



(Company No: 591898-H)

## QUARTERLY REPORT

### Condensed Consolidated Statement of Comprehensive Income

For the second quarter ended 30 September 2019

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 30 Sep 2019 RM'000	Unaudited 30 Sep 2018 RM'000	Unaudited 30 Sep 2019 RM'000	Unaudited 30 Sep 2018 RM'000
<b>Revenue</b>	<b>9,819</b>	<b>11,382</b>	<b>22,806</b>	<b>24,236</b>
Material cost	(268)	(1,854)	(3,979)	(4,508)
Depreciation and amortization	(1,444)	(1,127)	(2,868)	(2,219)
Employee benefits expenses	(4,958)	(4,907)	(10,593)	(9,848)
Other operating expenses	(1,588)	(1,920)	(2,572)	(3,255)
Interest expenses	(44)	(28)	(148)	(104)
Interest - ROU	(393)	-	(731)	-
Interest income	-	-	-	1
Share of results of associates	(79)	(85)	(39)	(11)
Profit before taxation	1,045	1,461	1,876	4,292
Tax expense	-	-	-	-
Profit from continuing operation	1,045	1,461	1,876	4,292
Profit/(Loss) from discontinued operation (net of tax)	-	6,205	-	3,916
<b>Net Profit for the period</b>	<b>1,045</b>	<b>7,666</b>	<b>1,876</b>	<b>8,208</b>
Other comprehensive income:				
Exchange differences on translating foreign operations	(491)	514	56	745
<b>Total Comprehensive Income</b>	<b>554</b>	<b>8,180</b>	<b>1,932</b>	<b>8,953</b>
Net Profit/(Loss) attributable to:				
Equity Holders of Company	1,223	8,035	2,060	9,700
Non-controlling interest	(178)	(369)	(184)	(1,492)
	1,045	7,666	1,876	8,208
Total comprehensive income attributable to:				
Equity Holders of Company	736	8,558	2,115	10,445
Non-controlling interest	(182)	(378)	(183)	(1,492)
	554	8,180	1,932	8,953
Earnings per ordinary share (sen):				
- Basic	0.16	1.07	0.27	1.35
- Diluted	0.16	1.06	0.26	1.34

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**

Group	Unaudited 30 Sep 2019 RM'000	Audited 31 Mar 2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,149	1,057
Right-of-Use assets	2,051	-
Intangible assets	23,691	21,716
Goodwill on consolidation	251	250
Investment in associates	717	754
	27,859	23,777
<b>Current assets</b>		
Contract assets	39,193	36,714
Trade and other receivables	13,905	14,295
Tax recoverable	3	3
Cash and cash equivalents	2,727	6,344
	55,828	57,356
<b>TOTAL ASSETS</b>	83,687	81,133
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity and reserves</b>		
Share capital	87,619	87,619
Reserves	(29,586)	(31,701)
	58,033	55,918
Non-Controlling Interest	163	346
<b>Total Equity</b>	58,196	56,264
<b>Non-current liabilities</b>		
Lease liabilities	1,248	-
	1,248	-
<b>Current liabilities</b>		
Contract liabilities	982	1,470
Trade and other payables	13,262	15,813
Borrowings	8,901	7,583
Lease liabilities	1,095	-
Taxation	3	3
	24,243	24,869
<b>Total liabilities</b>	25,491	24,869
<b>TOTAL EQUITY AND LIABILITIES</b>	83,687	81,133
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.



(Company No: 591898-H)

**Condensed Consolidated Statement of Changes in Equity**  
For the period ended 30 Sep 2019  
(Unaudited)

<b>Group</b>	<b>Share Capital</b>	<b>Equity Compensation Reserves</b>	<b>Translation Reserves</b>	<b>Accumulated Loss</b>	<b>Total</b>	<b>Non- Controlling Interest</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 April 2019	87,619	2,272	9,906	(43,879)	55,918	346	56,264
Profit for the period	-	-	-	2,060	2,060	(184)	1,876
Foreign Currency Translation	-	-	55	-	55	1	56
<b>At 30 September 2019</b>	<b>87,619</b>	<b>2,272</b>	<b>9,961</b>	<b>(41,819)</b>	<b>58,033</b>	<b>163</b>	<b>58,196</b>
At 1 April 2018	80,787	279	9,418	(52,112)	38,372	2,328	40,700
Profit for the period	-	-	-	9,700	9,700	(1,492)	8,208
Foreign Currency Translation	-	-	745	-	745	-	745
Issuance of new shares							
Private placement	6,832	-	-	-	6,832	-	6,832
Employee Stock Option							
Grant of option	-	154	-	-	154	-	154
Disposal of subsidiary	-	-	-	-	-	(815)	(815)
<b>At 30 September 2018</b>	<b>87,619</b>	<b>433</b>	<b>10,163</b>	<b>(42,412)</b>	<b>55,803</b>	<b>21</b>	<b>55,824</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.



(Company No: 591898-H)

### Condensed Consolidated Cash Flow Statements

For the period ended 30 Sep 2019

(Unaudited)

Group	Year To Date ended	Year To Date ended
	30 Sep 2019 RM'000	30 Sep 2018 RM'000
Profit/(loss) for the period	1,876	8,208
Adjustments for :-		
Non-cash items	2,868	2,770
Non-operating items	805	(6,092)
Operating loss before working capital changes	5,549	4,886
Net change in current assets	(2,581)	(17,650)
Net change in current liabilities	(2,549)	(200)
Interest paid	(148)	(281)
Tax paid	-	(2)
Net cash used in operating activities	271	(13,247)
Investing activities		
Purchase of property, plant and equipment	(291)	(1,096)
Interest received	-	41
Proceeds from disposal of subsidiary, net of cash disposed	-	(2,004)
Addition of software development expenditure, net of grant	(3,996)	(3,577)
Net cash used in investing activities	(4,287)	(6,636)
Financing activities		
Proceeds from issuance of shares	-	6,832
Decrease in fixed deposit pledged	-	1,184
Payment of lease liabilities	(923)	-
Proceeds/(Repayment) of short term borrowing, net	1,300	(1,770)
Net cash generated in financing activities	377	6,246
Net changes in cash and cash equivalents	(3,639)	(13,637)
Cash and cash equivalents at beginning of financial year	6,344	15,071
Effect of exchange rate changes on opening balance	22	179
Cash and cash equivalents at end of the financial period	2,727	1,613
Cash and cash equivalents at end of financial period comprise of:		
Cash and bank balance	2,727	1,613

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.



(Company No: 591898-H)

## 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



(Company No: 591898-H)

**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> September 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> October 2019 and 28<sup>th</sup> November 2019 that would be required to be reflected in the financial statement for the quarter ended 30<sup>th</sup> September 2019.

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

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



(Company No: 591898-H)

**A13. Segmental Information**

RM'000	Building Control and Automation# (Discontinued)	Application Solution@	Elimination	Consolidated
<b>2019</b>				
Revenue				
- External	-	22,806	-	22,806
- Internal	-	3,641	(3,641)	-
<b>Total Revenue</b>	<b>-</b>	<b>26,447</b>	<b>(3,641)</b>	<b>22,806</b>
Result				
- Segment Result	-	2,794	-	2,794
- Share of associate result	-	(39)	-	(39)
- Interest income	-	-	-	-
- Interest expense	-	(879)	-	(879)
Profit/(loss) before tax	-	1,876	-	1,876
Tax	-	-	-	-
Profit/(loss) after tax	-	1,876	-	1,876
Segment assets	-	83,687	-	83,687
Segment liabilities	-	25,491	-	25,491
Other information				
- Capital Expenditure	-	291	-	291
- Depreciation and amortization	-	2,868	-	2,868
<b>2018</b>				
Revenue				
- External	11,512	24,236	-	35,748
- Internal	-	3,057	(3,057)	-
<b>Total Revenue</b>	<b>11,512</b>	<b>27,293</b>	<b>(3,057)</b>	<b>35,748</b>
Result				
- Segment Result	(2,608)	4,406	-	1,798
- Share of associate result	-	(11)	-	(11)
- Interest income	40	1	-	41
- Interest expense	(503)	(104)	-	(607)
Profit/(loss) before gain on disposal	(3,071)	4,292	-	1,221
Gain on disposal	6,956	-	-	6,956
Profit/(loss) before tax	3,885	4,292	-	8,177
Tax	31	-	-	31
Profit/(loss) after tax	3,916	4,292	-	8,208
Segment assets	-	96,085	(28,160)	67,925
Segment liabilities	-	12,099	-	12,099
Other information				
- Capital Expenditure	519	577	-	1,096
- Depreciation and amortization	397	2,219	-	2,616

# 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.

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



(Company No: 591898-H)

**A14. Changes in Contingent Liabilities**

	30 Sep 2019 RM'000
Guarantees given by the Company for credit facilities granted to subsidiaries	8,901 =====

**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:-

	<b>Individual quarter ended</b>		<b>Cumulative quarter ended</b>	
	<b>30 Sep 2019 RM'000</b>	<b>30 Sep 2018 RM'000</b>	<b>30 Sep 2019 RM'000</b>	<b>30 Sep 2018 RM'000</b>
Transactions between the Group with a company in which a ex-director has a substantial interest				
novaC2R Pte Ltd				
- Purchase of scanning services	-	89	-	177
	=====	=====	=====	=====





(Company No: 591898-H)

## 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 ended 30 September 2019, the Group recorded revenue of approximately RM9.8 million, which represented an approximately 14% decrease over the revenue for preceding year’s corresponding quarter period ended 30 September 2018 of RM11.4 million. The decrease was mainly due to lower revenue recognition as a result of lower delivery of third party materials to the customers.

The Group recorded a second quarter profit before taxation of approximately RM1.0 million which was lower than that the profit before taxation of approximately RM1.4 million recorded for the preceding year’s corresponding quarter due to higher occurrence of depreciation and interest cost though party offset by lower other operating expenses incurred.

#### Continuing Operation - Current Year-to-date vs Previous Year-to-date

For the 6 months period ended 30 September 2019, the Group recorded lower revenue of approximately RM22.8 million as compared to revenue of approximately RM24.2 million for the preceding year’s corresponding 6 months period ended 30 September 2018. The lower revenue recorded in the current period under review was mainly due to lower revenue recognition from the order book as a result of lower revenue recognition arising from lower delivery of third party material and project milestone achieved. In line with the decrease in revenue, the Group recorded a profit before taxation of approximately RM1.9 million for the 6 months ended 30 September 2019 as compared to the preceding year’s profit before taxation of approximately RM4.3 million.

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

	Current Quarter 30 Sep 2019 RM’000	Preceding Quarter 30 Jun 2019 RM’000	Difference (%)
Continuing Operations			
Revenue	9,819	12,987	(24%)
Profit before taxation	1,045	830	26%

The Group recorded revenue of approximately RM9.8 million in the current quarter, which was about 24% lower than that recorded in the preceding quarter ended 30 June 2019 of RM 13.0 million due to lower revenue recognition arising from lower delivery of third party materials to our customers. Despite the lower revenue, the Group recorded a slightly higher profit before taxation of approximately RM1.0 million for the current quarter million as compared to a profit before taxation of RM0.8 million in the immediate preceding quarter due to higher project margin from the existing order book.

### B3. Prospect

Rising global trade uncertainties and the geopolitical instability are affecting business sentiments and economic growth. Admist 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 RM109 million as at 30 September 2019 as compared to RM115 million as at the end of immediate preceding quarter. The Group expect its performance for the current financial year to remain 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.



(Company No: 591898-H)

**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 Sep 2019 RM'000	30 Sep 2018 RM'000	30 Sep 2019 RM'000	30 Sep 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 September 2019 are as follows:

	RM'000
Payable within 12 months	
<i>Term Loan</i>	8,901
	=====

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 Sep 2019 RM'000	Cumulative Quarter ended 30 Sep 2019 RM'000
i) Depreciation and amortization	1,444	2,868
ii) Foreign exchange (gain)/loss	(25)	11
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	-	-



(Company No: 591898-H)

## 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:-

Number of options over ordinary shares of RM0.10						
<u>Option Grant date</u>	<u>Option Expiry date</u>	<u>Exercise price</u>	Granted	Exercised	Forfeited	As at 30.09.19
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	-	(49,979)	22,950,021
30.8.2018	17.11.2025	RM 0.17	25,300,000	-	(18,650,000)	6,650,000

Number of options exercisable as at 30 September 2019 is 34,100,021.

### (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"). 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. Bursa Malaysia Securities Berhad had, vide its letter dated 20 September 2019, resolved to grant a further extension of time until 19 March 2020 for the Company to complete the Private Placement. On 20 November 2019, the Company, after taking into account the current market conditions, had decided not to proceed with the Proposed Private Placement

### (c) Irredeemable convertible preference shares

On 25<sup>th</sup> November 2019, the Company announced that it proposed to undertake the following:

- (i) proposed renounceable rights issue of up to 2,095,106,469 new irredeemable convertible preference shares in the Company ("ICPS") ("Rights ICPS") at the issue price of RM0.01 per Rights ICPS on the basis of 8 Rights ICPS for every 3 existing ordinary shares in the Company held on an entitlement date to be determined later ("Proposed Rights Issue"),
- (ii) proposed placement of 420,000,000 new ICPS ("Placement ICPS") to Stone Villa Limited at the issue price of RM0.01 per Placement ICPS ("Proposed Placement") and
- (iii) proposed amendments to Constitution of the Company to facilitate the issuance of the ICPS ("Proposed Amendments"). (Collectively known as "Proposals")

The Proposals are subject to approvals being obtained from the following:

- (i) Bursa Securities for the:
  - i. admission of the ICPS to the Official List;
  - ii. listing of and quotation for the ICPS; and
  - iii. listing of and quotation for the new ordinary shares to be issued arising from the conversion of the ICPS;
- (ii) shareholders of the Company at an EGM to be convened; and
- (iii) any other relevant authorities, if required.

The Proposals are inter-conditional upon each other. The Proposals are not conditional upon any other corporate exercises undertaken or to be undertaken by the Company.



(Company No: 591898-H)

**B11. Earning Per Share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 Sep 2019	Preceding year corresponding quarter 30 Sep 2018	Current year to date 30 Sep 2019	Preceding year corresponding period 30 Sep 2018
<b>(a) Basic earnings per share</b>				
Net profit attributable to shareholders (RM'000)	1,223	8,035	2,060	9,700
Weighted average number of ordinary shares ('000)	751,565	751,565	736,215	720,950
Basic earnings per share (sen)	0.16	1.07	0.27	1.35
<b>(b) Diluted earnings per share</b>				
Net (loss)/profit attributable to shareholders (RM'000)	1,223	8,035	2,060	9,700
Weighted average number of ordinary shares ('000)	751,565	751,565	751,565	720,950
Effect of dilution on stock options ('000)	34,100	4,500	34,100	4,500
Adjusted weighted average number of ordinary shares in issues (diluted) ('000)	785,665	756,065	785,665	725,450
Diluted earnings per share (sen)	0.16	1.06	0.26	1.34

By the Order of the Board

Tan Kean Wai (MAICSA 7056310)  
Company Secretary  
Kuala Lumpur

28<sup>th</sup> November 2019