

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		6 months ended	
		31/10/2017 RM'000 (Unaudited)	31/10/2016 RM'000 (Audited)	31/10/2017 RM'000 (Unaudited)	31/10/2016 RM'000 (Audited)
Revenue	B1	10,536	15,266	25,088	22,475
Other operating income		8	7	38	10
Employee benefits		(2,181)	(1,270)	(3,778)	(3,151)
Depreciation & amortisation		(474)	(740)	(954)	(1,494)
Other operating expenses		(7,106)	(12,089)	(19,050)	(15,580)
Profit/(Loss) from operations		783	1,174	1,344	2,260
Finance costs		(46)	(4)	(91)	(6)
Profit before taxation	B2	737	1,170	1,253	2,254
Income tax recover /(expenses)	B5	(121)	(29)	(225)	(234)
Profit/(loss) for the year/(period)		616	1,141	1,028	2,020
Other Comprehensive income					
- Currency translation difference not recognised in income statement		-	-	-	-
Total comprehensive income for the financial year/(period)		616	1,141	1,028	2,020
Profit/ (Loss) Attributable to:					
Owner of the Parent		143	73	221	142
Non-controlling interest		473	1,068	807	1,878
		616	1,141	1,028	2,020
Total comprehensive income attributable to :					
Owner of the Parent		143	73	221	142
Non-controlling interest		473	1,068	807	1,878
		616	1,141	1,028	2,020
Earning/(Loss) per share (sen)					
- Basic	B10	0.03	0.02	0.05	0.04
- Diluted	B10	0.03	0.01	0.04	0.03

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 2017 and the accompanying note attached to this interim financial report.

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As At 31/10/2017 RM'000	Audited As At 30/04/2017 RM'000
Assets			
Non-current Assets			
Property, plant and equipment		1,448	1,378
Intangible asset			
Goodwill on consolidation		2,714	2,714
Other intangible assets		15,831	13,754
Total Non-current Assets		19,993	17,846
Current Assets			
Trade receivables		15,525	16,498
Other receivables, deposits and prepayments		5,827	4,240
Inventory		738	1,033
Current tax asset		499	239
Fixed deposits with licensed banks		1,986	2,307
Cash and bank balances		1,338	2,205
Total Current Assets		25,913	26,521
Total Assets		45,906	44,367
Equity and Liabilities			
Share capital		41,348	41,293
Share premium		1,227	1,304
Foreign exchange translation reserve		-	-
Accumulated (losses)		(12,925)	(13,146)
Non controlling interest		7,164	6,357
Total Equity		36,814	35,808
Non-current Liabilities			
Hire purchase payables		116	1,774
Bank borrowing	B7	949	-
Deferred tax liability		63	63
Total Non-current Liabilities		1,128	1,837
Current Liabilities			
Trade payables		1,078	902
Other payables & accruals		5,019	4,142
Hire purchase payables	B7	39	1,476
Bank borrowing		1,362	-
Provision for taxation	B5	467	202
Total Current Liabilities		7,965	6,722
Total Liabilities		9,093	8,559
Total Equity and Liabilities		45,906	44,367
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.09	0.09

(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 2017 and the accompanying notes attached to this interim financial report)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Period ended 31/10/2017 Unaudited RM'000	Period ended 31/10/2016 Audited RM'000
Cash flows from/(for) operating activities		
Profit/ (Loss) before taxation	1,253	2,254
Adjustment for:-		
Depreciation and amortisation	954	1,494
Interest income	(38)	6
Interest expenses	91	(4)
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	2,260	3,750
(Increase)/ Decrease in trade and other receivables	(615)	(6,041)
Increase/ (Decrease) in trade and other payables	1,052	1,806
(Increase)/ Decrease in inventory	295	(485)
	<hr/>	<hr/>
Cash flows from/(for) operating activities	2,993	(969)
Interest income	38	4
Interest paid	(91)	(6)
Income tax refund	-	1
Income tax paid	(221)	(107)
	<hr/>	<hr/>
Net cash from/(for) operating activities	2,718	(1,078)
Cash flows from/(for) investing activities		
Purchase of property, plant and equipment	(210)	(287)
Purchase of intangible assets	(2,891)	(2,201)
Disposal of subsidiaries	-	1
	<hr/>	<hr/>
Net cash from/(for) investing activities	(3,101)	(2,488)
Cash flows from/(for) financing activities		
Proceeds from issuance of shares	55	3,942
Proceeds from hire purchase	(22)	3,481
Repayment of bank borrowing	(762)	(62)
Share Issue expenses	(77)	(520)
	<hr/>	<hr/>
Net cash from/(for) financing activities	(806)	6,841
Net increase/(decrease) in cash and cash equivalents	(1,188)	3,275
Effects of foreign exchange translation	-	-
Cash and cash equivalents at beginning of the financial year	4,512	4,894
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial period	3,324	8,168
<u>Cash and cash equivalents at the end of the financial period comprises the following :-</u>		
Fixed deposits with licensed banks	1,986	800
Cash and bank balances	1,338	7,368
	<hr/>	<hr/>
	3,324	8,168
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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 2017 and the accompanying notes attached to this interim financial report.)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2017
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←	←	←	←	←	←	←	←	←	←	←	←
	Share Capital	Share Premium	Exchange Translation Reserve	Accumulated Losses	Attributable to owners of the Company	Non-Controlling Interest	Total Equity					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000					
Balance at 1 May 2017	41,293	1,304	-	(13,146)	29,451	6,357	35,808					
Contributions by and distribution to the owners of the Company												
- Shares issuance expenses	-	(77)	-	-	(77)	-	(77)					
- warrant conversion	55	-	-	-	-	-	55					
- Writing off preliminary expenses	-	-	-	-	-	-	-					
	55	(77)	-	-	(77)	-	(22)					
Profit after taxation for the year	-	-	-	221	221	807	1,028					
Effect of disposal of subsidiary	-	-	-	-	-	-	-					
Other comprehensive income for the year	-	-	-	-	-	-	-					
- Reversal of adjustment of exchange reserve	-	-	-	-	-	-	-					
	-	-	-	221	221	807	1,028					
Balance at 31 Oct 2017	<u>41,348</u>	<u>1,227</u>	<u>-</u>	<u>(12,925)</u>	<u>29,595</u>	<u>7,164</u>	<u>36,814</u>					
Balance at 1 May 2016	37,539	1,853	676	(14,251)	25,816	4,485	30,301					
Contributions by and distribution to the owners of the Company												
- Issuance of shares	3,754	(132)	-	-	3,622	-	3,622					
- Writing off preliminary expenses	-	(417)	-	-	(417)	-	(417)					
	3,754	(549)	-	-	3,205	-	3,205					
Profit after taxation for the year	-	-	-	430	430	1,893	2,323					
Effect of disposal of subsidiary	-	-	-	-	-	(21)	(21)					
Other comprehensive income for the year	-	-	(676)	676	-	-	-					
- Reversal of adjustment of exchange reserve	-	-	(676)	676	-	-	-					
	-	-	(676)	1,106	430	1,872	2,302					
Balance at 30 April 2017	<u>41,293</u>	<u>1,304</u>	<u>-</u>	<u>(13,146)</u>	<u>29,451</u>	<u>6,357</u>	<u>35,808</u>					

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 2017 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 Second Quarter Ended 31 October 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 2017 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 2017.

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 financial year 30 April 2017 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 Second Quarter Ended 31 October 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 October 2017 except for the issuance of 500,000 new ordinary shares resulting from the exercise of warrants at an exercise price of RM0.11 per share.

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 Second Quarter Ended 31 October 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	Others	Investment Holding	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 October 2017						
Sales	5,651	3,864	1,021	-	-	10,536
Intersegment sales	-	-	-	-	-	-
	<u>5,651</u>	<u>3,864</u>	<u>1,021</u>	<u>-</u>	<u>-</u>	<u>10,536</u>
Results						
Interest Income	7	-	-	0	0	8
Interest expenses	(29)	(17)	-	0	-	(46)
Depreciation & amortisation	(247)	(4)	(10)	0	(213)	(474)
Income Tax expenses	(19)	(101)	-	0	-	(121)
Segment profit/(loss) after tax	<u>281</u>	<u>282</u>	<u>761</u>	<u>0</u>	<u>(708)</u>	<u>616</u>

Year to date Ended	Application Support & Services & Hardware	Manpower Outsourcing	E-Commerce	Others	Investment Holding	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 October 2017						
Sales	15,557	7,983	1,534	-	14	25,088
Intersegment sales	-	-	-	-	-	-
	<u>15,557</u>	<u>7,983</u>	<u>1,534</u>	<u>-</u>	<u>14</u>	<u>25,088</u>
Segment results						
Interest Income	21	16	-	0	1	38
Interest expenses	(50)	(41)	-	0	-	(91)
Depreciation & amortisation	(493)	(8)	(21)	0	(432)	(954)
Income Tax expenses	(55)	(170)	-	0	-	(225)
Profit/(loss) after tax	<u>498</u>	<u>777</u>	<u>1,140</u>	<u>0</u>	<u>(1,387)</u>	<u>1,028</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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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 Second Quarter Ended 31 October 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	
	31/10/2017	31/10/2016		
	Unaudited	Audited	RM'000	%
Revenue	10,536	15,266	(4,730)	-31
Profit before Tax	737	1,170	(433)	-37

The Group recorded a revenue of RM10.536 million for the current quarter ended 31 October 2017, representing a decrease of 31% as compared to RM15.266 million recorded in the preceding year corresponding quarter ended 31 October 2016. The decrease was mainly due to the decrease of the revenue from the following segments to the total revenue of the Group during the quarter ended 31 October 2017: -

- i) Application Support & Services & Hardware – RM 3.2 million
- ii) E-Commerce -RM 1.1 million

The Group's profit before tax (PBT) for the current quarter ended 31 October 2017 was RM0.737 million, lesser as compared to RM1.170 million recorded in the preceding year corresponding quarter ended 31 October 2016. The decrease in PBT is in tandem with the above segment decrease in revenue which is higher margin segment.

B2. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER ENDED		Variance	
	Current Quarter	Preceding Quarter		
	31/10/2017	31/07/2017		
	RM'000	RM'000	RM'000	%
Revenue	10,536	14,552	(4,016)	-28
Profit before Tax	737	516	221	43

Revenue in the quarter under review has decreased by 28% from RM14.552 million to RM10.536 million as compared to the previous quarter mainly because the lower revenue reported from sales of IT hardware. Despite the lower revenue recorded in current quarter, The PBT improved from RM0.516 million to RM0.737 million mainly due to higher contribution of sales from segment of Application Support & Services and E-commerce with higher margin.

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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 a 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 marketplace 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 the financial performance of the Group.

The Group strategic intent is to increase market share by improving market coverage and widening its product and services offering. The Board is optimistic that 2018 would deliver better performance than the previous year.

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
	31/10/2017	31/10/2017
RM'000	Unaudited	Unaudited
Income tax		
- Current provision	121	225
- (Over)/ under provision of tax in prior years	-	-
Total income tax expenses	121	225

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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Unaudited Quarterly Financial Report For The Second Quarter Ended 31 October 2017

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

B6. Corporate Proposals

- (a) The Board of Directors of the Company (“**Board**”) 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 TDEX (“**TDEX Shares**”) at an issue price of RM0.20 per TDEX Share ; and
 - (ii) Proposed acquisition of the remaining 50% equity interest in Surftek 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 an issue price of RM0.20 per TDEX Share.

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

The Company has announced the listing of 80,662,500 TDEX Shares on the ACE Market of Bursa Securities on 8 December 2017, all terms and conditions of the Idealseed SPA and Surftek SPA has been fulfilled. As such, the Acquisitions are deemed completed on 8 December 2017.

- (b) The Company had on 19 December 2017 proposed to undertake a private placement of up to 10% of the total number of issued shares of TDEX to third party investor(s) to be identified later (“**Proposed Private Placement**”). The listing application is expected to be submitted within 1 month from the date of the announcement.

B7. Borrowings and Debt Securities

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

	As at 31/10/2017
	(RM’000)
Secured borrowings:-	
Current:	
Bank Borrowing & Hire Purchase Payable	1,401
	1,401
Non-Current:	
Bank Borrowing & Hire Purchase Payable	1,065
	1,065
Total	2,466

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Unaudited Quarterly Financial Report For The Second Quarter Ended 31 October 2017

B8. Material Litigation

There was no material litigation 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 basic earnings per share is calculated based on Group's net profit attributable to the owners of the parent of approximately RM0.143 million for the current quarter under review and net profit attributable to the owners of RM0.143 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 413,433,290 and 497,599,640 as follows:-

	Current quarter	Current year-to-date
	31/10/2017	31/10/2017
	Unaudited	Unaudited
Net profit/ (loss) attributable to ordinary equity holders of the parent (RM'000)	143	221
Weighted Average Number of Ordinary Shares	413,433,290	413,433,290
Basic (loss)/ earnings per share (sen)	0.03	0.05
Weighted Average Number of Ordinary Shares after conversion of all outstanding warrants	497,599,640	497,599,640
Diluted (loss)/ earnings per share (sen)	0.03	0.04

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Unaudited Quarterly Financial Report For The Second Quarter Ended 31 October 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 October 2017, into realised and unrealised profits/losses, pursuant to the directive, is as follows:

	As at 31/10/2017 Unaudited RM'000
Total (accumulated loss)/retained earnings of the Company and its subsidiary companies:	
- realised	(12,925)
Total share of loss of an associate:	
- realised	-
	(12,925)
Less: Consolidation adjustments	-
Group's retained profits/ (Loss) as per consolidated financial statements	(12,925)

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.