

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

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

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market.

The interim financial report should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying notes attached to this interim financial report.

Board of Directors of the Company had on 20 February 2013 approved the change of financial year end of the Company from 31 December to 30 April. Due to the change, the financial period ended 31 March 2013 is made up of 15 months’ results from 1 January 2012 to 31 March 2013. As such, no comparative figures are presented for Statements of Comprehensive Income as there are no comparable interim periods (current and year-to-date) of the immediately preceding financial year. Comparative figures for the same financial year ended / ending 31 March will be available for interim.

A2. Changes in accounting policies

As at the date of authorization of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretations		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012

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MFRSs, Amendments to MFRSs and IC Interpretations		Effective for annual periods beginning on or after
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The Group plans to apply the abovementioned MFRSs (and its consequential amendments) and Interpretations in the respective annual periods based on their effective dates and applicability.

The initial application of the above applicable standards (and its consequential amendments) and interpretations, is not expected to have any material impact on the financial statements of the Group.

A3. Audit Report of Preceding Annual Financial Statements

The audited annual financial statements for the period ended 31 December 2011 were not subject to any qualification.

A4. 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.

A5. 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.

A6. Material Changes in Estimates

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

A7. Debts and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter under review.

A8. Dividend

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

A9. Segmental Information

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

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A10. Valuation of Property, plant and equipment

There were no changes in the valuation of property, plant and equipment reported in the previous audited financial statements that will have an effect in the financial quarter under review.

A.11 Material Events Subsequent To the End of the Current Period

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

A12. Changes in Composition of the Group

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

A13. Contingent Assets or Liabilities

There were no changes in contingent liabilities and contingent assets since the end of the last annual reporting period.

A14. Capital Commitments

There were no capital commitments for the period under review.

A15. Related Party Transactions

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

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

B1. Review of Performance

RM'000	3 months ended		15 months ended	12 months ended
	31/3/2013	31/3/2012	31/3/2013	31/12/2011
	Unaudited	Unaudited	Unaudited	Audited
Revenue	1,261	1,724	7,083	13,029
Profit/ (Loss) before Tax	894	(1,498)	(3,640)	1,931

The Group recorded revenue of RM1.261 million for the current 3-month ended 31 March 2013, representing a decrease of approximately 27% as compared to RM1.724 million reported in the preceding year corresponding period ended 31 March 2012.

The Group posted a profit before tax (“PBT”) of RM0.894 million for the 3-month ended 31 March 2013 as compared to a loss before tax (“LBT”) of RM1.498 million recorded in the preceding year corresponding period ended 31 March 2012. The PBT was mainly contributed by the gain from disposal of office building.

The revenue and LBT were RM7.083 million and RM3.64 million respectively for the 15-month period ended 31 March 2013.

The financial period ended 31 March 2013 is made up of 15 months’ results from 1 January 2012 to 31 March 2013. As such, performance review against the preceding year to date was not made as the preceding financial period included 12 months’ results only.

B2. Variation of Results against Preceding Quarter

RM'000	Current Quarter	Preceding Quarter
	31/3/2013	31/12/2012
Revenue	1,261	471
Profit/ (Loss) before Tax	894	(751)

The Group recorded revenue of RM1.261 million and PBT of RM0.894 million for the 3-month ended 31 March 2013, representing a significant increase in revenue of RM0.790 million due to new contracts sealed in the last quarter and billed in this reporting period.

As mentioned in Note B1 above, the PBT was mainly contributed by the gain from disposal of office building.

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B3. Commentary on Prospects

The improvement in revenue due to contracts secured since September 2012. The contract is foreseen to contribute profit to the group for the next two years. However the year to date losses is due to the amortization effect of the software and fixed assets.

Barring any unforeseen circumstances, the Management believes that the business of the Group will be stabilized and improved. Going forward, Management remains positive on the prospects of the Group.

B4. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in any public document.

B5. Taxation

RM'000	3 months ended		15 months ended	12 months ended
	31/3/2013	31/3/2012	31/3/2013	31/12/2011
	Unaudited	Unaudited	Unaudited	Audited
Income Tax Recover /(Expenses)	31	-	31	46

The Company was granted the MSC Malaysia Status and the Pioneer Status on 20 April 2005, which qualifies the Company for the Pioneer Status incentive under the Promotion of Investments Act, 1986. The statutory income from pioneer activities is exempted from income tax for a period of five years from 20 April 2005 to 19 April 2010. The Company is in the process of applying for an extension of the Pioneer Status incentive.

A subsidiary of the Company was granted the MSC Malaysia Status on 6 November 2002 and the Pioneer Status on 26 March 2003, which qualifies the subsidiary for the Pioneer Status incentive under the Promotion of Investments Act, 1986. The statutory income from pioneer activities is exempted from income tax for a period of five years from 26 March 2008 to 25 March 2013.

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

B6. Status of Corporate Proposals Announced

On 25 February 2013, the company announced that it proposes to undertake a proposed renounceable rights issue of up to 85,196,350 new ordinary shares of RM0.10 each in TDEX (“Rights Share(s)”) together with up to 85,196,350 free detachable warrants (“Warrant(s)”) at an issue price to be determined later on the basis of one (1) rights share together with one (1) free warrant for every three (3) existing ordinary shares of RM0.10 each in TDEX (“TDEX share(s)” or “share(s)”) held on an entitlement date to be determined later, based on the minimum subscription level of 47,946,600 rights shares together with 47,946,600 warrants (“Rights Issue with Warrants”).

On 26 April 2013, the Company announced that the shareholders of the Company had at the Extraordinary General Meeting held on the same date, approved the resolution in relation to the Rights Issue with Warrants.

The Rights Issue with Warrant is yet to be completed.

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B7. Borrowings and Debt Securities

Details of the Group's borrowings as at 31 March 2013 are as follows:

	15 months		12 months	
	31/3/13		31/12/11	
	(RM'000)		(RM'000)	
Secured borrowings:-				
Current:				
Term Loan		1,515		2,779
Hire Purchase Payable		588		-
Bank overdrafts		-		2,315
		2,103		5,094
Non-Current:				
Term Loan		2,179		-
Hire Purchase Payable		724		-
Bank overdrafts		-		6,807
		2,903		6,807
Total		5,006		11,901

B8. Material Litigation

There were no material litigations as at the date of this report.

B9. Dividend

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

B10. Earnings Per Share

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

	3 months ended		15 months ended	12 months ended
	31/3/13	31/3/12	31/3/13	31/12/11
(Loss)/Profit After Taxation (RM'000)	925	(1,498)	(3,609)	1,813
Weighted Average Number of Ordinary Shares in issue of RM0.10 each ('000)	255,589	255,589	255,589	231,607
Basic (loss)/ earnings per share (sen)	0.36	(0.59)	(1.41)	0.78

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Weighted Average Number of Ordinary Shares after effect of Employee Share Option Scheme ('000)	255,589	255,390	255,390	231,607
Diluted (loss)/ earnings per share (sen)	0.36	(0.59)	(1.41)	0.78

B11. Disclosure of Realised and Unrealised earnings

The breakdown of the retained profits of the Group as at 31 March 2013, into realised and unrealised profits/losses, pursuant to the directive, is as follows:

The format of presentation should be as follow:

B11. Realised and Unrealised Retained Profits

	As at 31.3.13 (Unaudited) RM'000	As at 31.12.11 (Audited) RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries –		
• Realised	(7,995)	(4,456)
• Unrealised	-	-
	<u>(7,995)</u>	<u>(4,456)</u>
Less: Consolidation Adjustment	-	-
Total Group retained profits / (accumulated losses) as per consolidated financial statement of the company	<u>(7,995)</u>	<u>(4,456)</u>