



(Company No: 591898-H)

QUARTERLY REPORT

Condensed Consolidated Statement of Comprehensive Income

For the first quarter ended 30 June 2018

(Unaudited)

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 30 Jun 2018 RM'000	Unaudited 30 Jun 2017 RM'000	Unaudited 30 Jun 2018 RM'000	Unaudited 30 Jun 2017 RM'000
Revenue	12,854	8,257	12,854	8,257
Material cost	(2,655)	(617)	(2,655)	(617)
Depreciation and amortization	(1,092)	(1,144)	(1,092)	(1,144)
Employee benefits expenses	(4,941)	(4,538)	(4,941)	(4,538)
Other operating expenses	(1,332)	(1,377)	(1,332)	(1,377)
Interest expenses	(76)	(30)	(76)	(30)
Interest income	-	6	-	6
Share of results of associates	74	51	74	51
Profit before taxation	2,832	608	2,832	608
Tax expense	-	-	-	-
Profit from continuing operation	2,832	608	2,832	608
Loss from discontinued operation (net of tax)	(2,289)	(239)	(2,289)	(239)
Net Profit for the period	543	369	543	369
Other comprehensive income:				
Exchange differences on translating foreign operations	231	(698)	231	(698)
Total Comprehensive Income	774	(329)	774	(329)
Net Profit/(Loss) attributable to:				
Equity Holders of Company	1,665	486	1,665	486
Non-controlling interest	(1,122)	(117)	(1,122)	(117)
	543	369	543	369
Total comprehensive income attributable to:				
Equity Holders of Company	1,887	(111)	1,887	(111)
Non-controlling interest	(1,113)	(218)	(1,113)	(218)
	774	(329)	774	(329)
Earnings per ordinary share (sen):				
- Basic	0.24	0.07	0.24	0.07
- Diluted	0.24	0.07	0.24	0.07

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Financial Position

Group	Unaudited 30 Jun 2018 RM'000	Audited 31 Mar 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,032	1,637
Intangible assets	21,960	21,108
Investment in associates	946	871
Other investment	56	56
Deferred tax asset	210	210
	25,204	23,882
Current assets		
Amount due from contract customers	28,133	19,790
Inventories	230	109
Trade and other receivables	17,242	19,054
Tax recoverable	4	4
Cash and cash equivalents	18,646	16,242
	64,255	55,199
TOTAL ASSETS	89,459	79,081
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	87,619	80,787
Reserves	(40,487)	(42,415)
	47,132	38,372
Non-Controlling Interest	1,215	2,328
Total Equity	48,347	40,700
Non-current liabilities		
Deferred tax liabilities	37	60
Convertible bonds	17,581	17,347
	17,618	17,407
Current liabilities		
Amount due to contract customers	769	941
Trade and other payables	17,613	15,140
Borrowings	5,109	4,887
Taxation	3	6
	23,494	20,974
Total liabilities	41,112	38,381
TOTAL EQUITY AND LIABILITIES	89,459	79,081
Net assets per share (RM)	0.06	0.06

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



(Company No: 591898-H)

Condensed Consolidated Statement of Changes in Equity
For the period ended 30 Jun 2018
(Unaudited)

Group	Share Capital	Equity Compensation Reserves	Translation Reserves	Accumulated Loss	Total	Non- Controlling Interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2018	80,787	279	9,418	(52,112)	38,372	2,328	40,700
Profit for the period	-	-	-	1,665	1,665	(1,122)	543
Foreign Currency Translation	-	-	222	-	222	9	231
Issuance of new shares							
Private placement	6,832	-	-	-	6,832	-	6,832
Employee Stock Option							
Grant of option	-	41	-	-	41	-	41
At 30 June 2018	87,619	320	9,640	(50,447)	47,132	1,215	48,347
At 1 April 2017	80,787	279	12,459	(49,488)	44,037	4,552	48,589
Profit for the period	-	-	-	486	486	(117)	369
Foreign Currency Translation	-	-	(597)	-	(597)	(101)	(698)
At 30 June 2017	80,787	279	11,862	(49,002)	43,926	4,334	48,260

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Cash Flow Statements

For the period ended 30 Jun 2018

(Unaudited)

Group	Year To Date ended	Year To Date ended
	30 Jun 2018	30 Jun 2017
	RM'000	RM'000
Profit for the period	543	369
Adjustments for :-		
Non-cash items	1,423	2,202
Non-operating items	705	(180)
Operating loss before working capital changes	2,671	2,391
Net change in current assets	(7,005)	1,488
Net change in current liabilities	2,654	(980)
Interest paid	(253)	(30)
Tax paid	(3)	-
Net cash used in operating activities	(1,936)	2,869
Investing activities		
Purchase of property, plant and equipment	(553)	(70)
Interest received	38	6
Addition of software development expenditure, net of grant	(2,086)	(1,685)
Net cash used in investing activities	(2,601)	(1,755)
Financing activities		
Proceeds from issuance of shares	6,832	-
Share issuance expenses	(137)	-
Proceeds/(Repayment) of short term borrowing, net	212	(943)
Net cash (used)/generated in financing activities	6,907	(943)
Net changes in cash and cash equivalents	2,370	(404)
Cash and cash equivalents at beginning of financial year	15,071	6,142
Effect of exchange rate changes on opening balance	31	(88)
Cash and cash equivalents at end of the financial period	17,472	5,650
Cash and cash equivalents at end of financial period comprise of:		
Cash and bank balance	18,646	6,839
Less: Fixed deposit pledged with bank	(1,174)	(1,189)
Cash and cash equivalents (excluding pledged deposits with bank)	17,472	5,650

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial statements.



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Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of Preparation.

The interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market. The interim financial report should also be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2018.

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2018. The Group has adopted all the new and revised MFRS and IC interpretations that are relevant and effective for the accounting period beginning on or after 1 January 2018. The adoption of these new and revised MFRSs and IC interpretations have not resulted in any material impact on the financial statements of the Group.

The Group has not elected for early adoption of the relevant new and revised MFRSs, amendments to MFRSs and Interpretations which have been issued but not yet effective until future periods. The adoption of these Standards when they become effective is not expected to have a material impact on the financial statements of the Group.

A2. Auditors’ Report on Preceding Annual Financial Statements

The audit report of the preceding annual financial statements was not subject to any qualification.

A3. Comments about Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors.

A4. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items during the quarter.

A5. Changes in Estimates

There are no changes in the estimates of amount reported that have material effect in the current quarter.

A6. Debt and Equity Securities

Other than as disclosed in note B9, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A7. Dividend Paid

No dividend was paid during the quarter under review.

A8. Capital Commitments

No material capital commitments were approved and contracted for as at 30th June 2018.

A9. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment.



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A10. Segmental Information

<i>RM'000</i>	<i>Building Control and Automation#</i>	<i>Application Solution@</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>2018</i>	<i>(Discontinued)</i>			
Revenue				
- External	7,816	12,854	(7,816)	12,854
- Internal	-	1,223	(1,223)	-
Total Revenue	7,816	14,077	(9,039)	12,854
Result				
- Segment Result	(2,152)	2,834	(137)	545
- Share of associate result	-	74	-	74
- Interest income	39	-	(39)	-
- Interest expense	(376)	(76)	376	(76)
Profit/(loss) before tax	(2,489)	2,832	200	543
Tax	-	-	-	-
Profit/(loss) after tax	(2,489)	2,832	200	543
Segment assets	27,975	95,850	(34,366)	89,459
Segment liabilities	23,216	17,896	-	41,112
Other information				
- Capital Expenditure	415	138	-	553
- Depreciation and amortization	291	1,092	(291)	1,092
<i>RM'000</i>	<i>Building Control and Automation#</i>	<i>Application Solution@</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>2017</i>				
Revenue				
- External	12,309	8,257	(12,309)	8,257
- Internal	-	954	(954)	-
Total Revenue	12,309	9,211	(13,263)	8,257
Result				
- Segment Result	489	581	(878)	192
- Share of associate result	-	51	-	51
- Interest income	-	6	-	6
- Interest expense	-	(30)	-	(30)
Profit/(loss) before tax	489	608	(878)	220
Tax	-	-	149	149
Profit/(loss) after tax	489	608	(728)	369
Segment assets	21,366	98,985	(37,960)	73,945
Segment liabilities	3,783	21,902	-	25,685
Other information				
- Capital Expenditure	1	69	-	70
- Depreciation and amortization	40	1,144	(40)	1,144

The Building Control and Automation segment is involved in the provision of integrated control and automation system for buildings and facilities. With the disposal of the segment by the Group in July 2018, the Building Control and Automation segment will be classified as discontinued operation. Accordingly, certain current period figures have been amended or reclassified where necessary to conform with the current period's presentation in the Segmental Information.

@ The Application Solution segment is involved in the provision of e-business solution for the healthcare industry, construction, city, town council and telecommunication industries.



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A11. Changes in Contingent Liabilities

30 Jun 2018
RM'000

Guarantees given by the Company for credit facilities granted to subsidiaries

5,109

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A12. Subsequent Events

There were no material events between 1st July 2018 and 28th August 2018 that would be required to be reflected in the financial statement for the quarter ended 30th June 2018.

A13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review except the following:-

On 12 July 2018, the Group entered into a Sale and Purchase Agreement with Japan Asia Group Limited to dispose its 51% equity interest in Primustech Pte Ltd ("Primustech") for SGD3,000,000 (equivalent to approximately RM8.9 million) ("Disposal"). The Disposal was completed on 25 July 2018 and accordingly, Primustech is no longer a subsidiary of the Group thereafter.

A14. Significant Related Party Transaction

The Group has no related party transactions which would have material impact on the financial position and business of the Group during the current quarter under review except the following:-

	Individual quarter ended		Cumulative quarter ended	
	30 Jun 2018 RM'000	30 Jun 2017 RM'000	30 Jun 2018 RM'000	30 Jun 2017 RM'000
Transactions between the Group with a substantial shareholder				
Zylog Systems Asia Pacific Pte Ltd				
- Rental income	-	31	-	31
Transactions between the Group with a company in which a director has a substantial interest				
novaC2R Pte Ltd				
- Purchase of scanning services	88	89	88	89
-				
	=====	=====	=====	=====



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Part B – Additional Information required by Bursa Malaysia Securities Berhad’s Listing Requirements

B1. Performance Review

Current Quarter vs. Previous Year Corresponding Quarter

With the disposal in July 2018, the Group has classified the result of Primustech Pte Ltd and its subsidiary as discontinued operations. Accordingly, certain comparative figures have been amended or reclassified where necessary to conform with the current period’s presentation.

For the current quarter under review, the Group recorded revenue of approximately RM12.9 million, which was approximately 55% higher than the revenue of approximately RM8.3 million for the preceding year’s corresponding quarter period ended 30 June 2018. The increase was due to higher revenue recognition from the order book as a result of higher delivery of milestone from the occurrence of third party cost and higher sales orders received. In line with the increase in revenue, the Group recorded a higher profit before taxation of approximately RM2.8 million for the current quarter as compared to the preceding year’s profit before taxation of approximately RM0.6 million.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 30 Jun 2018 RM’000	Preceding Quarter 31 Mar 2018 RM’000	Difference (%)
Continuing Operations			
Revenue	12,854	6,316	103%
Profit before taxation	2,832	(5,489)	N.M

The Group recorded revenue of approximately RM12.9 million in the current quarter, which was about 103% higher than that recorded in the preceding quarter ended 31 March 2018 of RM 6.3 million due to higher milestone achieved from the existing order book. With the higher revenue recorded, the Group ended the current quarter with a profit before tax of RM2.8 million as compared to a loss before taxation of RM5.5 million in the immediate preceding quarter.

B3. Prospect

In the current financial year, arising from a strategic review of our current business, the Group decided to dispose its 51% equity interest in Primustech Pte Ltd (“Primustech”) for SGD3,000,000 (equivalent to approximately RM8.9 million) to focus on the Application Solution segments, which the Group is of the opinion would have a better prospect and higher growth potential as compared to Primustech. Any gain arising from the disposal of Primustech will be recognized in the second quarter of this financial year.

The Application Solution segments has an order book of approximately RM129 million as at 30 June 2018 as compared to RM117 million as at the end of immediate preceding quarter. The Group will focus on its project delivery and cash flow management while continuing its efforts to broaden its marketing activities by covering more overseas markets and products offering. Barring any unforeseen circumstances, the Group is optimistic about its performance for the current financial year.

B4. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast or profit guarantee.



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B5. Dividend

No dividend has been recommended for the quarter under review.

B6. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group.

B7. Taxation from continuing operation

	Individual quarter ended		Cumulative quarter ended	
	30 Jun 2018 RM'000	30 Jun 2017 RM'000	30 Jun 2018 RM'000	30 Jun 2017 RM'000
Current taxation charge	-	-	-	-
Reversal of deferred tax liabilities	-	-	-	-
	-----	-----	-----	-----
Tax expenses (charge)/write back	-	-	-	-
	=====	=====	=====	=====

Net deferred tax assets in respect of unutilized tax losses and development expenditure capitalized have not been recognized because of uncertainty that future taxable profits will be available against which the Company and its subsidiaries can utilize the benefits.

B8. Group Borrowings and Debt Securities

The total borrowings of the Group as at 30th June 2018 are as follows:

	RM'000
Payable within 12 months	
<i>Term Loan</i>	3,632
<i>Overdraft</i>	1,477
Payable after 12 months	
<i>Convertible bond & embedded derivatives liabilities</i>	17,581

	22,690
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The term loan and overdraft was secured by corporate guarantee by the Company.



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B9. Status of Corporate Proposals

(a) Employee Share Option Scheme ("ESOS")

At an extraordinary general meeting on 27 August 2015, the Company's shareholders approved the establishment of a ten (10) year ESOS of up to thirty percent (30%) of the issued and paid-up capital of the Company.

Set out below are the details of options over the ordinary shares of the Company under the ESOS:-

<u>Option Grant date</u>	<u>Option Expiry date</u>	<u>Exercise price</u>	Number of options over ordinary shares of RM0.10			As at 30.06.18
			Granted	Exercised	Forfeited	
02.6.2016	17.11.2025	RM 0.10	15,000,000	-	(10,500,000)	4,500,000
02.5.2018	17.11.2025	RM 0.09	23,000,000**	-	-	23,000,000

Number of options exercisable as at 30 June 2018 is 4,500,000.

** On 2 May 2018, the Company announced that the following options was granted pursuant to the New ESOS Scheme:-

a) Grant Date		2 May 2018
b) Exercise price of options		RM 0.09
c) Options granted	i) Tranche 1 :	4,700,000
	ii) Tranche 2 :	Up to 18,300,000
d) Number of options granted to Executive Director	i) Tranche 1 :	2,000,000
	ii) Tranche 2 :	Up to 6,000,000
e) Vesting period of options	i) Tranche 1 :	Option shall vest upon completion of thirteen months from the date of grant
	ii) Tranche 2 :	The number of options to be vested shall be subject to the achievement of certain performance criteria by the eligible employees over the performance period concluding at the end of the financial year ending 31 March 2019 and shall vest upon completion of thirteen months from the date of grant.

(b) Proposed Private Placement

On 20th October 2017, the Company announced that it proposed to undertake a private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company. On 26 October 2017, the Company announced that Bursa Securities had resolved to approve the listing and quotation of up to 88,821,317 Placement Shares representing up to 10% of the issued shares of the Company (excluding treasury shares), to investors to be identified and at an issue price to be determined, subject to conditions to be met in relation to the private placement. Bursa Securities had, vide its letter dated 13 April 2018, resolved to approve the extension of time up to 25 October 2018 to complete the implementation of the Private Placement.



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B9. Status of Corporate Proposals (Cont'd)

(b) Proposed Private Placement (Cont'd)

On 21 June 2018, 68,324,000 new ordinary shares had been issued at an issue price of RM0.10 per placement share. The Private Placement raised a gross proceed of RM6,832,400 and the details of the utilization of the proceeds raised from the Private Placement are as follows:-

Use of proceeds from private placement	Amount raised (RM'000)	Amount utilized (RM'000)
Working capital	6,695	6,695
Estimated professional fee	137	137
Total	6,832	6,832

(c) Acquisition of subsidiary

To fund the acquisition of Primustech Pte Ltd (formerly known as CNA Development Pte Ltd) ("PrimusTech"), the shareholder of the Company approved a proposed private placement on 7 April 2016 in an extraordinary general meeting to undertake a proposed private placement of up to 155,022,635 new shares, representing 20% of the enlarged issued and paid-up share capital of the Company ("Placement Shares"). In June 2016, 87,000,000 new ordinary shares of par value RM0.10 each were allotted to third party investors at an issue price of RM0.10 per share. The proceeds of RM8.7 million had been utilized as follows:-

Use of proceeds from private placement	Amount raised (RM'000)	Amount utilized (RM'000)
Funding for the Purchase Consideration*	5,000	-
Working capital*	3,300	8,434
Estimated professional fee	400	266
Total	8,700	8,700

* Pursuant to the terms of the Share Sales Agreement between the Company and Stone Villa Limited, the Company shall satisfy up to RM5.00 million of the purchase consideration in acquisition of PrimusTech vides cash. Such amount was to be paid after certain performance targets was to be met on FYE 2017 and FYE 2018. However, the performance targets were not achieved and the Group is not obligated to pay for the remaining RM5,000,000.

B10. Notes to Condensed Consolidated Statement of Comprehensive Income

Operating profit is arrived at after charging/(crediting) the following items:

	Individual Quarter ended 30 Jun 2018 RM'000	Cumulative Quarter ended 30 Jun 2018 RM'000
i) Depreciation and amortization	1,092	1,092
ii) Foreign exchange (gain)/loss	63	63
iii) Provision for and write off of receivables	-	-
iv) Provision for and write off of inventories	-	-
v) Goodwill impairment	-	-
vi) Impairment of intangible asset	-	-
vii) (Gain) on contingent consideration	-	-
viii) Exceptional items	-	-



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B11. Earning Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
(a) Basic earnings per share				
Net profit attributable to shareholders (RM'000)	1,665	486	1,665	486
Weighted average number of ordinary shares ('000)	689,998	683,241	689,998	683,241
Basic earnings per share (sen)	0.24	0.07	0.24	0.07
(b) Diluted earnings per share				
Net (loss)/profit attributable to shareholders (RM'000)	1,665	486	1,665	486
Weighted average number of ordinary shares ('000)	689,998	683,241	689,998	664,617
Effect of dilution on stock options ('000)	4,500	4,500	4,500	4,500
Adjusted weighted average number of ordinary shares in issues (diluted) ('000)	694,498	687,741	694,498	687,741
Diluted earnings per share (sen)	0.24	0.07	0.24	0.07

By the Order of the Board

Tan Kok Aun (MACS 01564)
Wong Wai Yin (MAICSA 7003000)
Secretaries
Kuala Lumpur

28th August 2018