

TECHNODEX BHD
(Company No. 627634-A)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market.

The interim financial report should be read in conjunction with the latest audited consolidated financial statements of Technodex Bhd (“TB”) for the financial year ended 30 June 2007. The explanatory notes attached to the 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 financial year ended 30 June 2007.

For the current financial year, the Group has adopted the following revised Financial Reporting Standards (“FRS”) issued by the Malaysian Accounting Standards Board (“MASB”), which are relevant to its operations.

FRS 117 Leases

FRS 124 Related Party Disclosures

There have been no changes to the accounting policies of the Group as a result of the adoption of FRS 117 and FRS 124 mentioned above.

The accounting policies and methods of computation adopted in these quarterly financial statements of the Group are consistent with those adopted for the audited financial statements of the Group for the financial year ended 30 June 2007.

A2. Comments on Seasonal or Cyclical Factors

The results of the Group were not significantly affected by any seasonal or cyclical factors during the current quarter under review and the financial year-to-date.

A3. Nature and Amount of Exceptional and Extraordinary Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the current quarter under review and the financial year-to-date.

A4. Material Changes in Estimates

There were no material changes in the estimates used for the preparation of this interim financial report.

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A5. Debts and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review except for the following:-

Employees' Share Options Scheme (ESOS)

During the current quarter, there were no issuance of ESOS. During the financial year to date ending 31 March 2008, the Company issued 1,122,000 ordinary shares of RM0.10 each for cash pursuant to the Company's ESOS.

Private Placement

During the financial year to date ending 31 March 2008, the Company issued private placement of 8,000,000 new ordinary shares of RM0.10 each on 22nd October 2007. The proceeds from private placement have been used for working capital purposes.

Bonus Issue

During the financial year to date ending 31 March 2008, the Company issued bonus issue of 89,122,000 new ordinary shares of RM0.10 each on 10th December 2007 on the basis of one (1) Bonus Share for every one (1) Share held in the Company.

The movements in the ordinary shares of RM0.10 each are as follows:-

	The Company	
	No. of Shares '000	RM'000
Ordinary Shares of RM0.10 each		
Authorised		
At 1 July 2007	100,000	10,000
Increased during the financial period	150,000	15,000
	-----	-----
At 31 March 2008	250,000	25,000
	=====	=====
Issued and Fully Paid-up		
At 1 July 2007	80,000	8,000
Increased during the financial period		
- Pursuant to ESOS	1,122	112
- Pursuant to Private Placement	8,000	800
- Pursuant to Bonus Issue	89,122	8,912
	-----	-----
At 31 March 2008	178,244	17,824
	=====	=====

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A6. Dividend

There were no dividends paid during the current quarter under review and the financial year-to-date.

A7. Segmental Information

The Group operates in a single line of business, namely the provision of Open Source Based Business Software and as such, segment reporting by business segment is not prepared.

In determining the geographical segments of the Group, segmental revenue is based on the country in which the customer is located.

The Group derives revenue from customers in the following geographical areas:

	Current Quarter	Preceding Corresponding Quarter	Current Year To Date	Preceding Corresponding Year To date
	Ended 31/03/08	Ended 31/03/07	Ended 31/03/08	Ended 31/03/07
	RM'000	RM'000	RM'000	RM'000
Revenue				
Malaysia	6,992	2,834	12,411	7,101
Australia	-	-	487	758
Brunei	-	32	12	144
China	-	500	173	500
Thailand	-	-	13	-
	----- 6,992	----- 3,366	----- 13,096	----- 8,503

Information on the segment results have not been presented as the operating expenses of the Group are mostly based in Malaysia and therefore could not be allocated to the respective geographical area.

A8. Material Events Subsequent To The End of The Quarter

There were no material events subsequent to the end of the quarter under review.

A9. Changes in Composition of the Group

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

A10. Contingent Assets or Liabilities

There were no contingent assets or contingent liabilities since the last Balance Sheet as at 30 June 2007.

A11. Capital Commitments

There were no capital commitments as at 31 March 2008.

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A12. Related Party Transactions

There were no related party transactions entered into in the current quarter under review and the financial year-to-date.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MESDAQ MARKET

B1. Review of Performance

For the current quarter under review, the Group recorded revenue and profit after taxation (“PAT”) of approximately RM6.992 million and RM4.093 million respectively. Whereas, for the financial year-to-date, the Group achieved revenue and profit after taxation (“PAT”) of approximately RM13.096 million and RM6.516 million respectively.

Similar to the preceding quarter, our results for this quarter are contributed by our core products TechnoDex® Platform and EvoDex suite of solutions.

B2. Comparison with Preceding Quarter’s Results

The Group’s profit before taxation increased by 224.29 % from its previous quarter. The increase is mainly attributable to higher revenue as well as lower cost of sales in the current quarter.

The higher revenue recorded was mainly contributed by a few new development projects awarded to the group during this quarter and cost of sales was lower as the direct costs required by these new projects is minimal.

B3. Commentary on Prospects

With the Group stepping up its business development efforts internationally, particularly in China, Australia, Brunei and Thailand, the Board remains optimistic of a satisfactory performance for the current financial year.

The Group will continue to aggressively pursue high growth markets by introducing innovative and complementary solutions to these markets. In addition to aggressive regional expansion, the Group is looking at growth through mergers & acquisitions with synergistic businesses locally and abroad.

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B4. Taxation

	Unaudited Individual Quarter		Unaudited Cumulative Quarter	
	Current Quarter Ended 31/03/08 RM'000	Preceding Corresponding Quarter Ended 31/03/07 RM'000	Current Year To Date Ended 31/03/08 RM'000	Preceding Corresponding Year To date Ended 31/03/07 RM'000
Taxation	(6)	(5)	(17)	(15)

The effective tax rate of the Group for the current quarter under review and the financial year to-date was lower than the statutory tax rate as the company and its subsidiary, Technodex Solutions Sdn Bhd (“TDS”), were granted the Pioneer Status incentive under the Promotion of Investments Act, 1986. The company’s and TDS’s pioneer activities are exempted from income tax for a period of five years commencing 20 April 2005 and 26 March 2003 respectively.

The taxation charge is in respect of interest income earned by the Company.

B5. Unquoted Investments and/or Properties

There were no disposals of unquoted investments and/or properties during the current quarter under review and the financial year-to-date.

B6. Quoted Securities

There were no purchase or disposal of quoted securities in the current quarter under review and the financial year-to-date. The Group does not hold any quoted securities as at the end of the current quarter under review.

B7. Corporate Proposals

(a) Status of Corporate Proposals

There is no corporate proposal announced but not completed as at the date of this quarterly report.

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(b) Status of Utilisation of Proceeds

The Company raised RM9.2 million from the Public Issue in conjunction with the listing of TB on MESDAQ market of Bursa Securities. As at 31 March 2008, the details of the utilisation of proceeds are as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe For Utilisation	Deviation		Explanations
				Amount RM'000	%	
(i) Research & Development Expenditure	3,300	3,300	Within two (2) years after listing	-	-	-
(ii) Capital Expenditure	1,600	1,600	Within two (2) years after listing	-	-	-
(iii) Working Capital	2,800	2,833	Within two (2) years after listing	(33)	(1.2)	Additional utilization was channeled from the allocation for listing expenses, as explained below.
(iv) Listing Expenses	1,500	1,467	Upon listing	33	2.2	Actual expenses incurred were lower. The unutilized amount was used for the Group's working capital purposes.
TOTAL	9,200	9,200		-	-	

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B8. Borrowings and Debt Securities

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 March 2008:

	As At End Of Current Quarter Ended 31-Mar-2008 (RM'000)	As At End Of Preceding Financial Year Ended 30-Jun-2007 (RM'000)
Short term borrowings:-		
Secured:		
Other borrowings:-		
Hire Purchase	-	43
Finance Lease	238	169
Term Loan	92	91
	330	303
Bank overdrafts	2,319	1,140
	2,649	1,443
Long term borrowings:-		
Secured:		
Hire Purchase	-	71
Finance Lease	777	333
Term Loan	1,715	1,780
	2,492	2,184

The foreign currency profile is analysed as follows:-

	As At End Of Current Quarter Ended 31-Mar-2008		As At End Of Preceding Financial Year Ended 30-Jun-2007	
	Foreign currency '000	RM equivalent '000	Foreign currency '000	RM equivalent '000
Short term borrowings:-				
Finance lease	RMB202	94	RMB251	114
Long term borrowings:-				
Finance lease	RMB396	184	RMB530	241

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B9. Off Balance Sheet Financial Instruments

The group does not have any off balance sheet financial instruments as at the date of this quarterly report.

B10. Material Litigation

The Group has not been involved in any material litigation since the last Balance Sheet date as at 30 June 2007.

B11. Dividend

The Board of Directors does not recommend any dividend for the current quarter under review and the financial year-to-date.

B12. Earnings Per Share

The earnings per share have been calculated based on the profit after taxation divided by the weighted average number of ordinary shares as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31 Mar 08 RM'000	Preceding Corresponding Quarter Ended 31 Mar 07 RM'000	Current Year To Date Ended 31 Mar 08 RM'000	Preceding Corresponding Year To date Ended 31 Mar 07 RM'000
Profit After Taxation (RM'000)	4,093	2,109	6,516	4,457
Weighted Average Number of Ordinary Shares in issue of RM0.10 each ('000)	178,244	80,000	80,024	76,558
Basic earnings per share (sen)	2.30	2.64	8.14	5.82
Weighted Average Number of Ordinary Shares after effect of Employee Share Option Scheme ('000)	194,737	NA	96,517	NA
Diluted earnings per share (sen)	2.10	NA	6.75	NA

B13. Qualification of Financial Statements

The auditors' report of the preceding year's annual audited financial statements was not subject to any audit qualification.

Dated this : 26th May 2008