

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE 3-MONTHS PERIOD ENDED 31 JANUARY 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		9 months ended	
		31/01/2019 RM'000 (Unaudited)	31/01/2018 RM'000 (Audited)	31/01/2019 RM'000 (Unaudited)	31/01/2018 RM'000 (Audited)
Revenue	B1	18,329	16,845	45,799	41,932
Other operating income		590	17	693	56
Employee benefits		(1,449)	(1,687)	(4,124)	(5,465)
Depreciation & amortisation		(1,027)	(369)	(2,576)	(1,323)
Other operating expenses		(18,231)	(14,470)	(44,233)	(33,520)
Profit/(Loss) from operations		(1,788)	336	(4,441)	1,680
Finance costs		(73)	(47)	(229)	(138)
Profit before taxation	B2	(1,861)	289	(4,670)	1,542
Income tax recover /(expenses)	B5	50	(100)	50	(325)
Profit/(loss) for the year/(period)		(1,811)	189	(4,620)	1,217
Other Comprehensive income					
- Currency translation difference not recognised in income statement		-	-	-	-
Total comprehensive income for the financial year/(period)		(1,811)	189	(4,620)	1,217
Profit/ (Loss) Attributable to:					
Owner of the Parent		(1,498)	193	(4,095)	1,201
Non-controlling interest		(313)	(4)	(525)	16
		(1,811)	189	(4,620)	1,217
Total comprehensive income attributable to :					
Owner of the Parent		(1,498)	193	(4,095)	1,201
Non-controlling interest		(313)	(4)	(525)	16
		(1,811)	189	(4,620)	1,217
Earning/(Loss) per share (sen)					
- Basic	B10	(0.25)	0.04	(0.69)	0.22
- Diluted	B10	(0.25)	0.03	(0.69)	0.19

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 3-MONTHS PERIOD ENDED 31 JANUARY 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As At 31/01/2019 RM'000	Audited As At 30/04/2018 RM'000
Assets			
Non-current Assets			
Property, plant and equipment		749	1,208
Intangible asset		17,930	17,007
Goodwill on consolidation		2,194	2,194
Total Non-current Assets		20,873	20,409
Current Assets			
Trade receivables		13,153	13,867
Other receivables, deposits and prepayments		2,468	2,443
Inventory		1,384	1,139
Current tax asset		395	150
Fixed deposits with licensed banks		10,530	5,428
Cash and bank balances		1,814	4,594
Total Current Assets		29,744	27,621
Total Assets		50,617	48,030
Equity and Liabilities			
Share capital		70,863	65,702
Accumulated (losses)		(28,765)	(24,670)
Non controlling interest		(512)	13
Total Equity		41,586	41,045
Non-current Liabilities			
Term Loan & Finance Lease	B7	184	576
Deferred tax liability		23	23
Total Non-current Liabilities		207	599
Current Liabilities			
Trade payables		2,184	1,157
Other payables & accruals		1,919	2,029
Amount due to directors		8	33
Bank overdraft		3,875	1,506
Term Loan & Finance Lease	B7	802	1,575
Provision for taxation	B5	36	86
Total Current Liabilities		8,824	6,386
Total Liabilities		9,031	6,985
Total Equity and Liabilities		50,617	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 3-MONTHS PERIOD ENDED 31 JANUARY 2019
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Period ended 31/01/2019 Unaudited RM'000	Period ended 31/01/2018 Audited RM'000
Cash flows from/(for) operating activities		
Profit/ (Loss) before taxation	(4,670)	1,542
Adjustment for:-		
Depreciation and amortisation	2,576	1,323
Interest income	(130)	(56)
Interest expenses	229	138
Written off Property, plant and equipment	247	
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	(1,748)	2,947
(Increase)/ Decrease in trade and other receivables	689	1,128
Increase/ (Decrease) in trade and other payables	892	536
(Increase)/ Decrease in inventory	(245)	165
Cash flows from/(for) operating activities	<hr/>	<hr/>
	(412)	4,776
Interest income	130	56
Interest paid	(229)	(138)
Taxation refund	22	-
Taxation paid	(267)	(397)
Net cash from/(for) operating activities	<hr/>	<hr/>
	(756)	4,297
Cash flows from/(for) investing activities		
Purchase of property, plant and equipment	(28)	(489)
Purchase of intangible assets	(3,259)	(4,039)
Net cash from/(for) investing activities	<hr/>	<hr/>
	(3,287)	(4,528)
Cash flows from/(for) financing activities		
Proceeds from issuance of shares	5,161	23,105
Shares issue for purchase consideration of acquisition of additional eq	-	(16,135)
Proceeds from bank borrowing & hire purchase	-	437
Repayment of bank borrowing & hire purchase	(1,165)	(1,156)
Share Issue expenses	-	(191)
Net cash from/(for) financing activities	<hr/>	<hr/>
	3,996	6,060
Net increase/(decrease) in cash and cash equivalents	(47)	5,829
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/>	<hr/>
	8,469	10,341
Cash and cash equivalents at the end of the financial period comprises the following :-		
Fixed deposits with licensed banks	10,530	812
Cash and bank balances	1,814	9,529
Bank overdraft	(3,875)	-
	<hr/>	<hr/>
	8,469	10,341

(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 3-MONTHS PERIOD ENDED 31 JANUARY 2019
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	RM'000	RM'000	RM'000	RM'000	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	5,161	-	-	-	-	-	-	5,161	-	-	-	5,161	
- Private Placement	-	-	-	-	-	-	-	-	-	-	-	-	
	5,161	-	-	-	-	-	-	5,161	-	-	-	5,161	
Profit / (Loss) after taxation for the period	-	-	-	-	-	-	(4,095)	(4,095)	(525)	(525)	(525)	(4,620)	
	-	-	-	-	-	-	(4,095)	(4,095)	(525)	(525)	(525)	(4,620)	
Balance at 31 January 2019	70,863	-	-	-	-	-	(28,765)	42,098	(512)	(512)	(512)	41,586	
Balance at 1 May 2017	41,293	1,304	-	-	-	-	(13,146)	29,451	6,357	6,357	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)	(6,442)	(6,442)	(16,132)	
	23,105	-	-	-	-	-	(9,690)	13,415	(6,442)	(6,442)	(6,442)	6,973	
Profit / (Loss) after taxation for the year	-	-	-	-	-	-	(1,834)	(1,834)	98	98	98	(1,736)	
	-	-	-	-	-	-	(1,834)	(1,834)	98	98	98	(1,736)	
Balance at 30 April 2018	65,702	-	-	-	-	-	(24,670)	41,032	13	13	13	41,045	

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 3-Months Period Ended 31 January 2019

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. Change of Financial Year End

The Company has changed the financial year end from 30 April to 30 June. The next audited financial statements shall be for a period of fourteen (14) months, made up from 1 May 2018 to 30 June 2019.

A3. 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

A4. 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.

A5. 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 3-Months Period Ended 31 January 2019

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

A6. 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.

A7. Material Changes in Estimates

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

A8. 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 2019 under review.

A9. 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 3-Months Period Ended 31 January 2019

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

A10. Segmental Information

a) Analysis of revenue by product categories

Quarter Ended 31 January 2019	Application Support & Services & Hardwares RM'000	Manpower Outsourcing & Recruitments RM'000	E-Commerce & Specified Application Services RM'000	Investment Holding RM'000	Eliminations RM'000	Total RM'000
Sales	15,283	2,911	135	-	-	18,329
Intersegment sales	47	-	-	303	(350)	-
	<u>15,330</u>	<u>2,911</u>	<u>135</u>	<u>303</u>	<u>(350)</u>	<u>18,329</u>
Results						
Interest Income	5	-	-	91	(24)	72
Interest expenses	(56)	(40)	(1)	-	24	(73)
Depreciation & amortisation	(46)	(10)	(962)	(9)	-	(1,027)
Income Tax recover/(expenses)	50	-	-	-	-	50
Segment profit/(loss) after tax	<u>(140)</u>	<u>85</u>	<u>(1,916)</u>	<u>160</u>	<u>-</u>	<u>(1,811)</u>

Year to date Ended 31 January 2019	Application Support & Services & Hardwares RM'000	Manpower Outsourcing & Recruitments RM'000	E-Commerce & Specified Application Services RM'000	Investment Holding RM'000	Eliminations RM'000	Total RM'000
Sales	36,003	8,892	904	-	-	45,799
Intersegment sales	176	-	-	1,065	(1,241)	-
	<u>36,179</u>	<u>8,892</u>	<u>904</u>	<u>1,065</u>	<u>(1,241)</u>	<u>45,799</u>
Segment results						
Interest Income	13	-	1	192	(76)	130
Interest expenses	(195)	(107)	(3)	-	76	(229)
Depreciation & amortisation	(146)	(30)	(2,367)	(33)	-	(2,576)
Income Tax recover/(expenses)	50	-	-	-	-	50
Segment profit/(loss) after tax	<u>(494)</u>	<u>(141)</u>	<u>(3,584)</u>	<u>(401)</u>	<u>-</u>	<u>(4,620)</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 3-Months Period Ended 31 January 2019

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

A11. 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.

A12. 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.

A13. Changes in Composition of the Group

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

A14. Contingent Assets or Liabilities

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

A15. Capital Commitments

There were no capital commitments for the period under review.

A16. 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 3-Months Period Ended 31 January 2019

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

B1. Review of Performance-Comparison between 3-month Financial Period Ended (FPE) 31 January 2019 and 3-month FPE 31 January 2018

	INDIVIDUAL QUARTER ENDED		VARIANCE	
	31/1/2019	31/1/2018	RM'000	%
	Unaudited	Audited		
RM'000				
Revenue	18,329	16,845	1,484	9
Profit/(Loss) Before Tax ("PBT"/"LBT")	(1,861)	289	(2,150)	(744)

The Group revenue increased by RM1.484 million or 9% from RM16.845 million in the preceding year's corresponding period to RM18.329 million for the current FPE 31 January 2019 as a result of higher revenue reported from Hardware Service segment. The increase was mainly contributed by increase in revenue from export sales of IT products, but it represents low margin product line. Nevertheless, there was minimum increase sales in other segments, which represent higher profit margin, of the business due to slow and uncertainty in the market condition.

Despite the increase in revenue, the Group still incurred a loss before tax of RM1.861 million in the current period review as compared to a profit before tax of RM0.289 million in the previous year's corresponding period. The loss in the period is attributed to the followings: -

a) Amortisation Intangible Assets

There is increase of amortization of intangible assets at RM0.67 million due to more intangible assets were being completed and rolled out for commercialisation this period.

b) Fixed Assets Written Off

There is also a write-off of value RM0.25 million of old office furniture & fixtures and renovation as the Group relocated to a new office premise on 14 January 2019.

c) Additional Product Development and Commercialisation

The Group incurred additional cost of RM0.50 million for product development and commercialisation in the data content segment in this period, as a market penetration strategy to gain market awareness. The Group is confident that the Group will benefit from the investment made in the near future.

On the other hand, there is an increase of RM0.57 million in Other Operating Income, which mainly attributable from the payment for shortfall in profit guarantee of RM0.47 million in relation to acquisition of Idealseed Resources Sdn Bhd and Surfstek Resources (R&D) Sdn Bhd.

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

B2. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER ENDED		Variance	
	Current Quarter	Preceding Quarter		
	31/1/2019	31/10/2018		
	RM'000	RM'000	RM'000	%
Revenue	18,329	15,085	3,244	22
Profit/(Loss) Before Tax ("PBT"/"LBT")	(1,861)	(1,922)	61	3%

The Group achieved revenue of RM18,329 million for the current quarter ended 31 January 2019, an increase of approximately 22% from the previous year's corresponding quarter of RM15.085 million. The increase was mainly attributable by increase in revenue from export sales of IT products from Application Support & Services and Hardware segment.

Under the current quarter review, higher profit margin of contracts revenue was achieved from Application Support & Services and Manpower Outsourcing & Recruitment segments and other operating income increased by RM0.57 million as mentioned in above Note B1, but these have been partially offset by the higher costs incurred for amortisation of intangible assets, additional cost of product development and commercialisation for the operation of E-Commerce & Specified Application Services.

Consequently, the Group's LBT was lower by 3% or RM0.061 million, from RM1.922 million to RM 1.861 million in the reporting period under review.

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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 marketspace 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	Cumulative Quarter Ended
	31/1/2019	31/1/2019
RM'000	Unaudited	Unaudited
Income tax		
- Current provision	-	-
- (Over)/ under provision of tax in prior years	(50)	(50)
Total income tax expenses	(50)	(50)

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 3-Months Period Ended 31 January 2019

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 has not completed as at the date of this report except for the following:-

The Board of Directors of the Company had on 21 November 2018 announced that the Company proposed to undertake the Proposed Share Capital Reduction of RM30 million, the sealed order of the High Court of Malaya confirming the Proposed Share Capital Reduction has been lodged with Companies Commission of Malaysia on 18 February 2019. The Proposed Share Capital Reduction shall therefore take effect and be deemed completed on 18 February 2019.

B7. Borrowings and Debt Securities

Details of the Group's borrowings as at 31 January 2019 are as follows:

	As at 31/01/2019 (RM'000)
Secured borrowings:-	
Current:	
Term Loan & Finance Lease	802
	802
Non-Current:	
Overdraft & Finance Lease	184
	184
Total	986

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.

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Unaudited Quarterly Financial Report For The 3-Months Period Ended 31 January 2019

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 loss attributable to the owners of the parent of approximately RM1.498 million for the current quarter under review and net loss attributable to the owners of RM4.094 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 590,421,123 as follows:-

	Current quarter	Current year-to-date
	31/1/2019	31/1/2019
	Unaudited	Unaudited
Net profit/ (loss) attributable to ordinary equity holders of the parent (RM'000)	(1,498)	(4,095)
Weighted Average Number of Ordinary Shares	590,421,123	590,421,123
Basic (loss)/ earnings per share (sen)	(0.25)	(0.69)

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	(5,000.00)	-	-	Within 12 months
Working capital	1,787.00	(1,804.00)	17.00	-	Within 12 months
Expenses in relation to the Private Placement	130.00	(113.00)	(17.00)	-	Upon completion
Total	6,917.00	(6,917.00)	-	-	

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.