

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		9 months ended	
		31/01/2017 RM'000 (Unaudited)	31/01/2016 RM'000 (Audited)	31/01/2017 RM'000 (Unaudited)	31/01/2016 RM'000 (Audited)
Revenue	B1	17,101	6,322	39,576	18,159
Other operating income		46	24	56	78
Employee benefits		(2,110)	(1,408)	(5,261)	(4,460)
Depreciation & amortisation		(468)	(843)	(1,962)	(2,383)
Other operating expenses		(14,162)	(3,272)	(29,742)	(9,815)
Profit/(Loss) from operations		407	822	2,667	1,579
Finance costs		(16)	(3)	(22)	(23)
Profit before taxation	B2	391	818	2,645	1,556
Income tax recover/(expenses)	B5	(138)	-	(372)	(80)
Profit/(loss) for the year/(period)		253	818	2,273	1,476
Other Comprehensive income					
- Currency translation difference not recognised in income statement		-	-	-	-
Total comprehensive income for the financial year/(period)		253	818	2,273	1,476
Profit/ (Loss) Attributable to:					
Owner of the Parent		160	5	302	60
Non-controlling interest		93	813	1,971	1,416
		253	818	2,273	1,476
Total comprehensive income attributable to :					
Owner of the Parent		160	5	302	60
Non-controlling interest		93	813	1,971	1,416
		253	818	2,273	1,476
Earning/(Loss) per share (sen)					
- Basic	B10	0.04	0.00	0.07	0.02
- Diluted	B10	0.03	0.00	0.06	0.01

Note:

The unaudited 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 30 April 2016 and the accompanying note attached to this interim financial report.

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As At 31/01/2017 RM'000	Audited As At 30/04/2016 RM'000
Assets			
Non-current Assets			
Property, plant and equipment		1,304	1,080
Goodwill on consolidation		2,714	2,714
Other intangible assets		13,067	10,047
Total Non-current Assets		17,085	13,841
Current Assets			
Trade receivables		13,648	11,647
Other receivables, deposits and prepayments		5,733	2,257
Inventory		758	-
Fixed deposits with licensed banks		3,301	600
Cash and bank balances		2,698	4,293
Total Current Assets		26,138	18,797
Total Assets		43,223	32,638
Equity and Liabilities			
Share capital		41,293	37,539
Share premium		1,309	1,853
Foreign exchange translation reserve		-	676
Accumulated (losses)		(13,292)	(14,251)
Non controlling interest		6,434	4,485
Total Equity		35,744	30,301
Non-current Liabilities			
Hire purchase payables	B7	2,127	-
Deferred tax liability		61	61
Total Non-current Liabilities		2,188	61
Current Liabilities			
Trade payables		914	187
Other payables & accruals		2,891	1,806
Hire purchase payables	B7	1,350	174
Provision for taxation	B5	137	109
Total Current Liabilities		5,292	2,276
Total Liabilities		7,480	2,337
Total Equity and Liabilities		43,223	32,638
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.09	0.08

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2016 and the accompanying notes attached to this interim financial report)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Period ended 31/01/2017 Unaudited RM'000	Period ended 31/01/2016 Audited RM'000
Cash flows from/(for) operating activities		
Profit/ (Loss) before taxation	2,645	1,556
Adjustment for:-		
Depreciation and amortisation	1,962	2,383
Interest income	(31)	(58)
Interest expenses	22	23
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	4,598	3,904
(Increase)/ Decrease in trade and other receivables	(5,509)	(4,889)
Increase/ (Decrease) in trade and other payables	1,812	533
(Increase)/ Decrease in inventory	(758)	-
	<hr/>	<hr/>
Cash flows from/(for) operating activities	143	(452)
Interest income	31	58
Interest paid	(22)	(23)
Income tax refund	1	-
Income tax paid	(345)	(208)
	<hr/>	<hr/>
Net cash from/(for) operating activities	(192)	(625)
Cash flows from/(for) investing activities		
Purchase of property, plant and equipment	(417)	(30)
Purchase of intangible assets	(4,799)	(2,402)
Acquisition of subsidiaries	-	1,500
	<hr/>	<hr/>
Net cash from/(for) investing activities	(5,216)	(932)
Cash flows from/(for) financing activities		
Proceeds from issuance of shares	3,942	-
Proceeds from hire purchase	3,604	-
Repayment of hire purchase	(301)	(623)
Expenses on ESOS & M&A	-	(123)
Share Issue expenses	(731)	-
	<hr/>	<hr/>
Net cash from/(for) financing activities	6,514	(746)
Net increase/(decrease) in cash and cash equivalents	1,106	(2,303)
Effects of foreign exchange translation	-	(56)
Cash and cash equivalents at beginning of the financial year	4,894	6,308
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial period	5,999	3,949
	<hr/> <hr/>	<hr/> <hr/>
<u>Cash and cash equivalents at the end of the financial period comprises the following :-</u>		
Fixed deposits with licensed banks	3,301	606
Cash and bank balances	2,698	3,343
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	5,999	3,949
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(The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2016 and the accompanying notes attached to this interim financial report.)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←		←		←		←		Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Translation Reserve RM'000	Accumulated Losses RM'000	Non-Controlling Interest RM'000	Attributable to Equity Holders of the Company Non-Distributable	Distributable		
Balance at 1 May 2016	37,539	1,853	676	(14,251)	4,485			30,301	
Profit for the financial year	-	-	-	302	1,971			2,273	
Other comprehensive income for the financial year - Foreign currency translation differences	-	-	(676)	676	-			-	
Total comprehensive income for the year	-	-	(676)	978	1,971			2,273	
Contributions by the owners of the Company									
Issuance of shares-Private Placement	3,754	(117)	-	-	-			3,637	
Issuance of shares-M&A	-	(427)	-	-	-			(427)	
Disposal of subsidiary	-	-	-	(18)	(22)			(40)	
Total Transactions with owners	3,754	(544)	-	(18)	(22)			3,170	
Balance at 31 January 2017	41,293	1,309	-	(13,292)	6,434			35,744	
Balance at 1 May 2015	37,539	1,853	675	(14,541)	1,202			26,727	
Profit for the financial year	-	-	-	290	1,783			2,073	
Other comprehensive income for the financial year - Foreign currency translation differences	-	-	1	-	-			1	
Contributions by the owners of the Company									
- Acquisition of a subsidiary	-	-	-	-	1,500			1,500	
- Issuance of shares	-	-	-	-	-			-	
- Conversion of warrants	-	-	-	-	-			-	
Balance at 30 April 2016	37,539	1,853	676	(14,251)	4,485			30,301	

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

TECHNODEX BHD

(Company No. 627634-A)

(Incorporated in Malaysia)

Unaudited Quarterly Financial Report For The Third Quarter Ended 31 January 2017

PART A - Explanatory Notes Pursuant To Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysia Financial Reporting Standard ("MFRS") No. 134: Interim Financial Reporting, and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("AMLR").

The interim financial report should be read in conjunction with the Audited Financial Statements for the year ended 30 April 2016 and the accompanying notes attached to this interim financial report.

A2. Changes in accounting policies

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 30 April 2016.

The adoption of the following MFRSs, Amendments to MFRSs and IC Interpretation that came into effect on 1 Jan 2016 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

Amendment to MFRS 10, : Investment Entities: Applying the Consolidation Exception
MFRS 12, MFRS 127

Amendment to MFRS101 : Disclosure Initiative

Amendment to MFRS : Classification of Acceptable Methods of Depreciation and
116, MFRS 138 Amortisation

A3. Audit Report of Preceding Annual Financial Statements

The audited annual financial statements for the year 30 April 2016 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.

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Unaudited Quarterly Financial Report For The Third Quarter Ended 31 January 2017

PART A - Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

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 or repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 31 January 2017, except for the issuance of 37,539,390 new ordinary shares via private placement exercise at an issue price of RM0.105 per shares on 1 July 2016.

A8. Dividend

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

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Unaudited Quarterly Financial Report For The Third Quarter Ended 31 January 2017

PART A - Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

A9. Segmental Information

a) Analysis of revenue by product categories

Quarter Ended	Application Support & Services & Hardware	Manpower Outsourcing	E-Commerce	Investment Holding	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Jan 2017						
Sales	12,702	5,163	-	-	-	17,865
Intersegment sales	-	197	-	846	(1,043)	-
	<u>12,702</u>	<u>5,360</u>	<u>-</u>	<u>846</u>	<u>(1,043)</u>	<u>17,865</u>
Results						
Interest Income	46	-	2	17	(37)	28
Interest expenses	(16)	(37)	-	-	37	(16)
Depreciation & amortisation	(249)	(4)	147	(362)	-	(468)
Income Tax expenses	(33)	(158)	53	-	-	(138)
Segment profit/(loss) after tax	<u>514</u>	<u>162</u>	<u>(195)</u>	<u>(228)</u>	<u>-</u>	<u>253</u>

Year to date Ended	Application Support & Services & Hardware	Manpower Outsourcing	E-Commerce	Investment Holding	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Jan 2017						
Sales	22,607	13,361	3,608	-	-	39,576
Intersegment sales	-	1,278	-	846	(2,124)	-
	<u>22,607</u>	<u>14,639</u>	<u>3,608</u>	<u>846</u>	<u>(2,124)</u>	<u>39,576</u>
Segment results						
Interest Income	86	-	2	46	(103)	31
Interest expenses	(18)	(103)	(4)	-	103	(22)
Depreciation & amortisation	(726)	(14)	(27)	(1,195)	-	(1,962)
Income Tax expenses	(84)	(288)	-	-	-	(372)
Profit/(loss) after tax	<u>676</u>	<u>967</u>	<u>2,960</u>	<u>(2,330)</u>	<u>-</u>	<u>2,273</u>

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

The Group's segmental information by geographical location is not shown as the activities of the Group are in Malaysia.

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Unaudited Quarterly Financial Report For The Third Quarter Ended 31 January 2017

PART A - Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

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

Save as disclosed in Note B6, 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 financial quarter 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

During the current financial quarter, the Group has not entered into any related party transactions.

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Unaudited Quarterly Financial Report For The Third Quarter Ended 31 January 2017

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

B1. Review of Performance

	INDIVIDUAL QUARTER ENDED		VARIANCE	
	31/1/2017	31/1/2016	RM'000	%
	Unaudited	Audited		
Revenue	17,101	6,322	10,779	171
Profit before Tax	391	818	(428)	-52

The Group recorded a revenue of RM17.101 million for the current quarter ended 31 January 2017, representing an increase of 171% as compared to RM6.322 million recorded in the preceding year corresponding quarter ended 31 January 2016. The increase was mainly attributable to the consolidation of the revenue from the following segments to the total revenue of the Group during the quarter ended 31 January 2017: -

- i) Manpower outsourcing – RM5.163 million
- ii) Application Support & Services & Hardware – RM12.702 million

The Group's profit before tax (PBT) for the current quarter ended 31 January 2017 was RM0.391 million, lesser as compared to RM0.818 million recorded in the preceding year corresponding quarter ended 31 January 2016. This is mainly due to the higher revenue in the lower margin segment, especially the IT hardware segment and also higher operating cost.

B2. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER ENDED		Variance	
	Current Quarter	Preceding Quarter	RM'000	%
	31/1/2017	31/10/2016		
	RM'000	RM'000		
Revenue	17,101	15,266	1,835	12
Profit before Tax	391	1,170	(779)	-67

Revenue in the quarter under review has increased by 12% from RM15.266 million to RM17.101 million as compared to the previous quarter. The PBT decreased from RM1.170 million to RM0.391 million mainly due to IT hardware segment which contributed highest revenue in this quarter. This has a lower profit margin as compared to the other segments and also a higher operating cost.

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

B3. Commentary on Prospects

The Group is positioned to weather the economic uncertainties by focusing in growth strategy which focuses on a prudent and cohesive expansion in activities closely correlated with the Group's core competencies. In anticipation of the impending economic slowdown, the Group will engage in the development of new ICT products (vertical solutions) and services, targeting at the government sector, financial institutions and property industries. The new products and services will allow the Group to penetrate into new market space that in turns will bring forth new income streams to the Group.

The Group is confident to perform satisfactorily amidst the economic uncertainty by taking pragmatic and well strategised action plans towards maintaining financial performance 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

	Current Quarter	Cumulative Quarter Ended
	31/01/2017	31/01/2017
RM'000	Unaudited	Unaudited
Income tax		
- Current provision	138	372
- (Over)/ under provision of tax in prior years	-	-
Total income tax expenses	138	372

The subsidiaries income taxes were calculated at the Malaysian statutory tax rate of 24% or 25% of the estimated assessable profit for the period.

The effective tax rate of the Group for the current and previous corresponding quarters were higher than the statutory tax rate of the respective year principally due to certain expenses which were not deductible for tax purposes.

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

B6. Corporate Proposals

The Board of Directors of the Company had on 2 November 2016 announced that the Company proposed to undertake the following:-

- (i) Proposed acquisition of an additional 42% equity interest in Idealseed Resources Sdn Bhd for a total purchase consideration of RM2,677,500 to be satisfied via the issuance of 13,387,500 ordinary shares of RM0.10 each in TDEX (“TDEX Shares”) at the issue price of RM0.20 per TDEX Share ; and
- (ii) Proposed acquisition of the remaining 50% equity interest in Surfstek Resources (R&D) Sdn Bhd for a total purchase consideration of RM13,455,000 to be satisfied via the issuance of 67,275,000 TDEX Shares at the issue price of RM0.20 per TDEX Share

(collectively referred to as the “Proposed Acquisitions”).

The listing application in relation to the Proposed Acquisitions has been submitted to Bursa Malaysia Securities Berhad (“Bursa Securities”) on 30 November 2016 and is pending the approval of Bursa Securities.

B7. Borrowings and Debt Securities

Details of the Group’s borrowings as at 31 January 2017 are as follows:

	As at 31/01/2017	As at 31/01/2016
	(RM’000)	(RM’000)
Secured borrowings:-		
Current:		
Hire Purchase Payable	1,350	242
	1,350	242
Non-Current:		
Hire Purchase Payable	2,127	-
	2,127	-
Total	3,477	242

B8. Material Litigation

There was no material litigation as at the date of this report.

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Unaudited Quarterly Financial Report For The Third Quarter Ended 31 January 2017

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

B9. Dividend

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

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Unaudited Quarterly Financial Report For The Third Quarter Ended 31 January 2017

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

B10. Earnings per Share

The basic earnings per share is calculated based on Group's net profit attributable to the owners of the parent of approximately RM0.16 million for the current quarter under review and net profit attributable to the owners of RM0.302 million for the current year-to-date, divided by the weighted average number of ordinary shares in issue for the current quarter and cumulative year to date of 412,933,290 and 404,196,850 as follows:-

	Current quarter	Current year-to-date
	31/1/2017	31/1/2017
	Unaudited	Unaudited
Net profit/ (loss) attributable to ordinary equity holders of the parent (RM'000)	160	302
Weighted Average Number of Ordinary Shares	412,933,290	404,196,850
Basic (loss)/ earnings per share (sen)	0.04	0.07
Weighted Average Number of Ordinary Shares after conversion of all outstanding warrants	497,599,640	488,863,200
Diluted (loss)/ earnings per share (sen)	0.03	0.06

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Unaudited Quarterly Financial Report For The Third Quarter Ended 31 January 2017

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

B11. Disclosure of Realised and Unrealised earnings

The breakdown of the retained profits of the Group as at 31 January 2017, into realised and unrealised profits/losses, pursuant to the directive, is as follows:

	As at 31/01/2017 Unaudited RM'000
Total (accumulated loss)/retained earnings of the Company and its subsidiary companies:	
- realised	(13,292)
Total share of loss of an associate:	
- realised	-
	(13,292)
Less: Consolidation adjustments	-
Group's retained profits/ (Loss) as per consolidated financial statements	(13,292)

The determination of realised and unrealised profits or losses is compiled based on Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities ACE Market Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010. The disclosure of realised and unrealised profits/losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

B12 Status of Utilisation of Proceeds

Status of utilisation of Proceeds derived from the private placement of 37,539,390 shares by the Company as at 31 January 2017 is as follow:-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised Proceed RM'000	Timeframe for the utilisation of proceed
Working capital	2,271	(1,598)	673	Within 12 months
Business development expenditure	1,554	(1,554)	-	Within 12 months
Expenses in relation to the Private Placement	117	(117)	-	Upon completion
Total	3,942	(3,269)	673	