

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		3 months ended	
		31/07/2018 RM'000 (Unaudited)	31/07/2017 RM'000 (Audited)	31/07/2018 RM'000 (Unaudited)	31/07/2017 RM'000 (Audited)
Revenue	B1	12,384	14,552	12,384	14,552
Other operating income		44	30	44	30
Employee benefits		(1,335)	(1,597)	(1,335)	(1,597)
Depreciation & amortisation		(766)	(480)	(766)	(480)
Other operating expenses		(11,131)	(11,944)	(11,131)	(11,944)
Profit/(Loss) from operations		(804)	561	(804)	561
Finance costs		(83)	(45)	(83)	(45)
Profit before taxation	B2	(887)	516	(887)	516
Income tax recover /(expenses)	B5	-	(104)	-	(104)
Profit/(loss) for the year/(period)		(887)	412	(887)	412
Other Comprehensive income					
- Currency translation difference not recognised in income statement		-	-	-	-
Total comprehensive income for the financial year/(period)		(887)	412	(887)	412
Profit/ (Loss) Attributable to:					
Owner of the Parent		(780)	78	(780)	78
Non-controlling interest		(107)	334	(107)	334
		(887)	412	(887)	412
Total comprehensive income attributable to :					
Owner of the Parent		(780)	78	(780)	78
Non-controlling interest		(107)	334	(107)	334
		(887)	412	(887)	412
Earning/(Loss) per share (sen)					
- Basic	B10	(0.14)	0.02	(0.14)	0.02
- Diluted	B10	(0.12)	0.02	(0.12)	0.02

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 2018 and the accompanying note attached to this interim financial report.

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As At 31/07/2018 RM'000	Audited As At 30/04/2018 RM'000
Assets			
Non-current Assets			
Property, plant and equipment		1,138	1,208
Intangible asset		17,973	17,007
Goodwill on consolidation		2,194	2,194
Total Non-current Assets		21,305	20,409
Current Assets			
Trade receivables		13,854	13,867
Other receivables, deposits and prepayments		2,274	2,443
Inventory		927	1,139
Current tax asset		255	150
Fixed deposits with licensed banks		5,935	5,428
Cash and bank balances		2,626	4,594
Total Current Assets		25,871	27,621
Total Assets		47,176	48,030
Equity and Liabilities			
Share capital		65,702	65,702
Accumulated (losses)		(25,450)	(24,670)
Non controlling interest		(94)	13
Total Equity		40,158	41,045
Non-current Liabilities			
Term Loan & Finance Lease	B7	282	576
Deferred tax liability		23	23
Total Non-current Liabilities		305	599
Current Liabilities			
Trade payables		1,440	1,157
Other payables & accruals		2,073	2,029
Amount due to directors		8	33
Bank overdraft		1,739	1,506
Term Loan & Finance Lease	B7	1,367	1,575
Provision for taxation	B5	86	86
Total Current Liabilities		6,713	6,386
Total Liabilities		7,018	6,985
Total Equity and Liabilities		47,176	48,030
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.07	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 2018 and the accompanying notes attached to this interim financial report)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Period ended 31/07/2018 Unaudited RM'000	Period ended 31/07/2017 Audited RM'000
Cash flows from/(for) operating activities		
Profit/ (Loss) before taxation	(887)	516
Adjustment for:-		
Depreciation and amortisation	766	480
Interest income	(16)	(30)
Interest expenses	83	45
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	(54)	1,011
(Increase)/ Decrease in trade and other receivables	182	3,722
Increase/ (Decrease) in trade and other payables	302	(1,443)
(Increase)/ Decrease in inventory	212	155
Cash flows from/(for) operating activities	<hr/> 642	<hr/> 3,445
Interest income	16	30
Interest paid	(83)	(45)
Taxation refund	-	-
Taxation paid	(105)	(224)
Net cash from/(for) operating activities	<hr/> 470	<hr/> 3,206
Cash flows from/(for) investing activities		
Purchase of property, plant and equipment	(14)	(33)
Purchase of intangible assets	(1,648)	(1,959)
Net cash from/(for) investing activities	<hr/> (1,662)	<hr/> (1,992)
Cash flows from/(for) financing activities		
Share Issue expenses	-	21
Repayment of term loan & finance lease	(502)	(445)
Net cash from/(for) financing activities	<hr/> (502)	<hr/> (424)
Net increase/(decrease) in cash and cash equivalents	<hr/> (1,694)	<hr/> 790
Effects of foreign exchange translation	-	-
Cash and cash equivalents at beginning of the financial year	8,516	4,512
Cash and cash equivalents at end of the financial period	<hr/> 6,822	<hr/> 5,302
<u>Cash and cash equivalents at the end of the financial period comprises the following :-</u>		
Fixed deposits with licensed banks	5,935	2,685
Cash and bank balances	2,626	2,617
Bank overdraft	(1,739)	-
	<hr/> 6,822	<hr/> 5,302

(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 2018 and the accompanying notes attached to this interim financial report.)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Company →						Total Equity RM'000
	← Non-Distributable →						
	Share Capital RM'000	Share Premium RM'000	Exchange Translation Reserve RM'000	Accumulated Losses RM'000	Attributable to owners of the Company RM'000	Non-Controlling Interest RM'000	
Balance at 1 May 2018	65,702	-	-	(24,670)	41,032	13	41,045
Contributions by and distribution to the owners of the Company							
- Shares issuance expenses	-	-	-	-	-	-	-
- warrant conversion	-	-	-	-	-	-	-
- Private Placement	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Profit after taxation for the period	-	-	-	(780)	(780)	(107)	(887)
	-	-	-	(780)	(780)	(107)	(887)
Balance at 31 July 2018	<u>65,702</u>	<u>-</u>	<u>-</u>	<u>(25,450)</u>	<u>40,252</u>	<u>(94)</u>	<u>40,158</u>
Balance at 1 May 2017	41,293	1,304	-	(13,146)	29,451	6,357	35,808
Adjustment for effects of Companies Act 2016 (Note a)	1,304	(1,304)					
Contributions by and distribution to the owners of the Company							
- Shares issuance expenses	-	-	-	-	-	-	-
- warrant conversion	55	-	-	-	55	-	55
- Additional share issue for acquisition of subsidiaries	16,133	-	-	-	16,133	-	16,133
- Private Placement	6,917	-	-	-	6,917	-	6,917
- Acquisition of non-controlling interest	-	-	-	(9,690)	(9,690)	(6,442)	(16,132)
	23,105	-	-	(9,690)	13,415	(6,442)	6,973
Profit after taxation for the year	-	-	-	(1,834)	(1,834)	98	(1,736)
	-	-	-	(1,834)	(1,834)	98	(1,736)
Balance at 30 April 2018	<u>65,702</u>	<u>-</u>	<u>-</u>	<u>(24,670)</u>	<u>41,032</u>	<u>13</u>	<u>41,045</u>

Note a

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium of RM1,304,000.00 has been transferred to the share capital account.

Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act.

The Board Directors will make a decision thereon by 31 January 2019.

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 2018 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 First Quarter Ended 31 July 2018

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 2018 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 2018.

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 2018 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 First Quarter Ended 31 July 2018

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 July 2018 under review, save as disclosed below: -

The issuance of total 46,915,833 new ordinary shares resulting from the exercise of warrants at an exercise price of RM0.11 per share on the following dates:

- i) Issuance of 102,000 new ordinary shares resulting from the exercise of warrants on 23 August 2018.
- ii) Issuance of 230,000 new ordinary shares resulting from the exercise of warrants on 5 September 2018.
- iii) Issuance of 11,644,733 new ordinary shares resulting from the exercise of warrants on 18th September 2018.
- iv) Issuance of 23,156,000 new ordinary shares resulting from the exercise of warrants on 20 September 2018.
- v) Issuance of 11,783,100 new ordinary shares resulting from the exercise of warrants on 24 September 2018.

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 First Quarter Ended 31 July 2018

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	IT Hardware Trading & Services	Manpower Outsourcing & Recruitments	E-Commerce & Specific Application Services	Investment Holding	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 July 2018						
Sales	568	8,131	3,173	569	420	12,861
Intersegment sales	(46)	(11)	-	-	(420)	(477)
	<u>522</u>	<u>8,120</u>	<u>3,173</u>	<u>569</u>	<u>-</u>	<u>12,384</u>
Results						
Interest Income	-	3	1	1	11	16
Interest expenses	-	1	81	1	-	83
Depreciation & amortisation	-	6	10	750	-	766
Income Tax expenses	-	-	-	-	-	-
Segment profit/(loss) after tax	<u>428</u>	<u>54</u>	<u>(698)</u>	<u>182</u>	<u>(853)</u>	<u>(887)</u>
Year to date Ended	Application Support & Services	IT Hardware Trading & Services	Manpower Outsourcing & Recruitments	E-Commerce & Specific Application Services	Investment Holding	Total
	RM'000	RM'001	RM'000	RM'000	RM'000	RM'000
31 July 2018						
Sales	568	8,131	3,173	569	420	12,861
Intersegment sales	(46)	(11)	-	-	(420)	(477)
	<u>522</u>	<u>8,120</u>	<u>3,173</u>	<u>569</u>	<u>-</u>	<u>12,384</u>
Segment results						
Interest Income	-	3	1	1	11	16
Interest expenses	-	1	81	1	-	83
Depreciation & amortisation	-	6	10	750	-	766
Income Tax expenses	-	-	-	-	-	-
Profit/(loss) after tax	<u>428</u>	<u>54</u>	<u>(698)</u>	<u>182</u>	<u>(853)</u>	<u>(887)</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 First Quarter Ended 31 July 2018

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 First Quarter Ended 31 July 2018

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

B1. Review of Performance

RM'000	INDIVIDUAL QUARTER ENDED		VARIANCE	
	31/7/2018	31/7/2017	RM'000	%
	Unaudited	Audited		
Revenue	12,384	14,552	(2,168)	(15)
Profit/(Loss) Before Tax ("PBT"/"LBT")	(887)	516	(1,403)	(272)

The Group recorded a revenue of RM 12.384 million for the current quarter ended 31 July 2018, representing a decrease of 15% as compared to RM 14.552 million recorded in the preceding year corresponding quarter ended 31 July 2017.

The decrease in revenue was due primarily to the changes from the following revenue segments of our Group:-

	RM'million
i) Application Support & Services	(0.712)
ii) IT Hardware Trading & Services	(0.51)
iii) Manpower Outsourcing & Recruitments	(0.946)
Nett Total Decrease in Revenue	<u>(2.168)</u>

The Group's loss before tax for the current quarter ended 31 July 2018 was RM 0.887 million, as compared to Group's profits before tax of RM 0.516 million recorded in the preceding year corresponding quarter ended 31 July 2017.

The reduction of PBT of RM 1.4 million was primary due to the following changes:

Decrease in the PBT approximately RM 1.1 million of high margin projects from the following revenue segments as explained above:

- i) Application Support & Services
- ii) Manpower Outsourcing & Recruitments

Increase of expenses during the quarter ended 31 July 2018 due to amortisation of intangible assets RM 0.30 million.

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Unaudited Quarterly Financial Report For The First Quarter Ended 31 July 2018

B2. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER ENDED		Variance	
	Current Quarter	Preceding Quarter		
	31/7/2018	30/4/2018		
	RM'000	RM'000	RM'000	%
Revenue	12,384	14,500	(2,116)	(15)
Loss Before Tax ("LBT")	(887)	(2,910)	2,023	(70)

Revenue in the quarter under review has decreased by 15% from RM 14.500 million to RM 12.384 million as compared to the previous quarter was due primarily to the changes from the following revenue segments of our Group:-

	RM'million
i) Application Support & Services	0.14
ii) E-commerce & Specific Applications Services	0.25
iii) IT Hardware Trading & Services	(2.1)
iv) Manpower Outsourcing & Recruitments	(0.39)
	<hr/>
Nett Total Decrease in Revenue	(2.1)
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The Group's loss before tax for the current quarter ended 31 July 2018 was RM 0.887 million as compared to Group's loss before tax of RM 2.910 million recorded in the previous quarter ended 30 April 2018.

The reduction of LBT of RM 2.0 million was primary due to the following changes:

	RM'million
i) Increase in Profit Before Tax of approximately RM 2.0 million due to decrease in expenses compared to the quarter ended 31 July 2018 to previous quarter 30 April 2018: -	
- Decrease of amortisation of intangible assets	0.80
- Decrease of impairment loss on goodwill on consolidation	0.50
- Decrease of impairment of receivable & assets	0.35
- Decrease of corporate exercise expenses	0.35
	<hr/>
Nett Total Reduction in Loss Before Tax	2.0
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Unaudited Quarterly Financial Report For The First Quarter Ended 31 July 2018

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.

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 Ended	Cumulative Quarter Ended
	31/7/2018	31/7/2018
RM'000	Unaudited	Unaudited
Income tax		
- Current provision	-	-
- (Over)/ under provision of tax in prior years	-	-
Total income tax expenses	-	-

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 First Quarter Ended 31 July 2018

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

B6. Corporate Proposals

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

B7. Borrowings and Debt Securities

Details of the Group's borrowings as at 31 July 2018 are as follows:

	As at 31/07/2018
	(RM'000)
Secured borrowings:-	
Current:	
Term Loan & Finance Lease	1,367
	1,367
Non-Current:	
Overdraft & Finance Lease	282
	282
Total	1,649

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.

TECHNODEX BHD

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Unaudited Quarterly Financial Report For The First Quarter Ended 31 July 2018

B10. Earnings per Share

The basic earnings per share is calculated based on Group's net loss attributable to the owners of the parent of approximately RM0.780 million for the current quarter under review and net loss attributable to the owners of RM 0.780 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 543,505,290 and 627,671,640 as follows:-

	Current quarter	Current year-to-date
	31/7/2018	31/7/2018
	Unaudited	Unaudited
Net profit/ (loss) attributable to ordinary equity holders of the parent (RM'000)	(780)	(780)
Weighted Average Number of Ordinary Shares	543,505,290	543,505,290
Basic (loss)/ earnings per share (sen)	(0.14)	(0.14)
Weighted Average Number of Ordinary Shares after conversion of all outstanding warrants	627,671,640	627,671,640
Diluted (loss)/ earnings per share (sen)	(0.12)	(0.12)

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Unaudited Quarterly Financial Report For The First Quarter Ended 31 July 2018

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

B11 Status of Utilisation of Proceeds

Status of utilisation of Proceeds derived from the private placement of 49,409,500 ordinary shares by the Company as at the date of this report is as follows:-

	Proposed Utilisation	Actual Utilisation	Deviation	Unutilised Proceed	Timeframe for the utilisation of proceed
	RM'000	RM'000	RM'000	RM'000	
Commercialisation expenditure	5,000.00	(1,077.00)	-	3,923.00	Within 12 months
Working capital	1,787.00	(900.00)	17.00	904.00	Within 12 months
Expenses in relation to the Private Placement	130.00	(113.00)	(17.00)	-	Upon completion
Total	6,917.00	(2,090.00)	-	4,827.00	

Note: The actual expenses in relation to the Private Placement is RM 113,000, the unutilised amount of RM 17,000 will be utilised for working capital purpose.