim (Suit No.: JA-22NCC-48-07/2024) ("**Suit 48**")

Techbase Industries Berhad ("**Company**") and its subsidiaries, namely Honsin Apparel Sdn Bhd, HiQ Media (Malaysia) Sdn Bhd and Laser Capital Holdings Sdn Bhd were served on 12 July 2024 with a Writ of Summons and a Statement of Claim both dated 4 July 2024. The Company was named as the 4th Defendant, Honsin Apparel Sdn Bhd was named as the 2nd Defendant, HiQ Media (Malaysia) Sdn Bhd was named as the 3rd Defendant, and Laser Capital Holdings Sdn Bhd was named as the 14th Defendant. The action was commenced by Mah Sau Cheong ("**Plaintiff**") through his solicitors, Messrs. Alfred Lai & Partners.

Based on the Statement of Claim, it was alleged that the 2nd, 3rd, 4th and 14th Defendants together with others are persons acting in concert pursuant to section 216 of the Capital Markets and Services Act 2007 ("**CMSA**") and Rule 4.03 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions and they have allegedly conspired with others to breach section 176 of CMSA and section 202 of CMSA and to injure and cause harm to all the other shareholders of South Malaysia Industries Berhad, the 1st Defendant, including the Plaintiff.

The relief claimed by the Plaintiff are as below: -

1. The 2nd to 30th Defendants jointly and severally pay to the Plaintiff a sum of RM24,084,036.00 for the deprivation of the Plaintiff's opportunity to receive a mandatory general offer for the Plaintiff's shares in the 1st Defendant (16,056,024 ordinary shares) at the price of RM1.500 per share.
2. Alternatively, the 2nd to 30th Defendants jointly and severally pay for the Plaintiff a sum of RM17,019,385.44 for the deprivation of the Plaintiff's opportunity to receive a mandatory general offer for the Plaintiff's shares in the 1st Defendant (16,056,024 ordinary shares) at the price of RM1.060 per share.
3. Alternatively, the 2nd to 30th Defendants jointly and severally pay to the Plaintiff general damages to be assessed by the High Court of Malaya at Johor Bahru ("**Court**") for the deprivation of the Plaintiff's opportunity to receive a mandatory general offer for the Plaintiff's shares in the 1st Defendant (16,056,024 ordinary shares).

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

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

23. Material litigations (cont'd)

4. Alternatively, the 2nd to 30th Defendants jointly and severally pay to the Plaintiff general damages to be assessed by the Court for the losses suffered by the Plaintiff due to the depressed mandatory general offer price in the event that the 2nd to 30th Defendants were ordered to make a mandatory general offer to all the other remaining shareholders of the 1st Defendant, including the Plaintiff.
5. Costs to be paid by the 2nd to 30th Defendants jointly and severally to the Plaintiff.
6. Such further and/or other relief or reliefs that the Court deems fit and proper.

The action was fixed for case management on 10 December 2024.

On 26 August 2024, the Plaintiff filed a Notice of Application dated 26 August 2024 (**Injunction Application**) with a certificate of urgency for, among others, the following orders:

- (a) an Order that the 2nd Defendant, the 3rd Defendant, 16th Defendant, 28th Defendant, 29th Defendant and/or 30th Defendant, either by themselves, their directors, officers, employees and/or agents, be restrained and an injunction be granted to restrain them from taking any further step under the Notice of Unconditional Mandatory Take-over Offer dated 20 August 2024 to acquire shares in the 1st Defendant until Suit 48 is disposed or until further order; and
- (b) an Order that the 1st Defendant, either by itself, its directors, officers, employees and/or agents, be restrained and an injunction be granted to restrain them from taking any further step under the Notice of Unconditional Mandatory Take-over Offer dated 20 August 2024 until Suit 48 is disposed or until further order.

On 5 September 2024, the matter was mentioned before the learned Judicial Commissioner, Tuan Noor Hisham bin Ismail (“**JC**”). Counsel for the Plaintiff objected to the request by Counsel for the Securities Commission Malaysia (“**SC**”) to appear as amicus curiae. After hearing parties, the learned JC allowed Counsel for the SC to participate in the proceedings as amicus curiae. After hearing oral arguments of Counsel, the learned JC refused to grant an ad interim injunction order sought by the Plaintiff.

The Injunction Application was fixed for hearing on 27 October 2024.

On 8 September 2024, the 1st Defendant filed a Notice of Application dated 8 September 2024 (“**Application for Consequential Orders/Further Directions**”) seeking for the following consequential Orders and/or directions from the Court:

- (a) whether arising from the Order or decision dated 5 September 2024, the 1st Defendant is not to proceed and/or take any further steps as set out in the Notice of Unconditional Mandatory Take-Over Offer dated 20 August 2024 until the full and final disposal of Suit 48 or the Injunction Application whichever is appropriate; and
- (b) in the alternative, that the 1st Defendant is to proceed with and/or take any further steps as set out in the Notice of Unconditional Mandatory Take-Over Offer dated 20 August 2024 until full and final disposal of Suit 48 or the Injunction Application, whichever is appropriate.

On 26 September 2024, SC filed an application to intervene in Suit 48 (“**Intervention Application**”).

On 27 September 2024, the 28th to 30th Defendants filed an application to transfer the proceedings from Johor Bahru High Court to Kuala Lumpur High Court (“**Transfer Application**”).

The Intervention Application was fixed for hearing on 10 November 2024.

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

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

23. Material litigations (cont'd)

The Transfer Application is fixed for hearing on 29 April 2025.

The Suit 48, Injunction Application and Application for Consequential Orders/Further Directions are fixed for case management on 22 January 2025.

On 10 November 2024, the Court rescheduled the hearing of the Intervention Application to 11 December 2024 as the 26th and 27th Defendants have not entered appearance.

On 11 December 2024, the Intervention Application was allowed by the Court by consent of all parties except for 26th Defendant.

24. Proposed dividend

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

25. Comparative

The following comparatives have been restated to conform with current financial period presentation which more accurately reflect the nature of the relevant transactions.

	As previously stated RM'000	Prior year adjustments RM'000	As restated RM'000
Statement of financial position as at 31 July 2023			
Non-Current Assets			
Property, plant and equipment	166,793	577	167,370
Right-of-use assets	14,399	2,234	16,633
Deferred tax assets	-	216	216
Capital and Reserves			
Reserves	9,446	(376)	9,070
Non-controlling interests	29,519	(154)	29,365
Retained earnings	166,638	3,099	169,737
Non-Current Liabilities			
Deferred tax liabilities	95	(95)	-
Lease liabilities	900	368	1,268
Current Liabilities			
Other payables and accruals	13,729	(99)	13,630
Lease liabilities	586	284	870
Statement of profit or loss and other comprehensive income for the financial year ended 31 July 2023			
Cost of sales	(191,252)	7	(191,245)
Other operating income	30,191	475	30,666
Administrative expenses	(23,201)	(474)	(23,675)
Finance costs	(3,999)	(19)	(4,018)

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

Interim report for the period ended 31 October 2024
(The figures have not been audited)

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

26. Loss per share

	Individual Quarter		Cumulative 3 Months	
	31 October		31 October	
	2024	2023	2024	2023
(a) Basic loss per share				
Loss for the period attributable to parent (RM'000)	(8,062)	(9,845)	(8,062)	(9,845)
Weighted average number of ordinary shares in issue ('000)	299,748	275,918	299,748	275,918
Basic loss per share (in sen)	<u>(2.69)</u>	<u>(3.57)</u>	<u>(2.69)</u>	<u>(3.57)</u>

	Individual Quarter		Cumulative 3 Months	
	31 October		31 October	
	2024	2023	2024	2023
(b) Diluted loss per share				
Loss for the period attributable to parent (RM'000)	(8,062)	(9,845)	(8,062)	(9,845)
Weighted average number of ordinary shares in issue ('000)	299,748	275,918	299,748	275,918
Effect of dilution of ICULS ('000)	177,448	-	177,448	-
	<u>477,196</u>	<u>275,918</u>	<u>477,196</u>	<u>275,918</u>
Diluted loss per share (in sen)	<u>(1.69)</u>	<u>(3.57)</u>	<u>(1.69)</u>	<u>(3.57)</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
20 December 2024