

IDIMENSION CONSOLIDATED BHD (Company No. 925990-A)

NOTES TO THE QUARTERLY REPORT – 31 DEC 2019

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements outlined in the Malaysia Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities").

The interim financial statements should read in conjunction with the audited financial statements for the financial period ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

The financial statements of the Group have been prepared under the historical cost convention except as otherwise stated in the interim financial statements.

The accounting policies and methods adopted by the Group in this interim financial report are consistent with the audited financial statements for the financial period ended 30 June 2019 except for the adoption of the following MFRSs :-

Standards/IC Interpretation/Amendments	Effective date
MFRS 16 – Leases	1 January 2019
IC Interpretation 23 – Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle:	
• Amendments to MFRS 3 Definition of a Business	1 January 2019
• Amendments to MFRS 112 Income Taxes	1 January 2019
Amendments to MFRS 9 – Prepayment Features with Negative Compensation	1 January 2019

The initial adoption of the new MFRSs, IC Interpretations and Amendments to MFRSs do not have any material effect on the financial statements.

A2. Auditors' Report

The auditor, Messrs. PCCO PLT. had expressed an adverse opinion in the audited financial statements for the financial year ended 30 June 2019. The adverse opinion is a follow through from the previous financial period ended 30 June 2018 that was caused by the legal disputes with the vendors of IDB Interactive Sdn. Bhd. ("IDB"), a subsidiary of the Company, that ultimately resulted in the Company being categorized as a Guidance Note 3 ("GN3") company.

The Board of Directors is actively addressing the issues especially in removing the Company from its GN3 status and the latest development being extension of time up to 8 April 2020 for the Company to submit a Regularisation Plan to the regulatory authorities.

Further details are disclosed in the announcement - Modified Opinion on the Independent Auditors' Report to the Members for the Year Ended 30 June 2019 dated 31 October 2019.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A3. Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by seasonal or cyclical factors.

A4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date under review.

A5. Material Changes in Estimates

There were no changes in the estimate of amounts reported in the prior interim periods of the current financial year, or in previous years, which have material effect on the current quarter under review.

A6. Changes in Debts and Equity Securities

There were no issuance and repayment of debt or equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares during the financial year-to-date under review.

A7. Dividend Paid

There were no dividends paid during the quarter under review.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A8. Segmental Reporting

The segmental revenue and results for the current period to date and the preceding year's corresponding current period to date under review are as follows:-

	IT business RM'000	Investment holding RM'000	Elimination RM'000	Group RM'000
<u>31 December 2019</u>				
Revenue				
External revenue	5,647	-	-	5,647
Inter-segment revenue	3,922	558	(4,480)	-
Total segment revenue	9,569	558	(4,480)	5,647
Results				
Interest income	167	7	(152)	22
Dividend income	54	26	-	80
Finance costs	(133)	(152)	152	(133)
Depreciation and amortization	(100)	(152)	-	(252)
Adjustment on property, plant and equipment	-	(2)	-	(2)
Loss allowance on trade receivables	(90)	-	-	(90)
Reversal of loss allowance on trade receivables	738	-	-	738
Reversal of loss allowance on amount due from IDB Interactive Sdn. Bhd. (online games business segment)	-	(3,000)	-	(3,000)
Segment profit/(loss) before tax	1,985	1,175	-	3,160
Tax expense	(385)	-	-	(385)
Segment profit/(loss)	1,600	1,175	-	2,775
<u>31 December 2018</u>				
Revenue				
External revenue	5,403	-	-	5,403
Inter-segment revenue	2,564	576	(3,140)	-
Total segment revenue	7,967	576	(3,140)	5,403
Results				
Interest income	220	40	(166)	94
Finance costs	(162)	(166)	166	(162)
Depreciation and amortization	(117)	(286)	-	(403)
Segment profit/(loss) before tax	30	(1,096)	-	(1,066)
Tax expense	(121)	-	-	(121)
Segment profit/(loss)	(91)	(1,096)	-	(1,187)

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A9. Changes in the Composition of the Group

There is no other changes in the composition of the Group during the quarter.

A10. Subsequent Material Events

On 3 February 2020, Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”) has via its letter granted an extension of time of three (3) months from 16 January 2020 to 15 April 2020 for the Company to comply with Rule 15.09(1)(a) of ACE Market Listing Requirements of Bursa Malaysia Securities.

Other than the above, there were no material events subsequent to the current quarter up to the date of this interim financial report.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

The Group recorded a total revenue of RM3.58 million for the current quarter compared to RM2.32 million in the correspondence quarter of preceding year. The total revenue for the current quarter was at the recovering stage, increased to RM3.58 million. This was mainly due to the milestones billing of the on-going projects coupled with the kick start of new projects.

The Group recorded profit before taxation of RM3.04 million was resulted from a reversal of loss allowance on amount due from IDB Interactive Sdn. Bhd. (online games business segment), which derived from the settlement sum of the legal suits totaling RM 3 million received during the quarter, the higher profit margin from the in-house projects milestones billing plus a reversal of the loss allowance on trade receivables totaling RM0.74 million.

1) IT Business

The revenue of the IT Business for the current quarter is RM3.58 million compared to RM2.32 million in the correspondence quarter a year ago. The total revenue for the current quarter was at the recovering stage, increased to RM3.58 million. This was mainly due to the milestones billing of the on-going projects coupled with the initial billing of new projects.

The IT business segment achieved a profit before taxation of RM1.99 million. This was mainly due to the profit contribution from the in-house projects milestones billing during the quarter plus a reversal of the loss allowance on trade receivables totaling RM0.74 million.

2) Investment Holding

The revenue for the current quarter was RM0.28 million which comprises of management fees received or receivable from its subsidiaries. The investment holding segment has recorded a profit before taxation of RM1.18 million mainly due to the settlement sum of RM 3 million derived from settlement of the legal suits in the online games business segment, which being recorded as a reversal of loss allowance on amount due from IDB Interactive Sdn. Bhd. (online games business segment) offset by the high legal and professional expenses on the settlement of the legal suits.

B2. Material Change in the (Loss) / Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

	Current Quarter 31 Dec 2019 RM'000	Preceding Quarter 30 Sep 2019 RM'000
Revenue	3,579	2,068
Profit / (Loss) before taxation	3,041	119

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B2. Material Change in the (Loss) / Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter (cont'd)

The Group recorded a total revenue of RM3.58 million and profit before taxation of RM3.04 million in the current quarter compared to group total revenue of RM2.07 million and profit before taxation of RM0.12 million in the preceding quarter.

In the current quarter, the total revenue was at the recovering stage, increased to RM3.58 million. This was mainly due to the milestones billing of the on-going projects coupled with the initial billings of new projects.

The profit before taxation of RM 3.04 million was resulted from a reversal of loss allowance on amount due from IDB Interactive Sdn. Bhd. (online games business segment), which derived from the settlement sum of the legal suits totaling RM 3 million received during the quarter, the higher profit margin from the in-house projects milestones billing plus a reversal of the loss allowance on trade receivables totaling RM0.74 million.

B3. Future Prospects

The Company will continue its best effort to explore new IT business opportunity and remain committed to uplift its GN3 status and bring the Group a stable, sustainable income in the future.

B4. Profit Forecast and Profit Guarantee

The Group has not issued or disclosed in any public documents any profit forecast or profit guarantee for the current quarter under review.

B5. Taxation

	Current Quarter	6 months
	31 Dec 2019	to date
	RM'000	31 Dec 2019
		RM'000
Current year taxation	(387)	(454)
Under/(Over) provision in prior year	-	-
Deferred taxation	69	69
	<u>(318)</u>	<u>(385)</u>

The Group's effective tax rate for financial period ended 31 December 2019 was lower than the statutory tax rate mainly due to some of the subsidiaries are in the adjusted business loss position and there were unused tax losses and unabsorbed capital allowances available to offset against taxable profit.

B6. Status of Corporate Proposals

There were no other corporate proposals announced as at the date of this report.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 Dec 2019 are as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
<u>Secured</u>			
Term loan	630	3,618	4,248
Hire purchase & Finance lease payable	34	277	311
	664	3,895	4,559

The Group does not have any unsecured borrowings and debt securities as at 31 Dec 2019.

All borrowings of the Group are denominated in Ringgit Malaysia.

B8. Material Litigation

There were no material litigations subsequent to the current quarter up to the date of this interim financial report.

B9. Dividend

There were no dividends declared during the current quarter under review.

B10. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of shares in issue for the financial period, computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	6 mths to-date	Preceding 6 months Corresponding to date
Profit/(Loss) attributable to the owners of the Company (RM'000)	2,723	(843)	2,775	(1,187)
Weighted average number of ordinary shares in issue ('000)	271,962	271,962	271,962	271,962
Basic earnings per share (sen)	1.00	(0.31)	1.02	(0.44)

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B10. Earnings Per Share – cont'd

(b) Diluted earnings per share

The basic and diluted earnings of the Company are the same as the warrants are not included in the calculation of diluted earnings per share because warrants are antidilutive during the current quarter and financial year-to-date.

B12. Profit for the Period

This is arrived at after charging/(crediting) the following items:

	Current Quarter 31 Dec 2019 RM'000	Year To Date 31 Dec 2019 RM'000
Interest income	14	22
Dividend income	46	80
Other income	(15)	28
Interest expenses	(64)	(133)
Depreciation and amortization	(124)	(252)
Loss allowance on trade receivables	(51)	(90)
Reversal of loss allowance on trade receivables	-	738
Reversal of loss allowance on amount due from IDB Interactive Sdn. Bhd. (online games business segment)	3,000	3,000
Unrealised Foreign exchange gain/(loss)	(3)	6
Realised Foreign exchange gain/ (loss)	2	(5)

Other disclosure items required pursuant to Note 16 of Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.