



(Company No: 591898-H)

## QUARTERLY REPORT

### Condensed Consolidated Statement of Comprehensive Income

For the first quarter ended 30 June 2019

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 30 Jun 2019 RM'000	Unaudited 30 Jun 2018 RM'000	Unaudited 30 Jun 2019 RM'000	Unaudited 30 Jun 2018 RM'000
<b>Revenue</b>	<b>12,987</b>	<b>12,854</b>	<b>12,987</b>	<b>12,854</b>
Material cost	(3,711)	(2,655)	(3,711)	(2,655)
Depreciation and amortization	(1,425)	(1,092)	(1,425)	(1,092)
Employee benefits expenses	(5,573)	(4,941)	(5,573)	(4,941)
Other operating expenses	(1,046)	(1,332)	(1,046)	(1,332)
Interest expenses	(442)	(76)	(442)	(76)
Interest income	-	-	-	-
Share of results of associates	40	74	40	74
Profit before taxation	830	2,832	830	2,832
Tax expense	-	-	-	-
Profit from continuing operation	830	2,832	830	2,832
Profit/(Loss) from discontinued operation (net of tax)	-	(2,289)	-	(2,289)
<b>Net Profit for the period</b>	<b>830</b>	<b>543</b>	<b>830</b>	<b>543</b>
Other comprehensive income:				
Exchange differences on translating foreign operations	547	231	547	231
<b>Total Comprehensive Income</b>	<b>1,377</b>	<b>774</b>	<b>1,377</b>	<b>774</b>
Net Profit/(Loss) attributable to:				
Equity Holders of Company	836	1,665	836	1,665
Non-controlling interest	(6)	(1,122)	(6)	(1,122)
	830	543	830	543
Total comprehensive income attributable to:				
Equity Holders of Company	1,378	1,887	1,378	1,887
Non-controlling interest	(1)	(1,113)	(1)	(1,113)
	1,377	774	1,377	774
Earnings per ordinary share (sen):				
- Basic	0.11	0.24	0.11	0.24
- Diluted	0.11	0.24	0.11	0.24

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.



(Company No: 591898-H)

### Condensed Consolidated Statement of Financial Position

<b>Group</b>	<b>Unaudited 30 Jun 2019 RM'000</b>	<b>Audited 31 Mar 2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,090	1,057
Right-of-Use assets	2,320	-
Intangible assets	22,454	21,716
Goodwill on consolidation	254	250
Investment in associates	805	754
	<u>26,923</u>	<u>23,777</u>
<b>Current assets</b>		
Contract assets	44,471	36,714
Trade and other receivables	12,112	14,295
Tax recoverable	3	3
Cash and cash equivalents	3,666	6,344
	<u>60,252</u>	<u>57,356</u>
<b>TOTAL ASSETS</b>	<u>87,175</u>	<u>81,133</u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	87,619	87,619
Reserves	(30,323)	(31,701)
	<u>57,296</u>	<u>55,918</u>
Non-Controlling Interest	345	346
<b>Total Equity</b>	<u>57,641</u>	<u>56,264</u>
<b>Non-current liabilities</b>		
Lease liabilities	1,779	-
	<u>1,779</u>	<u>-</u>
<b>Current liabilities</b>		
Contract liabilities	1,220	1,470
Trade and other payables	16,689	15,813
Borrowings	9,174	7,583
Lease liabilities	669	-
Taxation	3	3
	<u>27,755</u>	<u>24,869</u>
<b>Total liabilities</b>	<u>29,534</u>	<u>24,869</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>87,175</u>	<u>81,133</u>
Net assets per share (RM)	0.08	0.07

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.



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### Condensed Consolidated Statement of Changes in Equity

For the period ended 30 Jun 2019

(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 2019	87,619	2,272	9,906	(43,879)	55,918	346	56,264
Profit for the period	-	-	-	836	836	(6)	830
Foreign Currency Translation	-	-	542	-	542	5	547
<b>At 30 June 2019</b>	<b>87,619</b>	<b>2,272</b>	<b>10,448</b>	<b>(43,043)</b>	<b>57,296</b>	<b>345</b>	<b>57,641</b>
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
<b>At 30 June 2018</b>	<b>87,619</b>	<b>320</b>	<b>9,640</b>	<b>(50,447)</b>	<b>47,132</b>	<b>1,215</b>	<b>48,347</b>

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 2019 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 2019

(Unaudited)

Group	Year To Date ended	Year To Date ended
	30 Jun 2019 RM'000	30 Jun 2018 RM'000
Profit/(loss) for the period	830	543
Adjustments for :-		
Non-cash items	1,425	1,423
Non-operating items	481	705
Operating loss before working capital changes	2,736	2,671
Net change in current assets	(4,854)	(7,055)
Net change in current liabilities	14	2,654
Interest paid	(105)	(253)
Tax paid	-	(3)
Net cash used in operating activities	(2,209)	(1,936)
Investing activities		
Purchase of property, plant and equipment	(116)	(553)
Interest received	-	38
Addition of software development expenditure, net of grant	(1,490)	(2,086)
Net cash used in investing activities	(1,606)	(6,853)
Financing activities		
Proceeds from issuance of shares	-	6,832
Share issuance expenses	-	(137)
Payment of lease liabilities	(392)	-
Proceeds/(Repayment) of short term borrowing, net	1,480	212
Net cash generated in financing activities	1,088	6,907
Net changes in cash and cash equivalents	(2,727)	2,370
Cash and cash equivalents at beginning of financial year	6,295	15,071
Effect of exchange rate changes on opening balance	98	31
Cash and cash equivalents at end of the financial period	3,666	17,472
Cash and cash equivalents at end of financial period comprise of:		
Cash and bank balance	3,666	18,646
Less: Fixed deposit pledged with bank	-	(1,174)
Cash and cash equivalents (excluding pledged deposits with bank)	3,666	17,472

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2019 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 2019.

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 2019. 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 April 2019. 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. Adoption of Revised Financial Reporting**

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 March 2019, except for the adoption of the following

Amendments and Annual improvement to Standards that came into effect on 1 January 2019:-

MFRS 16 Leases

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycles

The initial applications of the above do not have any material financial impacts to the financial statements of the Group except for MFRS16.

#### **MFRS 16 Leases**

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

There are recognition exemptions for short-term leases and leases of low-value items. These leases, accounting remains similar to the current standard which continues to be classified as finance or operating lease.

As allowed by the transitional provision, the Group applies MFRS 16 with effect from 1 January 2019, using the modified retrospective approach, with no restatement of comparative information.

The following Standards were issued but not yet effective and have not been adopted by the Group:

#### **MFRSs and IC Interpretations (Including The Consequential Amendments Effective Date**

Amendments to MFRS 3: Definition of a Business 1 January 2020

Amendments to MFRS 101 and MFRS 108: Definition of a Material 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards 1 January 2020

MFRS 17 Insurance Contracts 1 January 2021

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Deferred



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**A3. Auditors' Report on Preceding Annual Financial Statements**

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

**A4. Comments about Seasonal or Cyclical Factors**

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

**A5. Unusual Items Due to their Nature, Size or Incidence**

There were no unusual items during the quarter.

**A6. Changes in Estimates**

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

**A7. 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.

**A8. Dividend Paid**

No dividend was paid during the quarter under review.

**A9. Capital Commitments**

No material capital commitments were approved and contracted for as at 30<sup>th</sup> June 2019.

**A10. Valuation of Property, Plant and Equipment**

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

**A11. Subsequent Events**

There were no material events between 1<sup>st</sup> July 2019 and 28<sup>th</sup> August 2019 that would be required to be reflected in the financial statement for the quarter ended 30<sup>th</sup> June 2019.

**A12. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the quarter under review.



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**A13. Segmental Information**

RM'000	Building Control and Automation# (Discontinued)	Application Solution@	Elimination	Consolidated
<b>2019</b>				
Revenue				
- External	-	12,987	-	12,987
- Internal	-	1,815	(1,815)	-
<b>Total Revenue</b>	<b>-</b>	<b>14,802</b>	<b>(1,815)</b>	<b>12,987</b>
Result				
- Segment Result	-	1,232	-	1,232
- Share of associate result	-	40	-	40
- Interest income	-	-	-	-
- Interest expense	-	(442)	-	(442)
Profit/(loss) before tax	-	830	-	830
Tax	-	-	-	-
Profit/(loss) after tax	-	830	-	830
Segment assets	-	87,175	-	87,175
Segment liabilities	-	29,534	-	29,534
Other information				
- Capital Expenditure	-	116	-	116
- Depreciation and amortization	-	1,425	-	1,425

RM'000	Building Control and Automation# (Discontinued)	Application Solution@	Elimination	Consolidated
<b>2018</b>				
Revenue				
- External	7,816	12,854	(7,816)	12,854
- Internal	-	1,223	(1,223)	-
<b>Total Revenue</b>	<b>7,816</b>	<b>14,077</b>	<b>(9,039)</b>	<b>12,854</b>
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

# 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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**A14. Changes in Contingent Liabilities**

	30 Jun 2019 RM'000
Guarantees given by the Company for credit facilities granted to subsidiaries	9,174 =====

**A15. 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 2019 RM'000	30 Jun 2018 RM'000	30 Jun 2019 RM'000	30 Jun 2018 RM'000
Transactions between the Group with a company in which a ex-director has a substantial interest				
novaC2R Pte Ltd				
- Purchase of scanning services	-	88	-	88
	=====	=====	=====	=====





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

### B1. Performance Review

#### Continuing Operation - Current Quarter vs. Previous Year Corresponding Quarter

For the current quarter under review, the Group recorded revenue of approximately RM13.0 million, which was comparable to the revenue of approximately RM12.9 million for the preceding year’s corresponding quarter period ended 30 June 2018.

The Group recorded a first quarter profit before taxation of approximately RM0.8 million which was lower than that the profit before taxation of approximately RM2.8 million recorded for the preceding year’s corresponding quarter due to higher material costs and employee staff cost incurred.

### B2. Variation of Results against the Preceding Quarter

	Current Quarter 30 Jun 2019 RM’000	Preceding Quarter 31 Mar 2019 RM’000	Difference (%)
Continuing Operations			
Revenue	12,987	10,672	22%
Profit before taxation	830	(2,701)	N.M

The Group recorded revenue of approximately RM13.0 million in the current quarter, which was about 22% higher than that recorded in the preceding quarter ended 31 March 2019 of RM 10.7 million due to higher revenue recognition arising from higher delivery of third party materials to our customers. For the current quarter ended 30 June 2019, the Group ended the current quarter with a profit before tax of approximately RM0.8 million as compared to a loss before taxation of RM2.7 million in the immediate preceding quarter due to the improvement in the revenue coupled with an absence of a stock option expenses of approximately RM1.6 million, impairment on intangible asset of approximately RM0.2 million and impairment provision on trade receivable of approximately RM0.2 million.

### B3. Prospect

Rising global trade uncertainties and the geopolitical instability are affecting business sentiments and economic growth. Admst the uncertainty, the Group will focus on its project delivery and cash flow management while continuing its efforts to focus on our key markets. The Group’s order book amounted to approximately RM115 million as at 30 June 2019 as compared to RM114 million as at the end of immediate preceding quarter. The Group expect its performance for the current financial year to be satisfactory.

### 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.



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**B7. Taxation from continuing operation**

	Individual quarter ended		Cumulative quarter ended	
	30 Jun 2019 RM'000	30 Jun 2018 RM'000	30 Jun 2019 RM'000	30 Jun 2018 RM'000
Current taxation charge	-	-	-	-
Under provision in prior year tax	-	-	-	-
	-----	-----	-----	-----
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 30 June 2019 are as follows:

	RM'000
Payable within 12 months	
<i>Term Loan</i>	9,174
	=====

The term loan was secured by corporate guarantee by the Company.

**B9. Notes to Condensed Consolidated Statement of Comprehensive Income**

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

	Individual Quarter ended 30 Jun 2019 RM'000	Cumulative Quarter ended 30 Jun 2019 RM'000
i) Depreciation and amortization	1,425	1,425
ii) Foreign exchange (gain)/loss	(36)	(36)
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	-	-



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**B10. 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			<b>As at 30.06.19</b>
			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 30 June 2019 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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**B10. Status of Corporate Proposals (Cont'd)**

(b) Private Placement

On 27<sup>th</sup> 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 ("Proposed Private Placement"). Bursa Securities had, vide its letter dated 20 March 2019, resolved to approve the listing and quotation of the placement shares to be issued pursuant to the Proposed Private Placement. The shareholders of the Company had approved the Proposed Private Placement at an extraordinary general meeting ("EGM") of the Company held on 10 April 2019.

As at the date of this report, no share had been issued.

**B11. Earning Per Share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 Jun 2019	Preceding year corresponding quarter 30 Jun 2018	Current year to date 30 Jun 2019	Preceding year corresponding period 30 Jun 2018
<b>(a) Basic earnings per share</b>				
Net profit attributable to shareholders (RM'000)	836	1,665	836	1,665
Weighted average number of ordinary shares ('000)	751,565	689,998	736,215	689,998
Basic earnings per share (sen)	0.11	0.24	0.11	0.24
<b>(b) Diluted earnings per share</b>				
Net (loss)/profit attributable to shareholders (RM'000)	836	1,665	836	1,665
Weighted average number of ordinary shares ('000)	751,565	689,998	751,565	689,998
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	694,498	756,065	694,498
Diluted earnings per share (sen)	0.11	0.24	0.11	0.24

By the Order of the Board

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

28<sup>th</sup> August 2019