



(Company No: 591898-H)

QUARTERLY REPORT

Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 31 December 2019

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 31 Dec 2019 RM'000	Unaudited 31 Dec 2018 RM'000	Unaudited 31 Dec 2019 RM'000	Unaudited 31 Dec 2018 RM'000
Revenue	9,800	18,111	32,606	42,347
Material cost	(912)	(8,173)	(4,891)	(12,681)
Depreciation and amortization	(1,460)	(1,146)	(4,328)	(3,365)
Employee benefits expenses	(5,525)	(6,105)	(16,118)	(15,953)
Other operating expenses	(1,289)	(1,649)	(3,861)	(4,904)
Interest expenses	(228)	(67)	(376)	(171)
Interest - ROU	(284)	-	(1,015)	-
Interest income	-	-	-	1
Share of results of associates	7	92	(32)	81
Profit before taxation	109	1,063	1,985	5,355
Tax expense	-	(1)	-	(1)
Profit from continuing operation	109	1,062	1,985	5,355
Profit/(Loss) from discontinued operation (net of tax)	-	-	-	3,916
Net Profit for the period	109	1,062	1,985	9,270
Other comprehensive income:				
Exchange differences on translating foreign operations	251	223	307	968
Total Comprehensive Income	360	1,285	2,292	10,238
Net Profit/(Loss) attributable to:				
Equity Holders of Company	239	1,138	2,299	10,838
Non-controlling interest	(130)	(76)	(314)	(1,568)
	109	1,062	1,985	9,270
Total comprehensive income attributable to:				
Equity Holders of Company	488	1,361	2,603	11,807
Non-controlling interest	(128)	(76)	(311)	(1,568)
	360	1,285	2,292	10,238
Earnings per ordinary share (sen):				
- Basic	0.03	0.15	0.31	1.48
- Diluted	0.03	0.15	0.29	1.47

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.



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Condensed Consolidated Statement of Financial Position

Group	Unaudited 31 Dec 2019 RM'000	Audited 31 Mar 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,124	1,057
Right-of-Use assets	1,876	-
Intangible assets	25,109	21,716
Goodwill on consolidation	252	250
Investment in associates	729	754
	29,090	23,777
Current assets		
Contract assets	41,169	36,714
Trade and other receivables	14,303	14,295
Tax recoverable	3	3
Cash and cash equivalents	1,751	6,344
	57,226	57,356
TOTAL ASSETS	86,316	81,133
EQUITY & LIABILITIES		
Equity and reserves		
Share capital	87,619	87,619
Reserves	(29,097)	(31,701)
	58,522	55,918
Non-Controlling Interest	35	346
Total Equity	58,557	56,264
Non-current liabilities		
Lease liabilities	1,246	-
	1,246	-
Current liabilities		
Contract liabilities	1,746	1,470
Trade and other payables	14,737	15,813
Borrowings	9,119	7,583
Lease liabilities	908	-
Taxation	3	3
	26,513	24,869
Total liabilities	27,759	24,869
TOTAL EQUITY AND LIABILITIES	86,316	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.



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Condensed Consolidated Statement of Changes in Equity
For the period ended 31 Dec 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	-	-	-	2,299	2,299	(314)	1,985
Foreign Currency Translation	-	-	304	-	304	3	307
At 31 December 2019	87,619	2,272	10,210	(41,580)	58,521	35	58,196
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

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 31 Dec 2019
(Unaudited)

Group	Year To Date ended	Year To Date ended
	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Profit/(loss) for the period	1,985	9,270
Adjustments for :-		
Non-cash items	4,328	4,135
Non-operating items	1,405	(5,989)
Operating loss before working capital changes	7,718	7,416
Net change in current assets	(4,187)	(25,962)
Net change in current liabilities	(1,073)	6,712
Interest paid	(377)	(348)
Tax paid	-	(2)
Net cash used in operating activities	2,081	(12,184)
Investing activities		
Purchase of property, plant and equipment	(388)	(1,221)
Interest received	-	41
Proceeds 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	(6,342)	(5,186)
Net cash used in investing activities	(6,730)	(8,077)
Financing activities		
Proceeds from issuance of shares	-	6,832
Decrease in fixed deposit pledged	-	1,184
Payment of lease liabilities	(1,476)	-
Proceeds/(Repayment) of short term borrowing, net	1,471	(1,219)
Net cash generated in financing activities	(5)	6,797
Net changes in cash and cash equivalents	(4,654)	(13,464)
Cash and cash equivalents at beginning of financial year	6,344	15,071
Effect of exchange rate changes on opening balance	61	181
Cash and cash equivalents at end of the financial period	1,751	1,788
Cash and cash equivalents at end of financial period comprise of:		
Cash and bank balance	1,751	1,788

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 30th 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 1st January 2020 and 27th February 2020 that would be required to be reflected in the financial statement for the quarter ended 31st December 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
2019				
Revenue				
- External	-	32,606	-	32,606
- Internal	-	5,820	(5,820)	-
Total Revenue	-	38,426	(5,820)	32,606
Result				
- Segment Result	-	3,408	-	3,408
- Share of associate result	-	(32)	-	(32)
- Interest income	-	-	-	-
- Interest expense	-	(1,391)	-	(1,391)
Profit/(loss) before tax	-	1,985	-	1,985
Tax	-	-	-	-
Profit/(loss) after tax	-	1,985	-	1,985
Segment assets	-	86,316	-	86,316
Segment liabilities	-	27,759	-	27,759
Other information				
- Capital Expenditure	-	388	-	388
- Depreciation and amortization	-	4,328	-	4,328

RM'000	Building Control and Automation# (Discontinued)	Application Solution@	Elimination	Consolidated
2018				
Revenue				
- External	11,512	42,347	-	53,859
- Internal	-	3,722	(3,722)	-
Total Revenue	11,512	46,069	(3,722)	53,859
Result				
- Segment Result	(2,608)	5,443	-	2,835
- Share of associate result	-	81	-	81
- Interest income	40	1	-	41
- Interest expense	(503)	(171)	-	(674)
Profit/(loss) before gain on disposal	(3,071)	5,355	-	2,283
Gain on disposal	6,956	-	-	6,956
Profit/(loss) before tax	3,885	5,355	-	9,239
Tax	31	-	-	31
Profit/(loss) after tax	3,916	5,355	-	9,270
Segment assets	-	105,173	(28,160)	77,013
Segment liabilities	-	19,184	-	19,184
Other information				
- Capital Expenditure	519	702	-	1,221
- Depreciation and amortization	397	3,365	-	3,762

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.



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A14. Changes in Contingent Liabilities

	31 Dec 2019 RM'000
Guarantees given by the Company for credit facilities granted to subsidiaries	9,119 =====

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	
	31 Dec 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 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	-	84	-	261
	=====	=====	=====	=====



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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 ended 31 December 2019, the Group recorded revenue of approximately RM9.8 million, which represented an approximately 46% decrease as compared to the revenue for preceding year’s corresponding quarter period ended 31 December 2018 of RM18.1 million mainly due to lower revenue recognition in line with lower delivery project milestones. Accordingly, the Group recorded a third quarter profit before taxation of approximately RM0.1 million which was lower than that the profit before taxation of approximately RM1.0 million recorded for the preceding year’s corresponding quarter.

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

For the 9 months period ended 31 December 2019, the Group recorded lower revenue of approximately RM32.6 million as compared to revenue of approximately RM42.3 million for the preceding year’s corresponding 9 months period ended 31 December 2018. The lower revenue recorded in the current period under review was mainly due to lower revenue recognition in line with lower delivery project milestones and lower new orders secured.

The Group recorded a profit before taxation of approximately RM2.0 million for the 9 months ended 31 December 2019 as compared to the preceding year’s profit before taxation of approximately RM5.3 million. The decrease was mainly due to lower revenue achieved as a result of lower delivery project milestones achieved, and higher depreciation and interest cost as a result of the adoption of the new Malaysian Financial Reporting Standards 16 which was partly offset by lower operating expenses incurred.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 30 Sep 2019 RM’000	Preceding Quarter 30 Sep 2019 RM’000	Difference (%)
Continuing Operations			
Revenue	9,800	9,819	-
Profit before taxation	109	1,045	(90%)

The Group recorded revenue of approximately RM9.8 million in the current quarter, which was comparable to that recorded in the preceding quarter ended 30 September 2019 of RM 9.8 million. However, the Group recorded a lower profit before taxation of approximately RM0.1 million for the current quarter as compared to a profit before taxation of RM1.0 million in the immediate preceding quarter due to higher staff cost incurred in the implementation of the projects.

B3. Prospect

The Group’s order book amounted to approximately RM107 million as at 31 December 2019 as compared to approximately RM109 million as at the end of immediate preceding quarter. However, with the COVID-19 outbreak, the measures undertaken by the various countries to restrict the movement of people may affect business sentiments and operation. Admit the uncertainty, the Group will focus on our project delivery and cash flow management while embarking on efforts to diversify our customer bases and markets.

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.



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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 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Current taxation charge	-	-	-	-
Under provision in prior year tax	-	(1)	-	(1)
	-----	-----	-----	-----
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 31 December 2019 are as follows:

	RM'000
Payable within 12 months	
<i>Term Loan</i>	9,119
	=====

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 31 Dec 2019 RM'000	Cumulative Quarter ended 31 Dec 2019 RM'000
i) Depreciation and amortization	1,460	4,328
ii) Foreign exchange (gain)/loss	(41)	(31)
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:-

			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 31.12.19
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 31 December 2019 is 34,100,021.

(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 ("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. 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 25th 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 shareholders of the Company had approved the Proposals at an extraordinary general meeting held on 17 Jan 2020. On 12 Feb 2020, the Company announced the following important relevant dates:-

Entitlement subject	Important Relevant Dates for Renounceable Rights
Date for commencement of trading of rights	27 Feb 2020
Date for cessation of trading of rights	05 Mar 2020
Date for announcement of final subscription result and basis of allotment of excess Rights Securities	19 Mar 2020
Last date and time for :	
Sale of provisional allotment of rights	04 Mar 2020 05:00 PM
Transfer of provisional allotment of rights	06 Mar 2020 05:00 PM
Acceptance and Payment	12 Mar 2020 05:00 PM
Excess share application and payment	12 Mar 2020 05:00 PM
Available/Listing Date	26 Mar 2020



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B11. Earning Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31 Dec 2019	Preceding year corresponding quarter 31 Dec 2018	Current year to date 31 Dec 2019	Preceding year corresponding period 31 Dec 2018
(a) Basic earnings per share				
Net profit attributable to shareholders (RM'000)	239	1,138	2,299	10,838
Weighted average number of ordinary shares ('000)	751,565	751,565	751,565	731,192
Basic earnings per share (sen)	0.03	0.15	0.31	1.48
(b) Diluted earnings per share				
Net (loss)/profit attributable to shareholders (RM'000)	239	1,138	2,299	10,838
Weighted average number of ordinary shares ('000)	751,565	751,565	751,565	731,192
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	735,692
Diluted earnings per share (sen)	0.03	0.15	0.29	1.47

By the Order of the Board

Tan Kean Wai (MAICSA 7056310)
Company Secretary
Kuala Lumpur

27th February 2020