



VORTEX CONSOLIDATED BERHAD

**[Company No. 199601010679 (383028-D)]
(Incorporated in Malaysia)**

Year 2020

**Quarterly Announcement
For The Quarter Ended 30 September 2019**

VORTEX CONSOLIDATED BERHAD
[Company No. 199601010679 (383028-D)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30 September 2019 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30 September 2018 (Unaudited) RM'000	Current Year To-date 30 September 2019 (Unaudited) RM'000	Preceding Year Corresponding Period 30 September 2018 (Unaudited) RM'000
Revenue	38,833	43,675	70,725	83,502
Cost of sales	(35,255)	(39,233)	(63,431)	(74,773)
Gross profit	3,578	4,442	7,294	8,729
Other income	7	9	13	15
	3,585	4,451	7,307	8,744
Operating expenses	(5,307)	(3,985)	(10,325)	(7,719)
Finance costs	(1,416)	(2)	(3,164)	(3)
(Loss)/Profit before taxation	(3,138)	464	(6,182)	1,022
Income tax expense	(212)	(213)	(148)	(460)
(Loss)/Profit after taxation	(3,350)	251	(6,330)	562
Total comprehensive (expenses)/income	(3,350)	251	(6,330)	562
(Loss)/Profit after taxation attributable to:-				
Owners of the Company	(3,286)	251	(6,115)	562
Non-controlling interests	(64)	*	(215)	*
	(3,350)	251	(6,330)	562
Total comprehensive (expenses)/income attributable to:-				
Owners of the Company	(3,286)	251	(6,115)	562
Non-controlling interests	(64)	*	(215)	*
	(3,350)	251	(6,330)	562
(Loss)/Earning per share [(LPS)/EPS] (in sen)				
Basic (LPS)/EPS	(1.00)	0.04	(1.91)	0.09
Diluted (LPS)/EPS	(1.00)	0.04	(1.91)	0.09

Note:-

* - Amount less than RM1,000

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.)

VORTEX CONSOLIDATED BERHAD
[Company No. 199601010679 (383028-D)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	(UNAUDITED)	(AUDITED)
	As at	As at
	30 September 2019	31 March 2019
	RM'000	RM'000
ASSETS:		
Non-Current Assets:		
Property and equipment	8,985	8,958
Investment properties	16,396	16,524
Land held for property development	14,194	13,846
Goodwill on consolidation	5,835	5,764
	<u>45,410</u>	<u>45,092</u>
Current Assets:		
Inventories	17,877	18,626
Trade and other receivables	34,602	20,284
Property development costs	95,446	-
Current tax assets	1,769	1,854
Short-term investments	39,931	3,322
Cash and bank balances	12,903	13,065
	<u>202,528</u>	<u>57,151</u>
TOTAL ASSETS	<u>247,938</u>	<u>102,243</u>
EQUITY AND LIABILITIES:		
EQUITY		
Share capital	69,899	65,121
Reserves	51,302	6,367
Equity attributable to owners of the Company	121,201	71,488
Non-controlling interests	(157)	(33)
TOTAL EQUITY	<u>121,044</u>	<u>71,455</u>
Non-Current Liabilities:		
Hire purchase payables	195	226
Term loans	41,995	-
Deferred tax liabilities	2,130	65
	<u>44,320</u>	<u>291</u>
Current Liabilities:		
Trade and other payables	63,124	30,420
Hire purchase payables	61	61
Term loans	19,376	-
Current tax liabilities	13	16
	<u>82,574</u>	<u>30,497</u>
TOTAL LIABILITIES	<u>126,894</u>	<u>30,788</u>
TOTAL EQUITY AND LIABILITIES	<u>247,938</u>	<u>102,243</u>
Net assets per share (sen)	31.06	23.44

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.)

VORTEX CONSOLIDATED BERHAD
[Company No. 199601010679 (383028-D)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX (6) MONTHS ENDED 30 SEPTEMBER 2019

	← Non-Distributable →			Distributable		Attributable To Owners of the Company	Non- Controlling Interests	Total
	Share Capital	Warrants Reserve	Irredeemable Convertible Preference Shares ("ICPS")	Share Premium	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30 September 2018								
Balance as at 1 April 2018	59,880	-	-	5,241	6,080	71,201	(108)	71,093
Profit after taxation for the 6 months ended 30 September 2018	-	-	-	-	562	562	*	562
Contributions by owners of the Company:								
- Acquisition of subsidiaries	-	-	-	-	-	-	46	46
Balance as at 30 September 2018	59,880	-	-	5,241	6,642	71,763	(62)	71,701
6 months ended 30 September 2019								
Balance as at 1 April 2019	65,121	-	-	-	6,367	71,488	(33)	71,455
Contributions by owners of the Company:								
- Rights Issue of Shares with Warrants	2,024	7,124	-	-	-	9,148	-	9,148
- Rights Issue of ICPS	-	-	45,741	-	-	45,741	-	45,741
- Conversion of ICPS	3,396	-	(1,520)	-	-	1,876	-	1,876
- Exercise of Warrants	440	(193)	-	-	-	247	-	247
	5,860	6,931	44,221	-	-	57,012	-	57,012
Changes in a subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	(102)	(102)	102	-*
Total transaction with owners	5,860	6,931	44,221	-	(102)	56,910	102	57,012
Expenses incurred in relation to the Rights Issues	(1,082)	-	-	-	-	(1,082)	-	(1,082)
Acquisition of a subsidiary	-	-	-	-	-	-	(11)	(11)
Loss after taxation for the 6 months ended 30 September 2019	-	-	-	-	(6,115)	(6,115)	(215)	(6,330)
Balance as at 30 September 2019	69,899	6,931	44,221	-	150	121,201	(157)	121,044

Note:-

* - Amount less than RM1,000

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.)

VORTEX CONSOLIDATED BERHAD
[Company No. 199601010679 (383028-D)]
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX (6) MONTHS ENDED 30 SEPTEMBER 2019

	(UNAUDITED) CURRENT PERIOD-TO-DATE 6 MONTHS ENDED 30 September 2019 Note RM'000	(UNAUDITED) CORRESPONDING PERIOD-TO-DATE 6 MONTHS ENDED 30 September 2018 RM'000
CASH FLOW (FOR)/FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(6,182)	1,022
Adjustments for non-cash items:		
Bad debts written off	10	-
Deposit written off	-*	-
Depreciation of property and equipment	643	504
Depreciation of investment properties	128	114
Equipment written off	98	-
Realisation of fair value adjustment on property development cost	396	-
Interest expense	3,164	3
Interest income	(526)	(127)
Operating (loss)/profit before changes in working capital	(2,269)	1,516
Net change in inventories	749	(4,262)
Net change in trade & other receivables	(5,545)	4,949
Net change in trade & other payables	(866)	2,892
Net change in amount due to a contract customer	-	1,465
Cash flow (for)/from operations	(7,931)	6,560
Net income tax paid	(161)	(612)
Interest received	516	119
Net cash (for)/from operating activities	(7,576)	6,067
CASH FLOW FOR INVESTING ACTIVITIES		
Interest received	10	8
Purchase of investment properties	-	(2,497)
Purchase of equipment	(657)	(62)
Development costs paid	(7,003)	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	(1,576)	(12,102)
Additional investment in an existing subsidiary	-*	-
Net cash for investing activities	(9,226)	(14,653)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-controlling interests	-	40
Proceeds from Rights Issues, net of expenses	53,807	-
Proceeds from conversion of ICPS	1,876	-
Proceeds from exercise of Warrants	247	-
Net repayment of hire purchase obligations	(31)	(17)
Interest paid	(2,650)	(3)
Net cash from financing activities	53,249	20
NET CHANGE IN CASH AND CASH EQUIVALENTS	36,447	(8,566)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	16,387	21,792
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	1 <u>52,834</u>	<u>13,226</u>

Note:-

* - Amount less than RM1,000

Note 1

Cash and Cash Equivalents at End of the Financial Period comprised:

	30 September 2019 RM'000
Short-term investments	39,931
Cash and bank balances	12,903
	<u>52,834</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.)

VORTEX CONSOLIDATED BERHAD (“Vortex” or “the Company”)

[Company No. 199601010679 (383028-D)]
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting

A1. Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and Paragraph 9.22 of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“the Group”) for the financial year ended 31 March 2019. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2019.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 March 2019 except for the adoption of the following:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments):-

- MFRS 16: Leases
- IC Interpretation 23: Uncertainty Over Income Tax Treatments
- 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
- Annual Improvements to MFRS Standards 2015 - 2017 Cycles

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 except as follows:-

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. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting (Cont'd)

A2. Changes in Accounting Policies (Cont'd)

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by MASB but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments):-

- MFRS 17 Insurance Contracts
- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 101 and MFRS 108: Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

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.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 March 2019 was not qualified.

A4. Seasonality or Cyclicity of Operations

The Group's operations are not materially affected by any seasonal or cyclical factors.

A5. Unusual Items

There are no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial period under review that were unusual because of their nature, size or incidence.

A6. Material Changes in Estimates

There were no material changes in estimates during the current financial period under review.

A7. Issuances, Repurchases, and Repayments of Debt and Equity Securities

Pursuant to the rights issue of 60,988,578 new ordinary shares ("Rights Share(s)") on the basis of 1 Rights Share for every 5 existing shares held on the entitlement date, together with 60,988,578 free detachable warrants ("Warrant(s)") on the basis of 1 Warrant for every 1 Rights Share subscribed for ("Rights Issue of Shares with Warrants"), the Company has issued 60,988,578 Rights Shares together with 60,988,578 Warrants. The Rights Shares and Warrants have been listed on the ACE Market of Bursa Securities on 15 May 2019.

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting (Cont'd)

A7. Issuances, Repurchases, and Repayments of Debt and Equity Securities (Cont'd)

Pursuant to the rights issue of 914,828,754 new irredeemable convertible preference shares ("ICPS") on the basis of 3 ICPS for every 1 existing share held on the entitlement date ("Rights Issue of ICPS"), the Company has issued 914,828,754 ICPS. The ICPS have been listed on the ACE Market of Bursa Securities on 15 May 2019.

During the quarter under review, the following shares have been issued and listed on the ACE Market of Bursa Securities on the following dates as a result of the conversion of ICPS. No warrants were exercised during the quarter under review.

Listing Date	No. of shares issued resulting from Conversion of ICPS
9 July 2019	105,000
31 July 2019	324,000
1 August 2019	125,000
5 August 2019	15,000
7 August 2019	160,000
13 August 2019	170,000
15 August 2019	200,000
19 August 2019	100,000
21 August 2019	100,000
22 August 2019	194,000
26 August 2019	115,000
Total	1,608,000

As at 30 September 2019, the outstanding ICPS and Warrants of the Company is 884,417,004 and 59,338,778 respectively. The Company does not have any other existing convertible securities.

Save as disclosed above, there were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial period under review.

A8. Dividends Paid

There were no dividends paid during the current financial period under review.

Part A

**Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134
Interim Financial Reporting (Cont'd)**

A9. Operating Segments Information

The Group business segments comprise the following:-

- (i) Information Technology ("IT") and Information Communication Technology ("ICT") division - involved in trading in IT and ICT related products (hardware, software and accessories), software development and support services and others ("IT and ICT Division");
- (ii) Property construction and its related business ("Construction Division");
- (iii) Investment properties ("Property Investment Division");
- (iv) Property development ("Property Development Division");
- (v) Moneylending business ("Moneylending Division"); and
- (vi) Investment holding ("Investment Holding Division").

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting (Cont'd)

A9. Operating Segment Information (Cont'd)

Segmental information is provided based on business segments, as follows:

	IT and ICT Division RM000	Construction Division RM000	Property Investment Division RM000	Property Development Division RM000	Moneylending Division RM000	Investment Holding Division RM000	The Group RM000
Current quarter ended							
30 September 2019							
Revenue							
External revenue	38,096	-	132	244	51	310	38,833
Inter-segment revenue	1	-	-	-	-	1,600	1,601
	<u>38,097</u>	<u>-</u>	<u>132</u>	<u>244</u>	<u>51</u>	<u>1,910</u>	<u>40,434</u>
Consolidation adjustments							(1,601)
Consolidated revenue							<u>38,833</u>
Results							
Segment results	71	(140)	(43)	(678)	(417)	(14)	(1,221)
Interest income	5	-	-	1	-	-	6
Bad debt written off	(10)	-	-	-	-	-	(10)
Depreciation of property and equipment	(292)	*	-	(12)	(5)	(19)	(328)
Depreciation of investment properties	-	-	(64)	-	-	-	(64)
Equipment written off	-	-	-	(98)	-	-	(98)
Interest expense	(2)	-	-	(1,414)	-	-	(1,416)
Realisation of fair value adjustment on property development costs	-	-	-	(7)	-	-	(7)
Consolidated loss before taxation	<u>(228)</u>	<u>(140)</u>	<u>(107)</u>	<u>(2,208)</u>	<u>(422)</u>	<u>(33)</u>	<u>(3,138)</u>
Income tax expense	(213)	-	-	1	-	-	(212)
Consolidated loss after taxation	<u>(441)</u>	<u>(140)</u>	<u>(107)</u>	<u>(2,207)</u>	<u>(422)</u>	<u>(33)</u>	<u>(3,350)</u>
Assets							
Segment assets/Consolidated total assets	46,348	8,935	16,581	117,507	15,150	43,417	<u>247,938</u>
Liabilities							
Segment liabilities/Consolidated total liabilities	29,654	322	130	96,495	53	240	<u>126,894</u>

Note:-

* - Amount less than RM1,000

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134
Interim Financial Reporting (Cont'd)

A9. Operating Segment Information (Cont'd)

	IT and ICT Division RM000	Construction Division RM000	Property Investment Division RM000	Property Development Division RM000	Moneylending Division RM000	Investment Holding Division RM000	The Group RM000
Current quarter ended							
30 September 2018							
Revenue							
External revenue	42,224	1,275	139	-	-	37	43,675
Inter-segment revenue	1	-	-	-	-	2,400	2,401
	<u>42,225</u>	<u>1,275</u>	<u>139</u>	<u>-</u>	<u>-</u>	<u>2,437</u>	<u>46,076</u>
Consolidation adjustments							(2,401)
Consolidated revenue							<u>43,675</u>
Results							
Segment results	1,336	(132)	(18)	(2)	-	(421)	763
Interest income	4	-	-	-	-	-	4
Depreciation of property and equipment	(234)	9	-	-	-	(19)	(244)
Depreciation of investment properties	-	-	(57)	-	-	-	(57)
Interest expense	(2)	-	-	-	-	-	(2)
Consolidated profit/(loss) before taxation	<u>1,104</u>	<u>(123)</u>	<u>(75)</u>	<u>(2)</u>	<u>-</u>	<u>(440)</u>	<u>464</u>
Income tax expense	(179)	(34)	-	-	-	-	(213)
Consolidated profit/(loss) after taxation	<u>925</u>	<u>(157)</u>	<u>(75)</u>	<u>(2)</u>	<u>-</u>	<u>(440)</u>	<u>251</u>
Assets							
Segment assets/Consolidated total assets	49,463	16,717	17,287	13,651	-	10,285	<u>107,403</u>
Liabilities							
Segment liabilities/Consolidated total liabilities	32,264	3,178	130	2	-	128	<u>35,702</u>

The Group operates principally in Malaysia.

Part A

Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting (Cont'd)

A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current quarter up to 20 November 2019, being the last practicable date from the date of the issue of this report that are expected to have an operational or financial impact on the Group, except for THDex Limited (formerly known as VDex Limited) ("THDex"), a wholly-owned subsidiary of the Company has on 7 November 2019 received an official letter from Labuan Financial Services Authority dated 4 November 2019 stating that the money-broking license has been granted on 23 October 2019. In this regard, THDex is allowed to commence its operation with effect from the date of licence certificate.

A11. Changes in the Composition of the Group

Save as disclosed below, there were no other changes in the composition of the Group during the current financial period under review.

On 15 July 2019, the Company newly incorporated a subsidiary, THDex with an issued share capital of USD 2 divided into 2 ordinary shares and it is a wholly-owned subsidiary of the Company.

A12. Changes in Contingent Liabilities and Contingent Assets since the Last Annual Balance Sheet Date

Since the last annual balance sheet date, there were no material changes in contingent liabilities and contingent assets for the Group as at 20 November 2019 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

A13. Capital Commitments

There were no capital commitments as at 20 November 2019 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

Part A**Explanatory Notes Pursuant To Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting (Cont'd)****A14. Related Party Transactions**

The Group's related party transactions are as follows:

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30 September 2019 RM'000	Preceding Year Corresponding Quarter 30 September 2018 RM'000	Current Year To-date 30 September 2019 RM'000	Preceding Year Corresponding Period 30 September 2018 RM'000
Professional services rendered by a company in which a director is a common director and has substantial financial interest	-	13	-	13
Subscription fee for accounting charged to a company in which a director is a common director	4	3	8	7
Key management personnel:-				
- salaries and allowances	316	177	606	354
- defined contribution plans	38	21	72	42
- others	1	1	2	2
- fee	90	56	175	118

A15. Changes in Fair Value of Financial Assets and Financial Liabilities, Transfers and Classifications

There have been no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities in the current financial period under review.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements

B1. Detailed Analysis of Overall Performance

	Individual Quarter		Changes %	Cumulative Period		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	30.9.2019 RM'000	30.9.2018 RM'000		30.9.2019 RM'000	30.9.2018 RM'000	
Revenue:-						
IT and ICT Division	38,096	42,224	(9.8)	68,411	77,552	(11.8)
Construction Division	-	1,275	(100.0)	-	5,627	(100.0)
Property Investment Division	132	139	(5.0)	265	204	29.9
Property Development Division	244	-	100.0	1,533	-	100.0
Moneylending Division	51	-	100.0	51	-	100.0
Investment Holding Division	310	37	737.8	465	119	290.8
	38,833	43,675	(11.1)	70,725	83,502	(15.3)
(Loss)/Profit before taxation ("“(LBT)/PBT”):-						
IT and ICT Division	(228)	1,104	(120.7)	(240)	1,881	(112.8)
Construction Division	(140)	(123)	13.8	(313)	(20)	1,465.0
Property Investment Division	(107)	(75)	42.7	(202)	(55)	267.3
Property Development Division	(2,208)	(2)	110,300.0	(4,534)	(2)	226,600.0
Moneylending Division	(422)	-	100.0	(747)	-	100.0
Investment Holding Division	(33)	(440)	(92.5)	(146)	(782)	(81.3)
	(3,138)	464	(776.3)	(6,182)	1,022	(704.9)

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B1. Detailed Analysis of Overall Performance (Cont'd)

Overall Performance

Overall, the Group's revenue for the current quarter as compared to the preceding year corresponding quarter has decreased mainly due to the decrease in revenue in IT and ICT Division and Construction Division. The decrease in revenue from IT and ICT division mainly due to lesser walk-in customers which resulted from the changes of customer preference towards online purchases and also the competitive selling price from other online competitors. For Construction Division, the decrease in revenue mainly because of no new project secured in the financial period under review.

The Group recorded a loss in the current quarter mainly due to the higher operating and finance costs in Property Development Division and lower profits contributed from IT and ICT division.

IT and ICT Division

The decrease in revenue for the current quarter under review as compared to the preceding year corresponding quarter was mainly due to the decrease of sales for Do-It-Yourself ("DIY") products, notebooks and computers, accessories and gadgets.

The loss in this division was mainly due to the decrease in overall profit margins for IT and ICT products coupled with the decrease in sales.

Construction Division

There was no revenue recognised as no new project secured in the current quarter. The LBT in the current quarter was mainly due to staff costs incurred.

Property Investment Division

The loss in the current quarter was mainly due to the staff costs incurred in this division.

Property Development Division

The revenue recognised was in respect of the development project in Kajang and based on the development stage of completion as well as the percentage of the numbers of units sold.

The loss in the current quarter was mainly due to interest expenses incurred on the term loans.

Moneylending Division

This division has commenced its operation in September 2019 and the revenue generated was in respect of interest income gained from the moneylending operation.

The loss in the current quarter was mainly due to the staff costs incurred in this division.

Investment Holding Division

The decrease in LBT in the current quarter as compared to the preceding year corresponding quarter was mainly due to the lower corporate exercises expenses incurred and higher interest income received from short-term investments.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B2. Comments on Material Changes in the Loss Before Taxation for the Quarter Reported as Compared with the Immediate Preceding Quarter

	Current Quarter 30.9.2019 RM'000	Immediate Preceding Quarter 30.6.2019 RM'000	Changes %
Revenue:-			
IT and ICT Division	38,095	30,316	25.7
Construction Division	-	-	-
Property Investment Division	132	133	(0.8)
Property Development Division	244	1,289	(81.1)
Moneylending Division	51	-	100.0
Investment Holding Division	311	154	101.9
	38,833	31,892	21.8
LBT:-			
IT and ICT Division	(228)	(12)	1,800.0
Construction Division	(140)	(173)	(19.1)
Property Investment Division	(107)	(95)	12.6
Property Development Division	(2,208)	(2,326)	(5.1)
Moneylending Division	(422)	(325)	29.8
Investment Holding Division	(33)	(113)	(70.8)
	(3,138)	(3,044)	(3.1)

Overall Performance

Overall, the Group's revenue for the current quarter as compared to the immediate preceding quarter has increased mainly due to the increase in revenue from IT and ICT Division and Investment Holding Division.

The Group has recorded a higher LBT in the current quarter mainly due to the lower profit margins from the sales of IT and ICT products.

IT and ICT Division

The increase in revenue was mainly due to the increased of sales from online trading of IT and ICT products and the sales from DIY products, notebooks and computers, accessories and mobiles from walk-in customers.

However, higher LBT in current quarter mainly due to the lower profit margins from the sales of IT and ICT products.

Construction Division

The loss in the current quarter was mainly due to no new project secured and the staff costs incurred.

Property Investment Division

The rental income was consistent between the quarters. Higher LBT in current quarter mainly due to the higher staff cost incurred in this division.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

Property Development Division

The revenue recognised was in respect of the development project in Kajang and based on the development stage of completion as well as the percentage of the numbers of units sold.

The loss in the current quarter was mainly due to interest expenses incurred on the term loans.

Moneylending Division

The division has commenced its moneylending business in September 2019. The loss was primarily due to the operating and start-up costs incurred.

Investment Holding Division

The decrease of loss in the current quarter as compared to the immediate preceding quarter was mainly due to higher interest income generated from the investment in short-term investments.

B3. Commentary on Prospects

The Group derives most of its revenue from its IT and ICT Division. The major part of our revenue is dependent on general well-being of the retail or consumer spending. The Board, looking at the current economic sentiment, has taken steps to diversify into the property investment and development and moneylending business.

Such diversification enables the Group to tap into new business segments which will hopefully provide additional streams of revenue and to complement with the Group's existing businesses. The Board believes that this will be part of the Group's business plan to improve its financial performance as well as its shareholders' value. In addition, the diversification will allow the Group to reduce reliance on its existing business in the IT and ICT industries as well as its construction activities.

The Group will continuously look for more opportunities and when appropriate, implement necessary changes which may include further diversifying our income stream.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B4. Variance between Actual Profit and Forecast Profit or Profit Guarantee

There were no profit forecast or profit guarantee made public for the current financial period under review.

B5. Tax Expense

The tax expense is as follows:

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.9.2019 RM'000	Preceding Year Corresponding Quarter 30.9.2018 RM'000	Current Year To-date 30.9.2019 RM'000	Preceding Year Corresponding Period 30.9.2018 RM'000
Current tax expense:				
- For the current financial period	(212)	(213)	(242)	(460)
- Underprovision in the previous financial year	(1)	-	(1)	-
	<u>(213)</u>	<u>(213)</u>	<u>(243)</u>	<u>(460)</u>
Deferred tax expense:				
- For the current financial period	1	-	95	-
	<u>(212)</u>	<u>(213)</u>	<u>(148)</u>	<u>(460)</u>

B6. Status of Corporate Proposals

There were no corporate proposals as at 20 November 2019 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) pending for completion.

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B7. Utilisation of Proceeds****Rights Issue with Warrants and the Rights Issue of Irredeemable Convertible Preference Shares ("ICPS")**

On 15 May 2019, TA Securities Holdings Berhad announced that the Rights Issue of Shares with Warrants and Rights Issue of ICPS (collectively referred as "Rights Issues") have been completed following the listing of and quotation for 60,988,578 Rights Shares together with 60,988,578 Warrants and 914,828,754 ICPS on the ACE Market of Bursa Securities.

On 25 July 2019, the shareholders of the Company had approved the variation to the utilisation of proceed raised from the Rights Issues. At 30 September 2019, the status of the utilisation of proceeds raised from the Rights Issues taking into consideration the variation approved on 25 July 2019 are as follows:-

Utilisation of proceeds	Utilisation of proceeds after the variation (RM'000)	Amount utilised at 30 September 2019 (RM'000)	Balance of proceeds (RM'000)	Revised time frame for utilisation of proceeds
	(A)	(B)	(A-B)	
Proposed Development Project under Kepayang Heights Sdn Bhd	23,189	(629)	22,560	Within 48 months*
Working capital for moneylending business	20,000	(13,061)	6,939	Within 12 months^
Future projects and/or acquisitions	6,500	-	6,500	Within 36 months*
Working capital	4,118 [#]	(1,589)	2,529	Within 24 months*
Estimated expenses in relation to the corporate exercises	1,082 [#]	(1,082)	-	
Total	54,889	(16,361)	38,528	

Notes:

* From 15 May 2019 (being the date of completion of the Rights Issues).

^ From the date of Extraordinary General Meeting convened by the Company i.e 25 July 2019 in relation to the variation.

As the actual expenses for the corporate exercises was lower than the estimated expenses for the said corporate exercises, hence the surplus amount (i.e approximately RM118,000) has been re-allocated to the working capital of the Group.

Part B

Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)

B8. Details of Group Borrowings and Debt Securities

The Group's interest-bearing borrowings as at the end of the reporting period are as follows:

	As at 30.9.2019 RM'000	As at 30.9.2018 RM'000
Current – unsecured		
Hire purchase payables - payable within 12 months	195	28
Term loans	41,995	-
Non-current – unsecured		
Hire purchase payables - payable after 12 months	61	291
Term loans	19,376	-
	<u>61,627</u>	<u>319</u>

B9. Gains and Losses arising from Fair Value Changes of Financial Liabilities

No gains or losses were recognised for changes in fair values of financial liabilities during the quarter under review.

B10. Changes in Material Litigation

The Directors were not aware of any material litigation, which, if enforced, may have a material impact on the profit or net asset value of the Group.

B11. Dividends

No interim dividend has been declared or proposed for the current financial period under review.

B12. (Loss)/Earnings per Share

The basic (loss)/earnings per share was calculated by dividing the (loss)/profit after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue in the respective period as follows:

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.9.2019	Preceding Year Corresponding Quarter 30.9.2018	Current Year To-date 30.9.2019	Preceding Year Corresponding Period 30.9.2018
(Loss)/Profit after taxation attributable to the owners of the Company (RM'000)	(3,286)	251	(6,115)	562
Weighted average number of ordinary shares in issue	328,637,280	609,885,845	320,331,924	609,885,845
Basic (loss)/earnings per share (sen)	(1.00)	0.04	(1.91)	0.09
Diluted (loss)/earnings per share (sen)	(1.00)	0.04	(1.91)	0.09

Part B**Explanatory Notes Pursuant To Paragraph 9.22 of the Listing Requirements (Cont'd)****B13. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.9.2019 RM'000	Preceding Year Corresponding Quarter 30.9.2018 RM'000	Current Year To-date 30.9.2019 RM'000	Preceding Year Corresponding Period 30.9.2018 RM'000
Interest income	367	41	526	127
Interest expense	1,416	2	3,164	3
Depreciation of property and equipment	328	244	643	504
Depreciation of investment properties	64	57	128	114

B14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 November 2019.