



(Company No: 591898-H)

QUARTERLY REPORT

Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 31 December 2018
(Unaudited)

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 31 Dec 2018 RM'000	Unaudited 31 Dec 2017 RM'000	Unaudited 31 Dec 2018 RM'000	Unaudited 31 Dec 2017 RM'000
Revenue	18,111	11,459	42,347	29,175
Material cost	(8,173)	(1,829)	(12,681)	(3,244)
Depreciation and amortization	(1,146)	(1,131)	(3,365)	(3,424)
Employee benefits expenses	(6,105)	(5,799)	(15,953)	(15,150)
Other operating expenses	(1,649)	(1,474)	(4,904)	(4,300)
Interest expenses	(67)	(101)	(171)	(167)
Interest income	-	-	1	6
Share of results of associates	92	40	81	(67)
Profit before taxation	1,063	1,165	5,355	2,829
Tax expense	(1)	-	(1)	-
Profit from continuing operation	1,062	1,165	5,354	2,829
Profit/(Loss) from discontinued operation (net of tax)	-	(961)	3,916	(1,528)
Net Profit for the period	1,062	204	9,270	1,301
Other comprehensive income: Exchange differences on translating foreign operations	223	(1,571)	968	(2,291)
Total Comprehensive Income	1,285	(1,367)	10,238	(990)
Net Profit/(Loss) attributable to: Equity Holders of Company	1,138	675	10,838	2,052
Non-controlling interest	(76)	(471)	(1,568)	(751)
	1,062	204	9,270	1,301
Total comprehensive income attributable to: Equity Holders of Company	1,361	(769)	11,807	5
Non-controlling interest	(76)	(598)	(1,568)	(995)
	1,285	(1,367)	10,238	(990)
Earnings per ordinary share (sen):				
- Basic	0.15	0.10	1.48	0.30
- Diluted	0.15	0.10	1.47	0.30

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 31 Dec 2018 RM'000	Audited 31 Mar 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,051	1,637
Intangible assets	21,564	21,108
Goodwill on consolidation	252	-
Investment in associates	977	871
Other investment	-	56
Deferred tax asset	-	210
	<u>23,844</u>	<u>23,882</u>
Current assets		
Amount due from contract customers	39,075	19,790
Inventories	-	109
Trade and other receivables	12,303	19,054
Tax recoverable	3	4
Cash and cash equivalents	1,788	16,242
	<u>53,169</u>	<u>55,199</u>
TOTAL ASSETS	<u>77,013</u>	<u>79,081</u>
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	87,619	80,787
Reserves	(30,237)	(42,415)
	<u>57,382</u>	<u>38,372</u>
Non-Controlling Interest	447	2,328
Total Equity	<u>57,829</u>	<u>40,700</u>
Non-current liabilities		
Deferred tax liabilities	-	60
Convertible bonds	-	17,347
	<u>-</u>	<u>17,407</u>
Current liabilities		
Amount due to contract customers	508	941
Trade and other payables	14,863	15,140
Borrowings	3,810	4,887
Taxation	3	6
	<u>19,184</u>	<u>20,974</u>
Total liabilities	<u>19,184</u>	<u>38,381</u>
TOTAL EQUITY AND LIABILITIES	<u>77,013</u>	<u>79,081</u>
Net assets per share (RM)	0.08	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 31 Dec 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	-	-	-	10,838	10,838	(1,568)	9,270
Foreign Currency Translation	-	-	968	-	968	-	968
Issuance of new shares							
Private placement	6,832	-	-	-	6,832	-	6,832
Employee Stock Option							
Grant of option	-	372	-	-	372	-	372
Acquisition of subsidiary						502	502
Disposal of subsidiary	-	-	-	-	-	(815)	(815)
At 31 December 2018	87,619	651	10,386	(41,274)	57,382	447	57,829
At 1 April 2017	80,787	279	12,459	(49,488)	44,037	4,552	48,589
Profit for the period	-	-	-	2,052	2,052	(751)	1,301
Foreign Currency Translation	-	-	(2,047)	-	(2,047)	(244)	(2,291)
-							
At 31 December 2017	80,787	279	10,412	(47,436)	44,042	3,557	47,599

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 31 Dec 2018
(Unaudited)

Group	Year To Date ended	Year To Date ended
	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Profit for the period	9,270	979
Adjustments for :-		
Non-cash items	4,135	5,445
Non-operating items	(5,989)	(1,323)
Operating loss before working capital changes	7,416	5,101
Net change in current assets	(25,962)	(283)
Net change in current liabilities	6,712	(8,539)
Interest paid	(348)	(371)
Tax paid	(2)	(202)
Net cash used in operating activities	(12,184)	(4,294)
Investing activities		
Purchase of property, plant and equipment	(1,221)	(422)
Interest received	41	27
Proceed from disposal of subsidiary, net of cash disposed	(2,004)	-
Net cash inflow from investment in subsidiary	293	-
Addition of software development expenditure, net of grant	(5,186)	(4,344)
Net cash used in investing activities	(8,077)	(4,739)
Financing activities		
Proceeds from issuance of shares	6,832	-
Issuance of bond	-	18,168
Decrease in fixed deposit pledged	1,184	-
Proceeds/(Repayment) of short term borrowing, net	(1,219)	1,783
Net cash (used)/generated in financing activities	6,797	19,951
Net changes in cash and cash equivalents	(13,464)	10,918
Cash and cash equivalents at beginning of financial year	15,071	6,142
Effect of exchange rate changes on opening balance	181	(179)
Cash and cash equivalents at end of the financial period	1,788	16,881
Cash and cash equivalents at end of financial period comprise of:		
Cash and bank balance	1,788	18,017
Less: Fixed deposit pledged with bank	-	(1,136)
Cash and cash equivalents (excluding pledged deposits with bank)	1,788	16,881

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 except as disclosed in A13.

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 September 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>Application Solution@</i>	<i>Elimination</i>	<i>Total</i>	<i>Building Control and Automation# (Discontinued)</i>	<i>Consolidated</i>
<i>2018</i>					
Revenue					
- External	42,347		42,347	11,512	53,859
- Internal	3,722	(3,722)	-	-	-
Total Revenue	46,069	(3,722)	42,347	11,512	53,859
Result					
- Segment Result	5,443	-	5,443	(2,608)	2,835
- Share of associate result			81	-	81
- Interest income			1	40	41
- Interest expense			(171)	(503)	(674)
Profit before gain on disposal			5,355	(3,071)	2,283
- Gain on disposal			-	6,956	6,956
Profit/(loss) before tax			5,355	3,885	9,239
Tax			-	31	31
Profit/(loss) after tax			5,355	3,916	9,270
Segment assets	105,173	(28,160)	77,013	-	77,013
Segment liabilities	19,184	-	19,184	-	19,184
Other information					
- Capital Expenditure	702	-	702	519	1,221
- Depreciation and amortization	3,365	-	3,365	397	3,762
<i>RM'000</i>	<i>Application Solution@</i>	<i>Elimination</i>	<i>Total</i>	<i>Building Control and Automation# (Discontinued)</i>	<i>Consolidated</i>
<i>2017</i>					
Revenue					
- External	29,175	-	29,175	29,756	58,931
- Internal	3,527	(3,527)	-	-	-
Total Revenue	32,702	(3,527)	29,175	29,756	58,931
Result					
- Segment Result	3,057	-	3,057	(1,666)	1,391
- Share of associate result			(67)	-	(67)
- Interest income			6	21	27
- Interest expense			(167)	(205)	(372)
Profit/(loss) before tax			2,829	(1,850)	979
Tax			-	322	322
Profit/(loss) after tax			2,829	(1,528)	1,301
Segment assets	90,157	(37,960)	52,197	34,359	86,556
Segment liabilities	13,475	-	13,475	25,482	38,957
Other information					
- Capital Expenditure	288	-	288	134	422
- Depreciation and amortization	3,424	-	3,424	2,021	5,445

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

31 Dec 2018
RM'000

Guarantees given by the Company for credit facilities granted to subsidiaries	3,810
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A12. Subsequent Events

There were no material events between 1st January 2019 and 27th February 2019 that would be required to be reflected in the financial statement for the quarter ended 31st December 2018.

A13. Changes in the Composition of the Group

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. Gain on disposal is as per below:-

	RM'000
Consideration	8,876
Less: Share of net asset of Primustech	<u>(1,920)</u>
Gain on disposal	<u>6,956</u>

On 1 Oct 2018, 41,999 new ordinary shares of Eyris Pte Ltd ("EyRIS") was issued and allotted to novaHEALTH Pte Ltd, a wholly owned subsidiary of Nova MSC Berhad, resulting in EyRIS being a 42%-owned indirect subsidiary of the Group as novaHEALTH will be able to govern the financial and operating policies of EyRIS via novaHEALTH's ability to appoint majority board seats in the EyRIS board of directors based on the current shareholder agreement with other shareholders.

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	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	RM'000	RM'000	RM'000	RM'000
Transactions between the Group with a substantial shareholder				
Zylog Systems Asia Pacific Pte Ltd				
- Rental income	-	45	-	138
Transactions between the Group with a company in which a director has a substantial interest				
novaC2R Pte Ltd				
- Purchase of scanning services	84	89	261	266
	=====	=====	=====	=====



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

B1. Performance Review

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.

Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter under review, the Group recorded revenue of approximately RM18.1 million, which was approximately 57% higher than the revenue of approximately RM11.5 million for the preceding year’s corresponding quarter period ended 31 Decemeber 2017. The increase was mainly due to higher revenue recognition from the existing order book as a result of higher delivery of third party material cost . Despite the increase in revenue, the Group recorded a profit before taxation of approximately RM1.1 million for the current quarter, which is comparable to the preceding year’s profit before taxation of approximately RM1.2 million due to increase in staff strength, resulting in higher employee benefits and other operating expenditures.

Current Year-to-date vs Previous Year-to-date

The Group recorded revenue of RM42.3 million for the 9 months ended 31 December 2018, representing an approximately 45% increase over the revenue for the 9 months period ended 31 December 2017 of RM29.2 million. The increase in revenue was mainly due to higher revenue recognition from our order book as a result of higher sales orders received during the period under review. With the higher revenue recorded, the Group ended the current period under review with a profit before tax of RM5.4 million as compared to a profit before taxation of RM2.8 million for the 9 months period ended 31 December 2017.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 31 Dec 2018 RM’000	Preceding Quarter 30 Sep 2018 RM’000	Difference (%)
Continuing Operations			
Revenue	18,111	11,382	59%
Profit before taxation	1,063	1,461	(27%)

The Group recorded revenue of approximately RM18.1 million in the current quarter, which was about 59% higher than that recorded in the preceding quarter ended 30 September 2018 of RM 11.4 million due to higher delivery of third party material cost to our customers. The Group ended the current quarter with a lower profit before tax of RM1.1 million as compared to a profit before taxation of RM1.5 million in the immediate preceding quarter due to the higher employee and other operating expenses incurred during the period under review.

B3. Prospect

Arising from a strategic review of our current business, the Group disposed its 51% equity interest in Primustech Pte Ltd (“Primustech”) for SGD3,000,000 (equivalent to approximately RM8.9 million) in July 2018 to focus on the Applciation Solution segments, which the Group is of the opinion would have a better prospect and higher growth potential as compared to Primustech. Accordingly, the gain arising from the disposal of Primustech is recognized in the current financial year under review.

The Group’s order book amounted to approximately RM126 million as at 31 December 2018 as compared to RM137 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.



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B4. Profit Forecast and Profit Guarantee

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

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	
	31 Dec 2018 RM'000	31 Dec 2017 RM'000	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Current taxation charge	-	-	-	-
Under provision in prior year tax	(1)	-	(1)	-
	-----	-----	-----	-----
Tax expenses (charge)/write back	(1)	-	(1)	-
	=====	=====	=====	=====

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 31 December 2018 are as follows:

	RM'000
Payable within 12 months	
<i>Term Loan</i>	3,810
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The term loan 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 31.12.18
			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
30.8.2018	17.11.2025	RM 0.17	25,300,000**	-	-	25,300,000

Number of options exercisable as at 31 December 2018 is 4,500,000.

** The following options was granted pursuant to the New ESOS Scheme during the current financial year:-

a) Grant Date		2 May 2018	30 August 2018
b) Exercise price of options		RM 0.09	RM 0.17
c) Options granted	i) Tranche 1 : ii) Tranche 2 :	4,700,000 Up to 18,300,000	4,450,000 Up to 20,850,000
d) Number of options granted to Executive Director	i) Tranche 1 : ii) Tranche 2 :	2,000,000 Up to 6,000,000	Nil Up to 3,000,000
e) Vesting period of options	i) Tranche 1 : ii) Tranche 2 :	Option shall vest upon completion of thirteen months from the date of grant 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.	Option shall vest upon completion of eight months from the date of grant 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 achievement of the performance criteria



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(b) Private Placement

On 27th February 2019, the Company announced that it proposed to undertake a private placement of up to thirty percent (30%) of the issued and paid-up share capital of the Company to investors to be identified and at an issue price to be determined later, subject to the following approvals being obtained:-

- i. Bursa Securities, for the listing of and quotation for the placement shares on the ACE Market of Bursa Securities; and
- ii. The shareholders of the Company, for the proposed private placement at an extraordinary general meeting ("EGM") of the Company to be convened.

B10. Notes to Condensed Consolidated Statement of Comprehensive Income

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

	Individual Quarter ended 31 Dec 2018 RM'000	Cumulative Quarter ended 31 Dec 2018 RM'000
i) Depreciation and amortization	1,146	3,762
ii) Foreign exchange (gain)/loss	41	(177)
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) Exceptional items	-	-

B11. Earning Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31 Dec 2018	Preceding year corresponding quarter 31 Dec 2017	Current year to date 31 Dec 2018	Preceding year corresponding period 31 Dec 2017
(a) Basic earnings per share				
Net profit attributable to shareholders (RM'000)	1,138	675	10,838	2,052
Weighted average number of ordinary shares ('000)	751,565	683,241	731,192	683,241
Basic earnings per share (sen)	0.15	0.10	1.48	0.30



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B11. Earning Per Share (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31 Dec 2018	Preceding year corresponding quarter 31 Dec 2017	Current year to date 31 Dec 2018	Preceding year corresponding period 31 Dec 2017
(b) Diluted earnings per share				
Net (loss)/profit attributable to shareholders (RM'000)	1,138	675	10,838	2,052
Weighted average number of ordinary shares ('000)	751,565	683,241	731,192	683,241
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)	756,065	687,741	735,692	687,741
Diluted earnings per share (sen)	0.15	0.10	1.47	0.30

By the Order of the Board

Tan Kok Aun (MACS 01564)
Nip Chee Sien (MAICSA 7066996)
Secretaries
Kuala Lumpur

27th February 2019