

TECHBASE INDUSTRIES BERHAD
Registration No. 199201019353 (250857-T)

(Incorporated in Malaysia)

Interim Financial Report
30 April 2025

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 30 April 2025 RM'000	Audited 31 July 2024 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		152,405	155,569
Right-of-use assets		13,982	15,930
Investment properties		12,231	12,250
Other investments		573	573
Deferred tax assets		29	1,117
Goodwill on consolidation		2,712	2,712
		<u>181,932</u>	<u>188,151</u>
Current Assets			
Inventories		24,801	25,141
Trade receivables		57,688	26,496
Other receivables		5,804	4,275
Current tax assets		3,409	3,240
Other investments		100,002	80,204
Deposits with financial institutions		7,741	15,887
Cash and bank balances		40,302	68,937
		<u>239,747</u>	<u>224,180</u>
TOTAL ASSETS		<u>421,679</u>	<u>412,331</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital		130,960	130,699
ICULS equity		35,367	35,635
Treasury shares		(128)	(128)
Reserves		5,824	11,007
Retained profits		154,606	140,602
		<u>326,629</u>	<u>317,815</u>
Non-controlling interests		24,323	22,842
Total equity		<u>350,952</u>	<u>340,657</u>
Non-Current Liabilities			
Deferred tax liabilities		1,644	2,705
Lease liabilities		882	1,520
ICULS liabilities		90	138
Borrowings	22	21,854	27,552
		<u>24,470</u>	<u>31,915</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Note	Unaudited 30 April 2025 RM'000	Audited 31 July 2024 RM'000
Current Liabilities			
Trade payables		7,635	5,468
Other payables		15,102	11,857
Contract liabilities	13	394	439
Lease liabilities		1,003	912
ICULS liabilities		35	18
Borrowings	22	22,088	21,004
Current tax liabilities		-	61
		<u>46,257</u>	<u>39,759</u>
Total liabilities		<u>70,727</u>	<u>71,674</u>
TOTAL EQUITY AND LIABILITIES		<u>421,679</u>	<u>412,331</u>
Net assets per share attributable to owners of the parent (RM)		1.09	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.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Individual Quarter		Cumulative 9 Months	
		30 April		30 April	
	Note	2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Revenue	8	60,323	38,936	162,456	146,981
Cost of sales		(50,180)	(36,791)	(138,757)	(129,757)
Gross profit		10,143	2,145	23,699	17,224
Other operating income		10,904	17,946	37,912	13,916
Administrative expenses		(5,780)	(4,755)	(16,288)	(16,854)
Selling and distribution expenses		(2,566)	(3,525)	(8,191)	(9,112)
Other operating expenses		(2,529)	(143)	(16,375)	(9,545)
Operating profit/(loss)		10,172	11,668	20,757	(4,371)
Finance cost		(643)	(848)	(2,101)	(2,777)
Profit/(Loss) before taxation		9,529	10,820	18,656	(7,148)
Taxation	20	(1,511)	641	(2,295)	(2,307)
Profit/(Loss) for the period		8,018	11,461	16,361	(9,455)
Other comprehensive income/(loss), net of tax					
Item that may be reclassified subsequently to profit or loss:					
Exchange translation differences for foreign operations		(3,220)	479	(6,059)	4,220
Total comprehensive income/(loss) for the period		4,798	11,940	10,302	(5,235)
Profit/(Loss) attributable to:					
Owners of the company		5,550	11,995	14,004	(6,487)
Non-controlling interests		2,468	(534)	2,357	(2,968)
		8,018	11,461	16,361	(9,455)
Total comprehensive income/(loss) attributable to:					
Owners of the company		2,787	12,329	8,821	(3,075)
Non-controlling interests		2,011	(389)	1,481	(2,160)
		4,798	11,940	10,302	(5,235)
Earning/(Loss) per share attributable to owners of the company (sen):					
- Basic	26	1.85	4.34	4.67	(2.35)
- Diluted	26	1.16	2.58	2.93	(1.40)

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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Owners of the Company											
				Non-distributable					Distributable			
	Share capital	ICULS Equity	Treasury shares	Currency translation reserve	Statutory reserve	Fair value reserve	ESOS reserve	ICULS equity component	Retained earnings	Total	Non-controlling interests	Total equity
	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
Profit for the year	-	-	-	-	-	-	-	-	14,004	14,004	2,357	16,361
Currency translation differences of foreign operations	-	-	-	(5,183)	-	-	-	-	-	(5,183)	(876)	(6,059)
Total comprehensive (loss)/income for the period	-	-	-	(5,183)	-	-	-	-	14,004	8,821	1,481	10,302
Transactions with owners:												
Issuance of shares arising from conversion of ICULS	261	-	-	-	-	-	-	(268)	-	(7)	-	(7)
Total transactions with owners	261	-	-	-	-	-	-	(268)	-	(7)	-	(7)
At 30 April 2025	130,960	-	(128)	6,345	927	(1,448)	-	35,367	154,606	326,629	24,323	350,952

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

	<div> <div>←</div> <div>Attributable to Owners of the Company</div> <div>→</div> </div>											
	<div>←</div>			Non-distributable				Distributable				
	Share capital	ICULS Equity	Treasury shares	Currency translation reserve	Statutory reserve	Fair value reserve	ESOS reserve	ICULS equity component	Retained earnings	Total	Non-controlling interests	Total equity
	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 2023 (Restated)	126,071	-	(128)	9,242	927	(1,383)	284	-	169,737	304,750	29,365	334,115
Loss for the year	-	-	-	-	-	-	-	-	(6,487)	(6,487)	(2,968)	(9,455)
Currency translation differences of 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)	12,654	927	(1,383)	-	-	163,534	340,616	27,205	367,821

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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30 April 2025 RM'000	9 months ended 30 April 2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	18,656	(7,148)
Adjustments for:		
Amortisation of intangible assets	-	4
Amortisation of right-of-use assets	1,061	683
Depreciation of property, plant and equipment	6,100	8,775
Fair value gain on other investments	(35,456)	(3,402)
(Gain)/Loss on disposal of property, plant and equipment	(336)	384
Income distribution from other investments	(39)	(116)
Inventories written down	-	855
Interest expense	2,101	2,777
Interest income	(822)	(550)
Property, plant and equipment written off	-	379
Termination of lease term	-	672
Loss/(Gain) on other investment	15,997	(685)
Unrealised (gain)/loss on foreign exchange	(1,085)	39
Operating profit before working capital changes	6,177	2,667
Changes in working capital:		
Change in inventories	58	1,531
Change in receivables	(34,084)	20,310
Change in payables	5,609	500
Change in contract liabilities	(45)	(760)
Cash (used in)/generated from operations	(22,285)	24,248
Tax paid	(2,498)	(3,659)
Interest paid	(2,137)	(2,777)
Net cash (used in)/generated from operating activities	(26,920)	17,812
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest (paid)/received	(309)	700
Proceeds from disposal of property, plant and equipment	1,064	328
Purchase of property, plant and equipment	(4,688)	(1,802)
Purchase of right-of-use assets	(178)	-
Purchase of other investment	(300)	(13,556)
Net cash used in investing activities	(4,411)	(14,330)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(547)	(995)
Net changes in term loans	(6,683)	(11,290)
Drawdown of trade financing	-	1,403
Net changes in other borrowing	2,308	5,621
Proceeds from issuance of ICULS	-	39,063
Net cash (used in)/generated from financing activities	(4,922)	33,802

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	9 months ended 30 April 2025 RM'000	9 months ended 30 April 2024 RM'000
NET CHANGES IN CASH AND CASH EQUIVALENTS	(36,253)	37,284
Effects of foreign exchange rate changes on cash and cash equivalents	(1,651)	1,606
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	80,641	65,068
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	42,737	103,958
Cash and cash equivalents comprise:		
Fixed deposits with financial institutions	7,741	38,486
Cash and bank balances	40,302	67,608
Bank Overdraft	(1,999)	-
	46,044	106,094
Less: Deposits pledged	(3,307)	(2,136)
Cash and cash equivalents	42,737	103,958

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.

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EXPLANATORY NOTES

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134 Interim Financial Reporting and other MFRSs issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Group 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 2024 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.

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EXPLANATORY NOTES (CONT'D)

3. Seasonality or cyclical operations

The Group is not materially affected by seasonality or cyclical 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")

There was no conversion of ICULS during the financial period under review. The outstanding ICULS in issue as at 30 April 2025 was 709,791,495.

7. Dividend paid

No dividend was paid for the current quarter.

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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>Eliminations</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Period ended 30 April 2025						
REVENUE						
External sales	149,326	5,207	7,764	159	-	162,456
Inter-segment sales	44,798	-	-	1,918	(46,716)	-
Total revenue	194,124	5,207	7,764	2,077	(46,716)	162,456
RESULTS						
Segment results	6,372	(8,478)	1,927	15,556	4,558	19,935
Interest expense	(278)	(1,727)	(28)	(144)	76	(2,101)
Interest income	495	17	47	339	(76)	822
Profit/(Loss) before taxation	6,589	(10,188)	1,946	15,751	4,558	18,656
Taxation	(1,683)	-	(611)	(1)	-	(2,295)
Profit/(Loss) for the period	4,906	(10,188)	1,335	15,750	4,558	16,361

	<u>Apparels</u>	<u>Textile</u>	<u>Advertising</u>	<u>Others</u>	<u>Eliminations</u>	<u>Consolidated</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	57,979	204	-	3,655	(62,042)	-
Total revenue	192,408	5,356	7,071	3,984	(62,042)	146,981
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
(Loss)/Profit for the period	(848)	(15,021)	1,651	3,646	3,424	(7,148)
Taxation	(686)	-	(503)	(288)	(830)	(2,307)
(Loss)/Profit for the period	(1,534)	(15,021)	1,148	3,358	2,594	(9,455)

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)

8. Segmental reporting (cont'd)

Geographical Segments

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

	Period-to-date	
	30 April 2025	30 April 2024
	RM'000	RM'000
Malaysia	18,295	17,088
United States of America	70,372	60,491
European countries	20,032	21,178
Asia	42,665	40,403
Other countries	11,092	7,821
	<u>162,456</u>	<u>146,981</u>

9. Event subsequent to the end of reporting period

As at 20 June 2025, 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:

	RM'000
Property, plant and equipment:	
- Authorised and contracted for	<u>264</u>
	<u>264</u>

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EXPLANATORY NOTES (CONT'D)

13. Contract liabilities

	RM'000
Balance at 1 August 2024 as per MFRS 15	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 30 April 2025	<u>394</u>
Balance at 30 April 2025	<u>394</u>

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

14. Authorisation for issue

On 20 June 2025, the Board of Directors authorised the issuance of this interim report.

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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

Comparison with corresponding quarter of the preceding financial year

	Individual Quarter 30 April		Cumulative 9 Months 30 April	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	60,323	38,936	162,456	146,981
Profit/(Loss) before taxation	<u>9,529</u>	<u>10,820</u>	<u>18,656</u>	<u>(7,148)</u>

The Group's revenue increased by RM21.4 million to RM60.3 million for the current quarter from RM38.9 million for the corresponding quarter of the preceding financial year. This was primarily due to higher sales contributed by the apparel and advertising divisions.

The Group recorded a profit before taxation of RM9.5 million in the current quarter compared to RM10.8 million in the corresponding quarter of the preceding financial year. This was mainly due to higher operating expenses and lower other operating income.

Comparison with preceding quarter

	3 months ended 30 April 2025 RM'000	3 months ended 31 January 2025 RM'000
Revenue	60,323	64,612
Profit before taxation	<u>9,529</u>	<u>18,074</u>

Revenue of the Group in the current quarter decreased to RM60.3 million from RM64.6 million for the 3 months financial period ended 31 January 2025. This was mainly due to lower sales from the apparel division.

The Group recorded a profit before taxation of RM9.5 million as compared to RM18.1 million for the preceding quarter. This was mainly due to lower revenue and other operating income for the quarter.

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16. Current year prospects

As the global economy shows signs of improvement following the easing of inflationary pressures and interest rates, it faced a setback with the announcement of US tariffs measures and retaliations, accompanied by ongoing geopolitical tensions across several regions. Despite these headwinds, the Group remains committed to delivering high quality products to its customers and continuously exploring new revenue streams. Prudent cost control and strategic operational measures remain essential to ensure competitiveness and long-term stability amid evolving economic uncertainties.

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.

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19. Profit/(Loss) for the period

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

	Individual Quarter 30 April		Cumulative 9 Months 30 April	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Depreciation of property, plant and equipment	1,994	2,848	6,100	8,775
Amortisation of right-of-use assets	348	163	1,061	683
Amortisation of intangible assets	-	1	-	4
Fair value gain on other investment	(10,527)	(18,599)	(35,456)	(3,402)
(Gain)/Loss on disposal of property, plant and equipment	(331)	4	(336)	384
Income distribution from other investments	(27)	(13)	(39)	(116)
Interest expense	643	848	2,101	2,777
Interest income	(81)	(147)	(822)	(550)
(Reversal)/addition of property, plant and equipment written off	(3)	-	-	379
Termination of lease term	-	-	-	672
Loss/(Gain) on other investment	2,356	424	15,997	(685)
Unrealised loss/(gain) on foreign exchange	137	(141)	(1,085)	39
Inventories written down	-	855	-	855

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

20. Taxation

	Individual Quarter 30 April		Cumulative 9 Months 30 April	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Tax expenses	1,566	(854)	2,276	2,094
Deferred tax expenses	(55)	213	19	213
	<u>1,511</u>	<u>(641)</u>	<u>2,295</u>	<u>2,307</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.

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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	9,054	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
	39,017	38,071	

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 30 April 2025 and 30 April 2024 are presented as follows:

	30 April 2025 RM'000	30 April 2024 RM'000
Long Term Borrowings		
Secured:-		
Term Loans	<u>21,854</u>	<u>29,722</u>
Short Term Borrowings		
Secured:-		
Term Loans	11,156	13,962
Bank Overdraft	1,999	-
Share margin financing	1,999	9,135
Invoice financing	<u>6,934</u>	<u>4,330</u>
	<u>22,088</u>	<u>27,427</u>
Total	<u>43,942</u>	<u>57,149</u>

Borrowings denominated in foreign currency as at 30 April 2025 are as follows:

	Short Term RM'000
Borrowings denominated in RMB	<u>3,561</u>
	<u>3,561</u>

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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.

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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, pursuant to Order for Directions No. 15 dated 9 December 2024 issued by the Arbitral Tribunal, both parties had completed the delivery and exchange of legal submissions. The parties are awaiting the Arbitral Tribunal to fix a date to deliver its decision in respect of the matter.

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).
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.

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23. Material litigations (cont'd)

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 while the Transfer Application was 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 8 May 2025 for parties to update the Court on the status of the case.

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23. Material litigations (cont'd)

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.

On 29 April 2025, the Court vacated the hearing of the Transfer Application.

On 8 May 2025, the Court rescheduled the case management for Suit 48, Injunction Application and Application for Consequential Orders/Further Directions to 15 May 2025. On 15 May 2025, the Court fixed the Transfer Application for hearing on 20 November 2025 and Suit 48, Injunction Application and Application for Consequential Orders/Further Directions for case management on 25 November 2025.

24. Proposed dividend

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

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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)

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26. Earning/(Loss) per share

	Individual Quarter 30 April		Cumulative 9 Months 30 April	
	2025	2024	2025	2024
(a) Basic earning/(loss) per share				
Profit/(Loss) for the period attributable to parent (RM'000)	5,550	11,995	14,004	(6,487)
Weighted average number of ordinary shares in issue ('000)	300,156	276,200	300,156	276,200
Basic earning/(loss) per share (in sen)	<u>1.85</u>	<u>4.34</u>	<u>4.67</u>	<u>(2.35)</u>

	Individual Quarter 30 April		Cumulative 9 Months 30 April	
	2025	2024	2025	2024
(b) Diluted earning/(loss) per share				
Profit/(Loss) for the period attributable to parent (RM'000)	5,550	11,995	14,004	(6,487)
Weighted average number of ordinary shares in issue ('000)	300,156	276,200	300,156	276,200
Effect of dilution of ICULS ('000)	177,448	188,464	177,448	188,464
	<u>477,604</u>	<u>464,664</u>	<u>477,604</u>	<u>464,664</u>
Diluted earning/(loss) per share (in sen)	<u>1.16</u>	<u>2.58</u>	<u>2.93</u>	<u>(1.40)</u>

27. Audit qualification

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

By Order of the Board
TECHBASE INDUSTRIES BERHAD

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

Company Secretaries
20 June 2025