



(Registration No. 200201024235 (591898-H))

QUARTERLY REPORT

Condensed Consolidated Statement of Comprehensive Income For the first quarter ended 30 June 2020

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 30 Jun 2020 RM'000	Unaudited 30 Jun 2019 RM'000	Unaudited 30 Jun 2020 RM'000	Unaudited 30 Jun 2019 RM'000
Revenue	9,225	12,987	9,225	12,987
Material cost	(2,245)	(3,711)	(2,245)	(3,711)
Depreciation and amortization	(1,808)	(1,425)	(1,808)	(1,425)
Employee benefits expenses	(5,583)	(5,573)	(5,583)	(5,573)
Other operating expenses	(448)	(1,335)	(448)	(1,335)
Interest expenses	(221)	(153)	(221)	(153)
Interest income	24	-	24	-
Other income	1,516	-	1,516	-
Share of results of associates	76	40	76	40
Profit before taxation	536	830	536	830
Tax expense	-	-	-	-
Net Profit for the period	536	830	536	830
Other comprehensive income:				
Exchange differences on translating foreign operations	353	547	353	547
Total Comprehensive Income	889	1,377	889	1,377
Net Profit/(Loss) attributable to:				
Equity Holders of Company	650	836	650	836
Non-controlling interest	(114)	(6)	(114)	(6)
	536	830	536	830
Total comprehensive income attributable to:				
Equity Holders of Company	1,007	1,378	1,007	1,378
Non-controlling interest	(118)	(1)	(118)	(1)
	889	1,377	889	1,377
Earnings per ordinary share (sen):				
- Basic	0.08	0.11	0.08	0.11
- Diluted	0.03	0.11	0.03	0.11

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.



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Condensed Consolidated Statement of Financial Position

Group	Unaudited 30 Jun 2020 RM'000	Audited 31 Mar 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,294	1,310
Right-of-Use assets	2,429	2,845
Intangible assets	27,555	26,264
Goodwill on consolidation	255	252
Investment in associates	780	697
	32,313	31,368
Current assets		
Contract assets	30,699	35,958
Trade and other receivables	20,335	17,868
Tax recoverable	3	3
Cash and cash equivalents	11,728	14,758
	62,765	68,587
TOTAL ASSETS	95,078	99,955
EQUITY & LIABILITIES		
Equity and reserves		
Ordinary Shares	92,045	87,619
Preference Shares	12,867	13,976
Reserves	(35,026)	(36,024)
	69,886	65,571
Non-Controlling Interest	349	458
Total Equity	70,235	66,029
Non-current liabilities		
Lease liabilities	792	1,079
	792	1,079
Current liabilities		
Contract liabilities	1,685	1,499
Trade and other payables	13,590	17,341
Borrowings	7,064	12,158
Lease liabilities	1,712	1,849
	24,051	32,847
Total liabilities	24,843	33,926
TOTAL EQUITY AND LIABILITIES	95,078	99,955
Net assets per share (RM)	0.08	0.09

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 March 2020 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 2020
(Unaudited)

Group	Share Capital	Preference Share	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	RM'000
At 1 April 2020	87,619	13,976	2,235	9,887	(48,146)	65,571	458	66,029
Profit for the period	-	-	-	-	650	650	(114)	536
Foreign Currency Translation	-	-	-	348	-	348	5	353
ESOS lapsed	-	-	(138)	-	138	-	-	-
Issuance of ordinary shares								
- Exercise of ICPS conversion	1,109	(1,109)	-	-	-	-	-	-
- Additional price paid for ICPS conversion	3,317	-	-	-	-	3,317	-	3,317
At 30 June 2020	92,045	12,867	2,097	10,235	(47,358)	69,886	349	70,235
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
At 30 June 2019	87,619	13,976	2,272	10,448	(43,043)	57,296	345	57,641

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 2020

(Unaudited)

Group	Year To Date ended	Year To Date ended
	30 Jun 2020 RM'000	30 Jun 2019 RM'000
Profit for the period	536	830
Adjustments for :-		
Non-cash items	1,808	1,425
Non-operating items	212	481
Operating loss before working capital changes	2,556	2,736
Net change in current assets	2,978	(4,854)
Net change in current liabilities	(3,751)	14
Interest paid	(189)	(105)
Tax paid	-	-
Net cash used in operating activities	1,594	(2,209)
Investing activities		
Purchase of property, plant and equipment	(106)	(116)
Interest received	24	-
Addition of software development expenditure, net of grant	(2,249)	(1,490)
Net cash used in investing activities	(2,331)	(1,666)
Financing activities		
Proceeds from conversion of ICPS	3,317	-
Payment of lease liabilities	(455)	(392)
Proceeds/(Repayment) of short term borrowing, net	(5,221)	1,480
Net cash generated in financing activities	(2,359)	1,088
Net changes in cash and cash equivalents	(3,096)	(2,727)
Cash and cash equivalents at beginning of financial year	14,758	6,295
Effect of exchange rate changes on opening balance	66	98
Cash and cash equivalents at end of the financial period	11,728	3,666
Cash and cash equivalents at end of financial period comprise of:		
Cash and bank balance	11,728	3,666

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2020 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.

A2. Adoption of Revised Financial Reporting

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 2020. 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.

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 Jan 2020)

Amendments to MFRS 101 and MFRS 108: Definition of a Material (1 Jan 2020)

Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform (1 Jan 2020)

Amendment to MFRS 16 Leases - Covid-19 - Related Concessions (1 Jun 2021)

MFRS 17 Insurance Contracts (1 Jan 2021)

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.



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A9. Capital Commitments

No material capital commitments were approved and contracted for as at 30th June 2020.

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 July 2020 and 27th August 2020 that would be required to be reflected in the financial statement for the quarter ended 30th June 2020.

A12. Changes in the Composition of the Group

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

On 4 May 2020, the Company has incorporated a new company called DEX-lab Pte Ltd (“DEX-lab”) in Singapore with a paid up capital of S\$100,000 to focus on the development and marketing of artificial intelligence (“AI”) related products and services. The Company will hold a 60% stake in DEX-lab while Mr Loh Guan Huat Sunny, a businessman with extensive experience and network of business contacts in Asia Pacific region, will hold the remaining 40% stake in DEX-lab.

A13. Changes in Contingent Liabilities

30 Jun 2020
RM'000

Guarantees given by the Company for credit facilities granted to subsidiaries

7,064

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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.



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A15. Segmental Information

<i>RM'000</i>	<i>Malaysia</i>	<i>Singapore</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>2020</i>				
Revenue				
- External	2,451	6,774	-	9,225
- Internal	-	1,832	(1,832)	-
Total Revenue	2,451	8,607	(1,832)	9,225
Result				
- Segment Result	1,186	(529)	-	657
- Share of associate result	-	76	-	76
- Interest income	24	-	-	24
- Interest expense	(2)	(219)	-	(221)
Profit/(loss) before tax	1,208	(672)	-	536
Tax	-	-	-	-
Profit/(loss) after tax	1,208	(672)	-	536
Segment assets	40,678	83,390	(28,990)	95,078
Segment liabilities	2,311	22,532	-	24,843
Other information				
- Capital Expenditure	4	102	-	106
- Depreciation and amortization	43	1,765	-	1,808

<i>RM'000</i>	<i>Malaysia</i>	<i>Singapore</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>2019</i>				
Revenue				
- External	2,782	10,205	-	12,987
- Internal	-	1,815	(1,815)	-
Total Revenue	-	12,020	(1,815)	12,987
Result				
- Segment Result	183	1,098	-	1,281
- Share of associate result	-	40	-	40
- Interest income	-	-	-	-
- Interest expense	-	(153)	-	(153)
Profit/(loss) before gain on disposal	183	985	-	1,168
Gain on disposal	-	-	-	-
Profit/(loss) before tax	183	985	-	1,168
Tax	-	-	-	-
Profit/(loss) after tax	183	985	-	1,168
Segment assets	23,852	93,250	(29,927)	87,175
Segment liabilities	3,533	26,000	-	29,534
Other information				
- Capital Expenditure	3	113	-	116
- Depreciation and amortization	14	1,228	-	1,242



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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 30 Jun 2020, the Group recorded revenue of approximately RM9.2 million, which represented an approximately 29% decrease as compared to the revenue for preceding year’s corresponding quarter period ended 30 June 2019 of RM13.0 million. This was mainly due to lower revenue recognized in the current quarter arising from the current COVID-19 situation and lower delivery of third party products.

In line with the lower revenue, the Group recorded a first quarter profit before taxation of approximately RM0.5 million which was lower than the profit before taxation of approximately RM0.8 million recorded for the preceding year’s corresponding quarter, though partly offset by an other income of approximately \$1.5 million due to government grant received in Singapore.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 30 Jun 2020 RM’000	Preceding Quarter 31 Mar 2020 RM’000	Difference (%)
Continuing Operations			
Revenue	9,225	6,727	37%
(Loss)/profit before taxation	536	(6,136)	n.m.

The Group recorded revenue of approximately RM9.2 million in the current quarter, which was approximately 37% higher than that recorded in the preceding quarter ended 31 March 2020 of RM 6.7 million. The lower revenue achieved in the preceding quarter was mainly due to lower revenue recognized following a review of the revised expected implementation milestone for certain projects after taking into account the current COVID-19 situation.

The Group recorded a profit before taxation of approximately RM0.5 million for the current quarter as compared to a loss before taxation of RM6.1 million in the immediate preceding quarter due to higher revenue recognized, other income from government grant received and absence of an allowance for expected credit loss for the contracts and trade receivables of approximately RM1.7 million on ground of prudence in the light of the current evolving COVID-19 situation.

The Group’s order book amounted to approximately RM84 million as at 30 June 2020 as compared to approximately RM86 million as at the end of immediate preceding quarter.

B3. Prospect

The evolving COVID-19 outbreak and the measures undertaken by the various countries to restrict the movement of people will adversely affect business sentiments and operation. Admidst an unprecedented global pandemic and disruption to the economies, the Group expect the outlook for the next 12 months to be challenging. The Group will continue to undertake cautious measures, focus on cash flow management and our project delivery while embarking on efforts to diversify our product offerings to the changing markets.



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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. Notes to Condensed Consolidated Statement of Comprehensive Income

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

	Individual Quarter ended 30 Jun 2020 RM'000	Cumulative Quarter ended 30 Jun 2020 RM'000
i) Depreciation and amortization	1,808	1,808
ii) Foreign exchange (gain)/loss	18	18
iii) Provision for and write off of receivables	-	-
iv) Provision for and write off of contract assets	-	-
v) Goodwill impairment	-	-
vi) Impairment of intangible asset	-	-
vii) Exceptional items	-	-

B8. Taxation from continuing operation

	Individual quarter ended		Cumulative quarter ended	
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	30 Jun 2020 RM'000	30 Jun 2019 RM'000
Current taxation charge	-	-	-	-
Under provision in prior year tax	-	-	-	-
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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.



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B9. Group Borrowings and Debt Securities

The total borrowings of the Group as at 30 June 2020 are as follows:

	RM'000
Payable within 12 months	
<i>Term Loans</i>	7,064
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The term loan was secured by corporate guarantee by the Company.

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 30.06.20
02.6.2016	17.11.2025	RM 0.0728	15,000,000	-	(10,500,000)	4,500,000
02.5.2018	17.11.2025	RM 0.0656	23,000,000	-	(49,979)	22,950,021
30.8.2018	17.11.2025	RM 0.1238	25,300,000	-	(20,300,000)	5,000,000

Number of options exercisable as at 30 June 2020 is 32,450,021.

(b) 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. The above Proposals were completed on 26 March 2020 following the listing of and quotation for 1,397,552,400 ICPS on the ACE Market of Bursa Securities.

The status of utilization of proceeds raised from the above Proposals as at 30 June 2020 are as follows:-

Purpose	Amount raised (RM'000)	Amount utilized (RM'000)
Repayment of Borrowings	7,500	7,500
Operating and capital expenditures for secured IT Contracts	2,776	2,821
Overseas expansion of FORNAX Systems	3,000	-
Professional fee related to the above Proposals	700	655
Total	13,976	10,976



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B11. Earning Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30 Jun 2020	Preceding year corresponding quarter 30 Jun 2019	Current year to date 30 Jun 2020	Preceding year corresponding period 30 Jun 2019
(a) Basic earnings per share				
Net profit attributable to shareholders (RM'000)	650	836	650	836
Weighted average number of ordinary shares ('000)	790,377	751,565	790,377	751,565
Basic earnings per share (sen)	0.08	0.11	0.08	0.11
(b) Diluted earnings per share				
Net (loss)/profit attributable to shareholders (RM'000)	650	836	650	836
Weighted average number of ordinary shares ('000)	790,377	751,565	790,377	751,565
Effect of dilution on stock options & ICPS ('000)	1,320,816	4,500	1,320,816	4,500
Adjusted weighted average number of ordinary shares in issues (diluted) ('000)	2,111,193	756,065	2,111,193	756,065
Diluted earnings per share (sen)	0.03	0.11	0.03	0.11

*N.M.: Diluted earnings per share was not calculated as the outstanding ESOS options were considered to be anti-dilutive

By the Order of the Board

Tan Kean Wai (MAICSA 7056310)
Company Secretary
Kuala Lumpur

27th August 2020