



(Registration No. 200201024235 (591898-H))

QUARTERLY REPORT

Condensed Consolidated Statement of Comprehensive Income For the third quarter ended 31 December 2022

Group	Individual Quarter ended		Cumulative Quarter ended	
	Unaudited 31 Dec 2022 RM'000	Unaudited 31 Dec 2021 RM'000	Unaudited 31 Dec 2022 RM'000	Unaudited 31 Dec 2021 RM'000
Revenue	5,797	2,894	19,843	19,454
Material cost	(629)	(1,264)	(2,331)	(2,516)
Depreciation and amortization	(1,995)	(1,902)	(5,917)	(5,843)
Employee benefits expenses	(7,224)	(7,322)	(21,779)	(21,778)
Other operating expenses	(1,136)	(3,039)	(2,372)	(4,977)
Interest expenses	(211)	(164)	(544)	(360)
Interest income	31	35	103	129
Other income	138	8	881	188
Share of results of associates	(32)	13	(15)	199
Loss before taxation	(5,261)	(10,741)	(12,131)	(15,504)
Tax expense	(27)	-	(44)	-
Net Loss for the period	(5,288)	(10,741)	(12,175)	(15,504)
Other comprehensive income:				
Exchange differences on translating foreign operations	41	206	450	473
Total Comprehensive Income	(5,247)	(10,535)	(11,725)	(15,031)
Net Loss attributable to:				
Equity Holders of Company	(4,768)	(10,315)	(10,730)	(14,642)
Non-controlling interest	(520)	(426)	(1,445)	(862)
	(5,288)	(10,741)	(12,175)	(15,504)
Total comprehensive income attributable to:				
Equity Holders of Company	(4,704)	(10,102)	(10,181)	(14,166)
Non-controlling interest	(543)	(433)	(1,544)	(865)
	(5,247)	(10,535)	(11,725)	(15,031)
Loss per ordinary share (sen):				
- Basic	(0.40)	(0.89)	(0.91)	(1.27)
- Diluted	-	-	-	-

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2022 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 2022 RM'000	Audited 31 Mar 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	526	798
Right-of-Use assets	2,611	3,075
Intangible assets	35,026	32,311
Goodwill on consolidation	273	258
Investment in associates	634	613
	<u>39,069</u>	<u>37,055</u>
Current assets		
Contract assets	8,779	10,715
Trade and other receivables	11,240	10,527
Tax recoverable	3	3
Cash and cash equivalents	3,389	14,069
	<u>23,410</u>	<u>35,314</u>
TOTAL ASSETS	<u>62,479</u>	<u>72,369</u>
EQUITY & LIABILITIES		
Equity and reserves		
Shares Capital	115,209	114,840
Reserves	(75,857)	(65,677)
	<u>39,352</u>	<u>49,163</u>
Non-Controlling Interest	(2,671)	(1,127)
Total Equity	<u>36,681</u>	<u>48,036</u>
Non-current liabilities		
Lease liabilities	1,449	1,935
	<u>1,449</u>	<u>1,935</u>
Current liabilities		
Contract liabilities	5,881	5,146
Trade and other payables	9,531	8,744
Borrowings	7,556	7,139
Lease liabilities	1,281	1,370
	<u>24,349</u>	<u>22,398</u>
Total liabilities	<u>25,798</u>	<u>24,333</u>
TOTAL EQUITY AND LIABILITIES	<u>62,479</u>	<u>72,369</u>
Net assets per share (RM)	0.0333	0.0421

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 March 2022 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 December 2022
(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 Apr 2022	104,957	9,883	1,613	10,672	(77,962)	49,163	(1,127)	48,036
Loss for the period	-	-	-	-	(10,730)	(10,730)	(1,445)	(12,175)
Foreign Currency Translation	-	-	-	549	-	549	(99)	450
Issuance of ordinary shares pursuant to conversion of ICPS	492	-	-	-	-	492	-	492
Conversion of ICPS to ordinary shares	-	(123)	-	-	-	(123)	-	(123)
ESOS forfeited	-	-	(42)	-	42	-	-	-
At 31 Dec 2022	105,449	9,761	1,571	11,221	(88,650)	39,352	(2,671)	36,681
At 1 Apr 2021	102,913	10,149	2,097	10,268	(57,777)	67,650	(395)	67,254
Loss for the period	-	-	-	-	(14,642)	(14,642)	(862)	(15,504)
Foreign Currency Translation	-	-	-	475	-	475	(2)	473
Issuance of ordinary shares pursuant to conversion of ICPS	1,062	-	-	-	-	1,062	-	1,062
Conversion of ICPS to ordinary shares	-	(265)	-	-	-	(265)	-	(265)
Exercise of ESOS	359	-	(165)	-	-	194	-	194
At 31 Dec 2021	104,334	9,884	1,932	10,743	(72,419)	54,474	(1,260)	53,214

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 2022 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 December 2022

(Unaudited)

Group	Year To Date ended	Year To Date Ended
	31 Dec 2022 RM'000	31 Dec 2021 RM'000
Loss for the period	(12,130)	(15,504)
Adjustments for:-		
Non-cash items	5,917	8,160
Non-operating items	(1,380)	411
Operating loss before working capital changes	(7,593)	(6,933)
Net change in current assets	1,958	4,627
Net change in current liabilities	788	1,296
Interest paid	(121)	(284)
Tax paid	(44)	-
Net cash (used)/generated in operating activities	(5,012)	(1,294)
Investing activities		
Purchase of property, plant and equipment	(67)	(185)
Interest received	103	129
Addition of software development expenditure, net of grant	(5,215)	(5,684)
Net cash used in investing activities	(5,180)	(5,740)
Financing activities		
Proceeds from conversion of ICPS	369	797
Proceeds from exercise of ESOS	-	194
Payment of lease liabilities	(1,125)	(1,199)
Proceeds/(Repayment) of short-term borrowing, net	-	-
Net cash generated/(use) in financing activities	(756)	(208)
Net changes in cash and cash equivalents	(10,948)	(7,242)
Cash and cash equivalents at beginning of financial year	14,069	20,096
Effect of exchange rate changes on opening balance	267	18
Cash and cash equivalents at end of the financial period	3,389	12,872

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 March 2022 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 2022.

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 2022.

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

<i>MFRSs and/ or IC Interpretations (Including the Consequential Amendments)</i>	<i>Effective for financial periods beginning on or after</i>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFS 101 Presentation of Financial Statements 2023	1 January
Amendments to MFRS 108 Definition of Accounting Estimates 2023	1 January
Amendments to MFRS 112 Deferred Income Taxes	1 January 2023

The adoption of the above accounting standards and/ or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

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.



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A7. Debt and Equity Securities

Other than as disclosed in note B10, 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 31 December 2022.

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 2023 and 23rd February 2023 that would be required to be reflected in the financial statement for the quarter ended 31st December 2022.

A12. Changes in the Composition of the Group

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

A13. Changes in Contingent Liabilities

	31 Dec 2022 RM'000
Guarantees given by the Company for credit facilities granted to subsidiaries	7,556 =====

A14. Significant Related Party Transaction

There were no significant 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>Overseas</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>2022</i>				
Revenue				
- External	1,942	17,900	-	19,843
- Internal	-	5,205	(5,205)	-
Total Revenue	1,942	15,835	(5,205)	19,843
Result				
- Segment Result	(1,155)	(10,519)	-	(11,675)
- Share of associate result				(15)
- Interest income				103
- Interest expense				(544)
Loss before tax				(12,130)
Tax				(44)
Loss after tax				(12,174)
Segment assets	29,824	60,126	(27,471)	62,479
Segment liabilities	2,436	23,362	-	25,798
Other information				
- Capital Expenditure	7	5,277	-	5,283
- Depreciation and amortization	173	5,743	-	5,917

<i>RM'000</i>	<i>Malaysia</i>	<i>Overseas</i>	<i>Elimination</i>	<i>Consolidated</i>
<i>2021</i>				
Revenue				
- External	3,418	16,036	-	19,454
- Internal	1,396	-	(1,396)	-
Total Revenue	4,814	16,036	(1,396)	19,454
Result				
- Segment Result	1,860	(17,332)	-	(15,472)
- Share of associate result				199
- Interest income				129
- Interest expense				(360)
Loss before tax				(15,504)
Tax				-
Loss after tax				(15,504)
Segment assets	49,060	53,226	(29,674)	72,612
Segment liabilities	799	18,599	-	19,398
Other information				
- Capital Expenditure	18	167	-	185
- Depreciation and amortization	196	5,647	-	5,843



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

B1. Performance Review

Current Quarter vs Previous Year Corresponding Quarter

For the current quarter under review, the Group recorded higher revenue of approximately RM5.8 million as compared to the revenue of approximately RM2.9 million for the preceding year’s corresponding quarter period ended 31 December 2021. The increase was due to higher revenue recognition from the order book as a result of higher delivery milestone due to higher project milestones achieved. In line with the increase in revenue, the Group recorded a lower loss before taxation of approximately RM5.3 million for the current quarter as compared to the preceding year’s loss before taxation of approximately RM10.7 million.

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

For the 9 months ended 31 December 2022, the Group recorded revenue of RM19.8 million, which was comparable to the revenue of approximately RM19.5 million for the 9 months period ended 31 December 2021. The Group recorded a loss before taxation of approximately RM12.2 million for the current period as compared to the preceding year’s profit before taxation of approximately RM15.5 million due to lower occurrence of other operating expenses.

B2. Variation of Results against the Preceding Quarter

	Current Quarter 31 Dec 2022 RM’000	Preceding Quarter 30 Sep 2022 RM’000	Difference (%)
Revenue	5,797	5,684	2%
Loss before taxation	(5,261)	(4,650)	-13%

The Group recorded revenue of approximately RM5.8 million in the current quarter, which was comparable to that recorded in the preceding quarter ended 30 Sep 2022 of RM 5.7 million. The Group ended the current quarter with a slightly higher loss before tax of approximately RM 5.3 million as compared to a loss before taxation of RM4.7 million in the immediately preceding quarter.

The Group’s order book amounted to approximately RM60 million as at 31 December 2022 as compared to approximately RM59 million as at the end of immediately preceding quarter.

B3. Prospect

Despite the easing of Covid-19 restriction around the region, global uncertainty such as geopolitical tension, inflationary pressure and tightening of monetary policies have affected business sentiments. With customer taking longer to evaluate our proposals coupled with cost overrun in existing project implementations, the Group expect the current financial year to remain challenging.

The Group will continue to focus on our project delivery to meet our contractual obligation while undertaking a comprehensive review of our operation. We will continue to grow our revenue by intensifying our sales and marketing efforts, such as establishing collaboration with partners to provide valued added services. Our investments in artificial intelligent and robotics has also reached developmental maturity and sales is expected to be achieved in the forthcoming quarters.



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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 31 Dec 2022 RM'000	Cumulative Quarter ended 31 Dec 2022 RM'000
i) Depreciation and amortization	1,995	5,917
ii) Foreign exchange (gain)/loss	(340)	(1,345)
iii) Provision for and write off / (write back) of receivables	-	-
iv) Provision for and write off / (write back) of contract assets	-	-
v) Goodwill impairment	-	-
vi) Impairment of intangible asset	-	-
vii) Exceptional items	-	-



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B8. Taxation from continuing operation

	Individual quarter ended		Cumulative quarter ended	
	31 Dec 2022 RM'000	31 Dec 2021 RM'000	31 Dec 2022 RM'000	31 Dec 2021 RM'000
Current taxation charge	27	-	44	-
Under provision in prior year tax	-	-	-	-
	-----	-----	-----	-----
Tax expenses (charge)/write back	27	-	44	-
	=====	=====	=====	=====

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.

B9. Group Borrowings and Debt Securities

The total borrowings of the Group as at 31 December 2022 are as follows:

	RM'000
Payable within 12 months	
<i>Term Loans</i>	7,556
	=====

The term loan was secured by corporate guarantee by the Company, notified assignment of certain consultancy contracts and fixed and floating charge over the assets of a subsidiary.

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>Number of options over ordinary shares of RM0.10</u>						
<u>Option Grant date</u>	<u>Option Expiry date</u>	<u>Exercise price</u>	Granted	Exercised	Forfeited / Lapsed	As at 31.12.22
02.6.2016	17.11.2025	RM 0.0728	15,000,000	(1,000,000)	(10,500,000)	3,500,000
02.5.2018	17.11.2025	RM 0.0656	23,000,000	(6,950,021)	(49,979)	16,000,000
30.8.2018	17.11.2025	RM 0.1238	25,300,000	-	(21,000,000)	4,300,000

Number of options exercisable as at 31 December 2022 is 23,800,000.



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(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. On 19 Dec 2022, the Company announced to vary the utilisation of proceeds of approximately RM3.0 million as below: -

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Re-allocation RM'000	Balance unutilised RM'000	Amount to be varied RM'000	Revised utilisation RM'000	Revised timeframe for use of proceeds
Repayment of Borrowings	7,500	(7,500)	-	-	-	-	-
Operating and capital expenditures for secured IT Contracts	2,776	(2,821)	(45)*	-	-	-	-
Overseas expansion of FORNAX Systems	3,000	-	-	3,000	(3,000)	-	-
Professional fee related to the above Proposals	700	(655)	45*	-	-	-	-
Working capital	-	-	-	-	3,000	3,000	By 31 March 2023
Total	13,976	(10,976)	-	3,000	-	3,000	-



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B11. Earning Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31 Dec 2022	Preceding year corresponding quarter 31 Dec 2021	Current year to date 31 Dec 2022	Preceding year corresponding period 31 Dec 2021
(a) Basic loss per share				
Net loss attributable to shareholders (RM'000)	(4,768)	(10,315)	(10,730)	(14,642)
Weighted average number of ordinary shares ('000)	1,178,367	1,164,455	1,173,573	1,156,710
Basic earnings per share (sen)	(0.40)	(0.89)	(0.91)	(1.27)

(b) Diluted earnings per share

The impact from share options and ICPS on the loss per share are anti-dilutive and therefore the diluted loss per shares is not presented.

By the Order of the Board

Tan Kean Wai (MAICSA 7056310)
Company Secretary
Kuala Lumpur

23rd February 2023