

Notes on the quarterly report – 30 September 2023

A. EXPLANATORY NOTES AS PER MFRS 134- INTERIM FINANCIAL REPORTING

A1. Basis of Preparation & Changes in Accounting Policies

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Listings Requirements of the Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2023.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2023 except for those standards, amendments and IC interpretations which are effective from the annual period beginning 1 July 2023 and onwards. The adoption of these standards, amendments and IC interpretations does not have significant impact on the financial statements of the Group and the Company.

A2. Seasonality or Cyclicity of Interim Operations

The operations of the Group were not significantly affected by any seasonal or cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review.

A4. Changes in Estimates

There were no material changes in estimates that have a material effect to the current quarter results.

A5. Issues, Repurchases and Repayments of Debts and Equity Securities

During the financial period to date, the Company issued new ordinary shares as follows:

Date	Description	Ordinary Shared Issued		
		Issued Price per share (RM)	No of Shares	Value (RM'000)
10 July 2023	1st Tranche Placement Shares	0.5300	4,370,100	2,316
20 September 2023	2nd Tranche Placement Shares	0.6303	2,786,600	1,757

Aside from the above, there are no other issuances, cancellation, repurchase, resale and repayment of debt and equity securities for the period ended 30 September 2023.

Notes on the quarterly report – 30 September 2023

A6. Dividends Paid

There were no dividend paid during the current financial period to date.

A7. Segmental Information

Segmental information is not presented as the Group is primarily engaged in the Information and Communication Technology (“ICT”) Industry.

A8. Valuation of Property, Plant and Equipment

There were no revaluations of property, plant and equipment since the previous annual financial statements.

A9. Material Events Subsequent to the End of the Financial Period

Bank Pembangunan Malaysia Berhad filed a lawsuit (Suit 264) against the Company and its subsidiary, claiming for damages, particularly based on the tort of conspiracy. Based on the legal opinion, by the Group’s Solicitors, the Board of Directors is of the view that the Group has a fair chance of success in opposing the said Writ Action. Therefore, no accrual of financial impact is made into the accounts.

A10. Changes in the Composition of the Group

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

A11. Changes in Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at date of the report.

A12. Capital Commitments

There are no material capital comments which require disclosure during the quarter.

Notes on the quarterly report – 30 September 2023

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Review of the Group Performance:

Current Quarter

	30 Sept 2023	30 Sept 2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	4,239	2,559	1,680	66%
Profit/(Loss) from Operations	127	(1,101)	1,228	112%
Profit/(Loss) before tax	63	(1,164)	1,227	105%
Profit/(Loss) after tax	63	(1,164)	1,227	105%

For the current quarter of 30 September 2023, the Group reported a revenue of RM4.24 million approximately 66% higher than quarter ended 30 September 2022 which was attributed by newly secured contract undertaken during the reporting period.

The current quarter's profit after tax stood at RM63 million which higher compared to 30 September 2022 quarter as this was due to the lower cost of sales that led to the higher in gross profit margin.

B2. Variation of Results Against Immediate-Preceding Quarter

	30 Sept 2023	30 June 2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue	4,239	3,276	963	6%
Profit from Operations	127	816	(689)	84%
Profit before tax	63	684	(621)	91%
Profit after tax	63	680	(617)	91%

The revenue for the current quarter, was recorded at RM4.24 million approximately 66% higher compared to the immediate preceding quarter, 30 June 2023 which was mainly due to newly secured contract undertaken during the reporting period.

The profit before tax during the current quarter marked at RM0.063 million, reflecting a decrease compared to the preceding quarter ended 30 June 2023. This decline is attributed to the reversal of impairment on other receivables in preceding quarter.

Notes on the quarterly report – 30 September 2023

B3. Prospects

Currently, the Group is focusing on capitalizing on the Company's key strengths, particularly the maintenance of network and infrastructure which will enhance the recurring and existing income business model.

The Group has eagerly expanded into new projects and new orders secured throughout the period. The Group has continued to expand the business development team and to bring in more profitable projects to the Group.

The Company has always intensified its efforts in the software solutions market involving deployment and maintenance, providing recurring revenue in annual licensing, maintenance, and feature customizations.

In summary, the Group keep striving to continue in improving its efficiency and the Group profitability by focusing on better margin in product mix.

B4. Profit Forecast or Profit Guarantee

Not applicable as the Group did not publish any profit forecast.

B5. Auditors' Report on Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 30 June 2023 were not subject to any qualification.

B6. Tax Expense

	2023 3 months Current period Ended 30 Sept 2023 RM'000	2023 3 months Cumulative to date 30 June 2023 RM'000
Estimated current tax payable	-	-
Deferred tax	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

B7. Quoted and Marketable Securities

There was no purchase or disposal of quoted and marketable securities during the quarter.

Notes on the quarterly report – 30 September 2023

B8. Status of Corporate Proposals.

On 30 May 2023, the Company announced a proposed private placement up to 20,337,500 of new ordinary shares representing up to approximately 10% of the total number of issued shares of the Company, to independent third-party investor(s) excluding any treasury shares (“Placement Shares”).

Bursa Malaysia Securities Berhad (“Bursa Securities”) had, vide its letter dated 14 June 2023, approved the Placement Shares.

Details of proposed utilisation of proceeds

The Proposed Private Placement is expected to raise gross proceeds of up to approximately RM8.48 million in which intended to be utilised as follows: -

Details	Proposed Utilisation RM'000	Actual Utilisation RM'000	Amount unutilised RM'000	Intended Timeframe for Utilisation
Repayment of trade and other payables	3,000	2,000	1,000	Within 6 months
Repayment of bank borrowing	2,075	2,075	-	Within 6 months
Working capital	3,304	7,036	-	Within 24 months
Estimated expenses related to Proposed Private Placement	100	88	12	Upon receipt
Total	8,479	11,199	1,012	

B9. Borrowings

The Group’s borrowings are as follows: -

	As at 30 Sept 2023 RM'000
Payable within 12 months:	
Bank borrowings	903
Payable after 12 months:	
Bank borrowings	2,094
Total	2,997

B10. Off Balance Sheet Financial Instruments

There was no off-balance sheet financial instrument as at the date of this report.

Notes on the quarterly report – 30 September 2023

B11. Material Litigation

Bank Pembangunan Malaysia Berhad (“Plaintiff”), has filed a Writ of Summons dated 15 June 2022, Statement of Claim (“Writ Action”) and Notice for Application (Ex-Parte) for Mareva Injunction (“Application”). The said writ action was filed and registered as Kuala Lumpur High Court Suit No.: WA-22NCC-264-06/2022 (‘Suit 264’).

There are no expected immediate potential financial liabilities to the Group as Suit 264 is in its preliminary stages of deliberations in the High Court. However, the Board estimate expenses will be incurred towards legal fees and the related expenses thereto in defending Suit 264, which sum shall be financed through the Group’s internally generated sources.

The High Court has conducted hearings on the Mareva application, and the anticipated decision is slated for 12 December 2023. Based on legal advice, believes the Group has a fair chance of success and has not accounted for any financial impact in the accounts.

B12. Dividends

There was no dividend declared as at the date of this report.

B13. Earnings / (Loss) per Share

a) Basic Loss Per Share

	Current Quarter Ended 30 Sept 2023	3 months Current Year To Date Ended 30 Sept 2023
Profit/(loss) attributable to ordinary shareholders (RM'000)	24	24
Weighted average number of ordinary shares on issue ('000)	207,086	207,086
Earnings/(loss) per ordinary share (sen)	0.01	0.01

Notes on the quarterly report – 30 September 2023

B14. Realised and Unrealised Profits/(Losses) Disclosure

	As at 30 Sept 2023 RM'000
Total accumulated losses of the Company and its subsidiaries:	
- Realised	(22,355)
- Unrealised	-
	<u>(22,355)</u>
Less:	
Consolidation adjustments	2,418
	<u>(19,937)</u>

B15. Profit for the Period

This is arrived at after crediting / (charging):

	Current Quarter 30 Sept 2023 RM'000	Year to Date 3 months to 30 Sept 2023 RM'000
Interest expenses	(64)	(64)
Depreciation of property, plant and equipment	(84)	(84)
Depreciation of right-of-use assets	(90)	(90)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements for the ACE Market of Bursa Malaysia Securities Bhd are not applicable.