

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		6 months ended	
		31/12/2020 RM'000 (Unaudited)	31/12/2019 RM'000 (Audited)	31/12/2020 RM'000 (Unaudited)	31/12/2019 RM'000 (Audited)
Continuing Operations					
Revenue	B1, B2	19,970	16,859	32,318	34,701
Less: Cost of sales	B6, B7	(18,155)	(14,401)	(29,121)	(30,387)
Gross Profit		1,815	2,458	3,197	4,314
Other operating income	B1	2,632	72	2,686	145
Employee benefits	B7	(742)	(858)	(1,337)	(1,700)
Key management personnels's remuneration	B7	(492)	(400)	(852)	(756)
Depreciation & amortisation		(869)	(1,382)	(1,735)	(2,476)
Other operating expenses	B7	(712)	(627)	(1,142)	(1,216)
Profit / (Loss) from operations		1,632	(737)	817	(1,689)
Finance costs	B6, B7	(71)	(109)	(156)	(213)
Profit / (Loss) before taxation	B1, B2	1,561	(846)	661	(1,902)
Income tax recover /(expenses)	B5	-	-	-	-
Profit / (Loss) from continuing operations for the period		1,561	(846)	661	(1,902)
Discontinued Operations					
Profit / (Loss) from discontinued operations, net of tax		(8)	(232)	(426)	(183)
Profit / (Loss) for the period		1,553	(1,078)	235	(2,085)
Other Comprehensive income					
- Currency translation difference not recognised in income statement		-	-	-	-
Total comprehensive Profit / (loss) for the period		1,553	(1,078)	235	(2,085)
Profit / (Loss) Attributable to:					
Owner of the Parent		1,566	(964)	462	(1,989)
Non-controlling interest		(13)	(114)	(227)	(96)
		1,553	(1,078)	235	(2,085)
Total comprehensive Profit / (Loss) attributable to :					
Owner of the Parent		1,566	(964)	462	(1,989)
Non-controlling interest		(13)	(114)	(227)	(96)
		1,553	(1,078)	235	(2,085)
Profit / (loss) per share (sen)					
- Basic	B12	0.20	(0.16)	0.06	(0.34)
- Diluted	B12	0.20	(0.16)	0.06	(0.34)

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 June 2020 and the accompanying note attached to this interim financial report.

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As At 31/12/2020 RM'000	Audited As At 30/06/2020 RM'000
Assets			
Non-current Assets			
Property, plant and equipment		845	870
Right of use assets		1,473	1,777
Intangible asset		6,378	8,876
Goodwill on consolidation		2,194	2,194
Lease receivables		4,624	7,292
Total Non-current Assets		15,514	21,009
Current Assets			
Trade receivables		9,997	13,852
Other receivables, deposits and prepayments		2,366	2,075
Lease receivables		5,260	5,113
Inventory		4,247	3,571
Current tax asset		222	309
Fixed deposits with licensed banks		7,478	8,416
Cash and bank balances		3,330	843
Total Current Assets		32,900	34,179
Total Assets		48,414	55,188
Equity and Liabilities			
Share capital		46,737	46,737
Capital Reserve		-	-
Accumulated (losses)		(15,962)	(16,424)
Non controlling interest		62	(943)
Total Equity		30,837	29,370
Non-current Liabilities			
Lease Liabilities	B9	5,908	8,676
Deferred tax liability		20	20
Deferred Income		-	114
Total Non-current Liabilities		5,928	8,810
Current Liabilities			
Trade payables		3,071	4,113
Other payables & accruals		1,338	2,838
Bank overdraft		1,760	4,595
Lease Liabilities	B9	5,480	5,371
Deferred Income		-	91
Provision for taxation	B5	-	-
Total Current Liabilities		11,649	17,008
Total Liabilities		17,577	25,818
Total Equity and Liabilities		48,414	55,188
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.04	0.04

Note:

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2020 and the accompanying note attached to this interim financial report.

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Note	Period ended 31/12/2020 Unaudited RM'000	Period ended 30/06/2020 Audited RM'000
Cash flows from/(for) operating activities		
Loss before taxation	235	(10,261)
Adjustment for:-		
Amortisation of intangible assets	1,323	3,914
Depreciation of property, plant and equipment & right of use assets	412	808
Interest income	(25)	(165)
Finance income lease receivables	B6 (183)	(842)
Lease liabilities interest expense	B6 360	748
Bank Overdraft interest expense	118	339
Waiver of indebtedness owed by disposed subsidiary	B1 1,900	-
Gain on disposal of subsidiary	B1 (2,552)	-
Impairment loss of Intangible assets	-	2,070
Impairment of trade receivables	-	144
Impairment of other receivables	-	244
Bad debts of other receivables	-	235
Gain on disposal of property, plant and equipment & right of use assets	-	(5)
Gain on recognition of lease receivables	-	(386)
Property, plant and equipment written off	-	(1)
	<hr/>	<hr/>
Operating loss before working capital changes	1,588	(3,158)
(Increase)/ Decrease in trade and other receivables	3,564	(3,019)
Increase/ (Decrease) in trade and other payables	(2,747)	3,450
(Increase)/ Decrease in inventory	(676)	(1,300)
	<hr/>	<hr/>
Cash flows from/(for) operating activities	1,729	(4,027)
Interest income	25	165
Bank overdraft interest expense	(118)	(339)
Taxation refund	114	-
Taxation paid	(27)	(141)
	<hr/>	<hr/>
Net cash from/(for) operating activities	1,723	(4,342)
Cash flows from/(for) investing activities		
Purchase of property, plant and equipment	(59)	(133)
Addition of intangible assets	(157)	(1,049)
Repayment of lease receivables	2,704	4,563
Disposal of subsidiary	B1 3,220	-
Disposal of fixed assets, property, plant and equipment	-	12
	<hr/>	<hr/>
Net cash from/(for) investing activities	5,708	3,393
Cash flows from/(for) financing activities		
Repayment of lease liabilities	(3,047)	(4,773)
Repayment to directors	-	(9)
Proceeds from issuance of shares from private placement	-	5,874
	<hr/>	<hr/>
Net cash from/(for) financing activities	(3,047)	1,092
Net increase/(decrease) in cash and cash equivalents	4,384	143
Effects of foreign exchange translation	-	-
Cash and cash equivalents at beginning of the financial year	4,664	4,521
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial period	9,048	4,664
<u>Cash and cash equivalents at the end of the financial period comprises the following :-</u>		
Fixed deposits with licensed banks	7,478	8,416
Cash and bank balances	3,330	843
Bank overdraft	(1,760)	(4,595)
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	9,048	4,664

Note:

The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2020 and the accompanying notes attached to this interim financial report.

TECHNODEX BHD

Registration No. 200301025214 (627634-A)

(Incorporated in Malaysia)

UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Company →			Attributable to owners of the Company RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Capital Reduction Reserve RM'000	Accumulated Losses RM'000			
- Disposal of shares in a subsidiary						
Balance at 1 July 2020	46,737	-	(16,424)	30,313	(943)	29,370
Contribution by Owners of the Company						
- Issuance of shares	-	-	-	-	-	-
- Disposal of shares in a subsidiary					1,232	1,232
Utilisation of capital reduction credit:						
- to write off current financial loss	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	462	462	(227)	235
	-	-	462	462	(227)	235
Balance at 31 December 2020	<u>46,737</u>	<u>-</u>	<u>(15,962)</u>	<u>30,775</u>	<u>62</u>	<u>30,837</u>
Balance at 1 July 2019	40,863	1,339	(7,788)	34,414	(595)	33,819
Contribution by Owners of the Company						
- Issuance of shares	5,874	-	-	5,874	-	5,874
Utilisation of Capital Reduction Credit:						
- to write off current financial loss	-	(1,339)	1,339	-	-	-
Total comprehensive loss for the financial year	-	-	(9,975)	(9,975)	(348)	(10,323)
	-	-	(9,975)	(9,975)	(348)	(10,323)
Balance at 30 June 2020	<u>46,737</u>	<u>-</u>	<u>(16,424)</u>	<u>30,313</u>	<u>(943)</u>	<u>29,370</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 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020**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 financial year ended 30 June 2020 and the accompanying notes attached to this interim financial report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited financial statements for the financial year ended 30 June 2020, except for the adoption of the following MFRSs, Amendments to MFRSs and new Interpretations that have become effective on 1 January 2020 and, 1 June 2020.

MFRSs and/or IC Interpretations. (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 2: Share-based Payment	1 January 2020
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 7: Financial Instruments: Disclosure	1 January 2020
Amendments to MFRS 9: Financial Instruments	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134: Interim Financial Report	1 January 2020
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138: Intangible Assets	1 January 2020
Amendments to MFRS 139: Financial Instruments: Recognition	1 January 2020
IC Interpretation 12 Service Concession Arrangements	1 January 2020
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
IC Interpretation 132 Intangible assets – Website Costs	1 January 2020
Amendments to MFRS 16: Leases	1 June 2020

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for this interim financial report:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 3: Definition of a Business	1 January 2022
Amendments to MFRS 9: Financial Instruments	1 January 2022

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020**PART A-Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting****A2. Summary of Significant Accounting Policies (Cont’d)**

MFRSs and/or IC Interpretations	Effective Date
Amendments to MFRS 116: Property, Plant & Equipment	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company will adopt the above-mentioned standards, amendments or interpretations, if applicable, when they become effective in respective financial periods. The Directors do not expect any material impact to the financial statements of the above pronouncements.

A3. Audit Report of Preceding Annual Financial Statements

The audited annual financial statements for the financial year ended 30 June 2020 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 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 December 2020 under review.

A8. Dividend

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

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020
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 & Hardwares	Manpower Outsourcing & Recruitments	E-Commerce & Specified Application Services	Investment Holding	Eliminations	Total
31 December 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>						
Sales	18,314	1,617	4	35	-	19,970
Intersegment sales	1	-	15	289	(305)	-
	18,315	1,617	19	324	(305)	19,970
Segment results						
Interest Income	1	-	-	98	(84)	15
Interest expenses	(246)	(49)	-	(14)	84	(225)
Depreciation & amortisation	(83)	(13)	(670)	(103)	-	(869)
Income Tax recover /(expenses)	-	-	-	-	-	-
Segment profit/(loss) after tax	631	1	(736)	1,665	-	1,561
Discontinued Operations						
Segment profit/(loss) after tax	-	-	(8)	-	-	(8)
	631	1	(744)	1,665	-	1,553
Year to dated Ended						
30 June 2021	Application Support & Services & Hardwares	Manpower Outsourcing & Recruitments	E-Commerce & Specified Application Services	Investment Holding	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Continuing Operations</u>						
Sales	28,707	3,454	17	140	-	32,318
Intersegment sales	2	7	30	461	(500)	-
	28,709	3,461	47	601	(500)	32,318
Segment results						
Interest Income	(4)	-	-	194	(165)	25
Interest expenses	(515)	(99)	-	(29)	165	(478)
Depreciation & amortisation	(164)	(26)	(1,340)	(205)	-	(1,735)
Income Tax recover /(expenses)	-	-	-	-	-	-
Segment profit/(loss) after tax	752	130	(1,476)	1,255	-	661
Discontinued Operations						
Segment profit/(loss) after tax	-	-	(426)	-	-	(426)
	752	130	(1,902)	1,255	-	235

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.

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020**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.

A11. Material Events Subsequent to the End of the Current Period

Save as disclosed in Note B8, 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 except for the following:

- a) On 27 November 2020, the Company (“TDEX”), Real Estate Solutions Sdn. Bhd. (“RESSB”) and Mr. Thor Joe Hock (collectively referred to as “Sellers”) had entered into a Share Purchase Agreement (“SPA”) with PropertyGuru Pte. Ltd. (“Purchaser”) to collectively dispose the entire issued share capital of MyProperty Data Sdn. Bhd. (“MDSB”). The total cash consideration for the disposal of TDEX 50% equity stake of 250,000 shares in MDSB is RM3.2 million (“Disposal Consideration”). The SPA has become unconditional and has been completed on 16 December 2020. Upon completion, MDSB ceased to be a subsidiary of the Group.
- b) The company’s wholly owned subsidiary, Technodex Solutions Sdn. Bhd. has incorporated a new wholly owned subsidiary namely T5 Advance Venture Sdn. Bhd. (“T5”) in Malaysia, under the Companies Act, 2016 on 10 December 2020. The intended business activities of T5 Advance Venture Sdn. Bhd are that of Provision of Information, Communication, Technology (“ICT”) Products and Related Services, ICT Consultancy and ICT Project Management Services. T5 has been incorporated with an initial issued and paid-up share capital of RM100 comprising 100 ordinary shares.

The incorporation of T5 is not expected to have any significant impact on the net earnings per share and net tangible assets per share of the Group based on the audited consolidated accounts of the Group for the year ended 30 June 2020. No Director, controlling shareholder or substantial shareholder of the Company has an interest, direct or indirect, in the corporation of T5.

A13. Discontinued Operations

As disclosed in Note A12 above, the disposal of MDSB has been classified as discontinued operations as at 31 December 2020 in accordance with MFRS 5: Non-current Assets Held for Sale and Discontinued Operations whereby the comparative Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income has been presented to show the discontinued operations separately from continuing operations.

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020**PART A-Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting****A13. Discontinued Operations (Cont’d)****MYPROPERTY DATA SDN BHD****Loss attributable to the discontinued operations were as follows:**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Revenue	316	260	544	808
Less: Cost of sales	-	-	-	-
Gross Profit	316	260	544	808
Other operating income	8	-	23	-
Employee benefits	(153)	(183)	(384)	(370)
Key management personnels's remuneration	(34)	(50)	(81)	(100)
Depreciation & amortisation	(64)	(89)	(159)	(177)
Other operating expenses	(81)	(170)	(369)	(344)
Loss from operations	(8)	(232)	(426)	(183)
Finance costs	-	-	-	-
Loss before taxation	(8)	(232)	(426)	(183)
Income tax recover /(expenses)	-	-	-	-
Loss from discontinued operations for the period	(8)	(232)	(426)	(183)

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.

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020**PART A-Explanatory Notes Pursuant To Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting****A16. Related Party Transactions**

The transactions entered into with the related parties of the Group as follows: -

6 months ended
31-Dec-2020

Transactions with director:-

Rental paid: RM11,000

PART B. – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET**B1. Review of Performance-Comparison with Preceding Year Corresponding Quarter**

A comparison of financial performance of the Group for the current quarter ended (“CQ”) 31 December 2020 with the preceding year’s corresponding quarter ended (“PYQ”) 31 December 2019 as follows: -

Descriptions	INDIVIDUAL QUARTER ENDED		VARIANCE	
	31/12/2020	31/12/2019		
	RM'000	RM'000		
	Unaudited	Audited	RM'000	%
Revenue	19,970	16,859	3,111	18
Profit /(Loss) Before Tax ("PBT") ("LBT")				
Continuing Operations	1,561	(846)	2,407	285
Discontinued Operations	(8)	(232)	224	97
	1,553	(1,078)	2,631	244

For the current quarter under review, the Group recorded a higher revenue of RM3.11 million or 18% as compared to the PYQ in 2019.

The performance of the Group revenue segments is as summarised below:

- Better performance in the application support & services and hardware segment with higher revenue by RM4.2 million (CQ:RM18.30 million, PYQ:RM14.10 million) mainly due to the increase in revenue contribution from its IT hardware business as increase in orders and projects to supply computer and point of sales hardware.
- For the CQ under review, the manpower sourcing segment recorded a lower revenue by RM1.10 million, as compared CQ RM1.6 million to PYQ in 2019 RM2.7 million, due to we still faced the similar slowdown impact from COVID-19 movement control orders and restrictions. It also attributed to changes in sales mix strategy which the Group is focus on more profitable services and sales to maximize the efficiency of resources.

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020**PART B. – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET****B1. Review of Performance-Comparison with Preceding Year Corresponding Quarter (Cont'd)**

For the CQ under review, the Group recorded an improved PBT by RM2.63 million or 244% as compared to the PYQ in 2019.

The better financial performance of the Group mainly attributed to the following:

- a) Amortisation and Depreciation, reduced by RM0.51 million or (-36%) (CQ:RM0.87 million, PYQ:RM1.38 million) mainly due to lower carrying amount of intangible assets.
- b) Gain on disposal of subsidiary as disclosed in Note A12 above and classified in other operating income amounting to RM2.55 million.

Gain Arising from the Disposal	RM'000
Disposal consideration	3,220
Less: 50% of MDSB carrying amount, Total deficit value of (RM2.46 million) attributable to owners of the company	1,230
Less: Waiver of indebtedness owed by MDSB to TDEX and its subsidiaries	(1,900)
Gain from the disposal	<u>2,550</u>

B2. Review of Performance-Comparison with Immediate Preceding Quarter's (PQ) Results.

Descriptions	INDIVIDUAL QUARTER ENDED		VARIANCE	
	31/12/2020	30/09/2020		
	RM'000	RM'000	RM'000	%
	Unaudited	Audited		
Revenue	19,970	12,348	7,622	62
Profit /(Loss) Before Tax ("PBT") ("LBT")				
Continuing Operations	1,561	(900)	2,461	273
Discontinued Operations	(8)	(418)	410	98
	1,553	(1,318)	2,871	218

For the CQ under review, the Group's revenue increased by RM7.62 million or 62% as compared to the PQ 30 September 2020 which was primarily due to better sales performance in the IT hardware business with higher revenue by RM8 million (CQ:RM18 million, PQ:RM10 million) as explained in Note B1. For the CQ under review, the manpower sourcing segment recorded a lower revenue by RM0.20 million (CQ:RM1.6 million, PQ:RM1.8 million) compared to PQ mainly due to lesser customer orders.

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020**PART B. – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET****B2. Review of Performance-Comparison with Immediate Preceding Quarter's ("PQ") Results.
(Cont'd)**

The Group posted PBT of RM1.55 million for CQ under review as compared to PQ LBT of RM1.31, the improvement of RM2.8 million mainly due to the higher PBT contribution from IT hardware segment resulted from increase in sales orders and projects and gain on disposal of subsidiary as disclosed in Note A12 above and classified in other operating income amounting to RM2.55 million.

B3. Commentary on Prospects

The unprecedented worldwide outbreak of COVID-19 pandemic has resulted in the imposition of lockdown order, travel restrictions and other precautionary measures in many countries. This has significantly brought much uncertainty and more challenges to the economy and business opportunities in both international and domestic markets.

On the positive outlook, the Covid-19 pandemic has played a part in driving the Digital Economy amid the imposition of the lockdown orders has forced corporations and organisations to reconsider their business working arrangement, product positioning and marketing strategies to leverage on the technologies and partnering with e-commerce platforms to improve their operation efficiency and sales moving forward. The Group management is confident the improvement in ICT sector as we observed active orders of rightly positioned ICT hardware and services.

Despite the challenges above, with Group's management endurance, solid resellers channel in nationwide and track records, the Group is positioned to weather the economic uncertainties and will continue to actively pursue new growth opportunities with 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 focus on market expansion and product development of new ICT products (vertical solutions) and services, targeting at the government sector, private sectors, financial institutions and property industries.

The Group strategic intent is to increase market share by improving market coverage and widening its product and services offering 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.

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020**PART B. – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET****B4. Profit Forecast and Profit Guarantee**

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

B5. Taxation

There is no provision for taxation for this quarter as the Company is in an adjusted business loss position and there are unused tax losses and unabsorbed capital allowances available to be offset against taxable income.

B6. Interest Expenses

Breakdown of classification of interest expenses

	Current Quarter Ended		Cumulative Quarter Ended	
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019
	Unaudited	Audited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000
i) Cost of sales				
Lease liabilities interest	154	201	322	387
ii) Finance costs				
Lease liabilities interest	18	21	38	43
Bank overdraft interest	53	88	118	170
Total Interest expenses	225	310	478	600

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020**PART B. – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET****B7. Comparative figures**

The presentation and classification of items in CQ financial statements are consistent with the previous financial period and the following comparative figures which have been classified to conform with current quarter's presentation and to reflect appropriately the nature of the transaction:

Statement of profit or loss	As previously classified RM'000	Discontinued operations RM'001	Reclassification RM'000	As reclassified RM'000
For 6 months financial period ended 31 December 2019				
Cost of sales	(30,000)	-	(387)	(30,387)
Employee benefits	(2,442)	370	372	(1,700)
Key management personnels's remuneration	-	-	(756)	(756)
Other operating expenses	(1,888)	288	384	(1,216)
Finance costs	(600)	-	387	(213)

Statement of profit or loss	As previously classified RM'000	Discontinued operations RM'000	Reclassification RM'000	As reclassified RM'000
For 3 months financial period ended 31 December 2019				
Cost of sales	(14,200)	-	(201)	(14,401)
Employee benefits	(1,249)	183	208	(858)
Key management personnels's remuneration	-	-	(400)	(400)
Other operating expenses	(961)	142	192	(627)
Finance costs	(310)	-	201	(109)

B8. 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 28 September 2020 announced that the Company proposed to undertake the proposed placement of up to 10% of the total number of issued shares of TDEX. The listing of and quotation for the placement shares application has been approved by Bursa Malaysia Securities Berhad on 23 October 2020.

Subsequently, the Company had on 17 February 2021 announced and fixed the issue price of the placement share at RM0.203 per placement shares to be issued pursuant to the said proposed placement. As at report date, the Company has yet to allot for the listing of the said placement shares.

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020**PART B. – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET****B9. Borrowings and Debt Securities**

Details of the Group's borrowings as at 31 December 2020 are as follows: -

	As at 31/12/2020 (RM'000)
Secured borrowings:-	
Current:	
Lease Liabilities	5,480
	5,480
Non-Current:	
Lease Liabilities	5,908
	5,908
Total	11,388

B10. Material Litigation

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

B11. Dividend

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

B12. 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 RM1.566 million for the current quarter under review and net profit attributable to the owners of RM0.462 million for the current year-to-date, divided by the weighted average number of ordinary shares in issue as follows: -

	Current Quarter Ended	Cumulative Quarter Ended
	31/12/2020	31/12/2020
	Unaudited	Unaudited
Loss attributable to ordinary equity holders of the parent (RM'000)	1,566	462
Weighted Average Number of Ordinary Shares	767,087,723	767,087,723
Basic profit per share (sen)	0.20	0.06

The loss for the period attributable to ordinary equity holders of the parent is not subjected to any dilutive elements, thus diluted loss per shares is not presented.

Unaudited Quarterly Financial Report For The Second Quarter Ended 31 December 2020**PART B. – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET****B13. Status of Utilisation of Proceeds**

- i) The status of the utilisation of proceeds from the Previous Private Placement as at the date of this report is as follows: -

Purpose	Proceed raised	Actual utilisation	Unutilised proceed	Timeframe for utilisation of proceeds (1)
	RM'000	RM'000	RM'000	
IT contracts and /or orders	4,175.00	4,175.00	0.00	Within 18 months
Business expansion	1,500.00	0.00	1,500.00 ⁽³⁾	Within 18 months
Expenses in relation to the Private Placement	200.00	200.00	0.00 ⁽²⁾	Within 1 months
Total	5,875.00	4,375.00	1,500.00	

Notes:

- (1) From date of listing of the Previous Placement Shares.
(2) Only RM200,000 had been utilised for the expenses in relation to the Previous Private Placement.
(3) The business expansion to the South East Asia region has been delayed as a result of sanctions of travelling abroad due to various travel restrictions in response to the Coronavirus Disease 2019 (“Covid-19”) pandemic. Therefore, the unutilised proceed is expected to be fully utilised when the travel restrictions are lifted.

- ii) The status of the utilisation of sale proceeds received from the disposal of subsidiary as disclosed in Note A12 above as at the date of this report is as follows: -

Purpose	Proceed raised	Actual utilisation	Unutilised proceed	Timeframe for utilisation of proceeds (1)
	RM'000	RM'000	RM'000	
Information technology (“IT”) contracts and orders	1,610.00	761.00	849.00	Within 18 months
Operating expenses and administrative expenses (1)	1,610.00	1,270.00	340.00	Within 18 months
Total	3,220.00	2,031.00	1,189.00	

Note:

- (1) Operating expenses and administrative expenses such as utilities, rental costs, Payment of salaries to staff of the Group.