

# **IDIMENSION CONSOLIDATED BHD** (Company No. 925990-A)

## **NOTES TO THE QUARTERLY REPORT – 31 MAR 2020**

### **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 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 :-

<b>Standards/IC Interpretation/Amendments</b>	<b>Effective date</b>
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 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 30 June 2020 for the Company to submit a Regularisation Plan to the regulatory authorities.

Further details is 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:-

	<b>IT business RM'000</b>	<b>Investment holding RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b><u>31 March 2020</u></b>				
<b>Revenue</b>				
External revenue	8,670	-	-	8,670
Inter-segment revenue	5,301	838	(6,139)	-
Total segment revenue	13,971	838	(6,139)	8,670
<b>Results</b>				
Interest income	242	7	(220)	29
Dividend income	91	914	(880)	125
Finance costs	(191)	(220)	220	(191)
Depreciation and amortization	(149)	(227)	-	(376)
Adjustment on property, plant and equipment	-	(2)	-	(2)
Loss allowance on trade receivables	(250)	-	-	(250)
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
Gain on disposal of investment in subsidiary	-	92	-	92
Segment profit/(loss) before tax	2,255	137	-	2,392
Tax expense	(33)	-	-	(33)
Segment profit/(loss)	2,222	137	-	2,359
	<b>IT business RM'000</b>	<b>Investment holding RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b><u>31 March 2019</u></b>				
<b>Revenue</b>				
External revenue	7,976	-	-	7,976
Inter-segment revenue	3,249	855	(4,104)	-
Total segment revenue	11,225	855	(4,104)	7,976
<b>Results</b>				
Interest income	306	56	(233)	129
Finance costs	(230)	(233)	233	(230)
Depreciation and amortization	(186)	(358)	-	(544)
Segment profit/(loss) before tax	(764)	(1,664)	-	(2,428)
Tax expense	37	(2)	-	35
Segment profit/(loss)	(727)	(1,666)	-	(2,393)

## **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, save for the Company had on 30 March 2020 convened the final meeting to conclude the member's voluntary winding-up of its wholly-owned subsidiary, OS Solutions Sdn. Bhd.

### **A10. Subsequent Material Events**

On 3 April 2020, Bursa Malaysia Securities has vide its letter granted ICB with an extension of time from 8 April 2020 to 30 June 2020 for the Company to submit its Proposed Regularisation Plan to the regulatory authorities.

On 19 May 2020, the wholly-owned subsidiary, IDB Interactive Sdn Bhd had appointed Mr. Andrew Heng of Ferrier Hodgson MH Sdn. Bhd. as the Interim Liquidator for the purposes of the Creditors' Voluntary Winding-Up ("Winding-Up").

On 20 May 2020, the Company had entered into the following agreements to revise the Proposed Regularisation Plan ("Initial Proposal") announced on 19 December 2019 :-

- (i) a supplemental Share Sales Agreement with EV-Dynamic Sdn. Bhd. and EVD Berhad ("EVD");
- (ii) a supplemental Scheme Agreement with EVD; and
- (iii) a supplemental Management Buy-Out Share Sales Agreement with Daniel Boo Hui Siong.

Details of the aforesaid supplemental agreements and the associated revision to the terms of the Initial Proposals are disclosed in the attachment of the announcement dated 20 May 2020.

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 RM3.02 million for the current quarter compared to RM2.57 million in the correspondence quarter of preceding year. The total revenue of RM 3.02 million recorded for the current quarter was mainly arose from the billings of the existing projects.

The Group recorded a loss before taxation of RM0.77 million compared to a loss before taxation of RM1.36 million a year ago. This was mainly due to the increased of revenue while the operating expenses remained high mainly arising from professional fee incurred on the on-going regularisation plan.

For period to date, the Group recorded a total revenue of RM8.67 million compared to RM7.98 million a year ago. Although, there was a slight increase in the total revenue, the overall demand on IT projects is still slow.

The Group recorded a period to date profit before taxation of RM2.39 million compared to a loss before taxation of RM2.43 million. This was mainly due to reversal of loss allowance on amount due from IDB Interactive Sdn. Bhd. (online games business segment), which derived from the settlement sum of RM3.0 million being recognised as other income.

#### **1) IT Business**

The revenue of the IT Business for the current quarter is RM3.02 million compared to RM2.57 million in the correspondence quarter a year ago. The total revenue of RM 3.02 million recorded for the current quarter was mainly arose from the billings of the existing projects

The IT business segment recorded current period to date a profit before taxation of RM2.25 mainly due to the higher margin derived from the in-house IT projects and the reversal of loss allowance on trade receivables.

#### **2) Investment Holding**

The revenue for the current quarter was RM0.28 million which comprises of management fees received or receivable from its subsidiaries.

Investment holding segment has recorded a loss before taxation of RM1.04 million in the current quarter, mainly arising from professional fee incurred on regularisation plan.

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

	<b>Current Quarter 31 Mar 2020 RM'000</b>	<b>Preceding Quarter 31 Dec 2019 RM'000</b>
Revenue	3,023	3,579
Profit / (Loss) before taxation	(768)	3,041

**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 revenue for the current quarter is RM3.02 million compared to RM3.58 million of the immediate preceding quarter, a decrease of RM0.56 million mainly due to the slow demand of the overall sales.

The loss before taxation for the current quarter is RM0.77 million compared to a profit before taxation of RM3.04 million in the immediate preceding quarter. This is mainly due to reversal of loss allowance on amount due from IDB Interactive Sdn. Bhd. (online games business segment), which derived from the settlement sum of RM3.0 million being recognised as other income in the immediate preceding quarter.

**B3. Future Prospects**

With the impact of coronavirus outbreak (“Covid-19”) to the current market situation and the implementation of the Movement Control Order by Malaysia Government, the fourth quarter remains challenging and unpredictable.

The Group has implemented measures to control costs, optimizing working capital, preserving cash and streamlined its operations to minimize the impact of Covid-19 as well as cope the shift in the business landscape.

The Group remained committed and focus in uplifting its GN3 status.

**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**

	<b>Current Quarter</b>	<b>9 months</b>
	<b>31 Mar 2020</b>	<b>to date</b>
	<b>RM'000</b>	<b>31 Mar 2020</b>
		<b>RM'000</b>
Current year taxation	352	(102)
Under/(Over) provision in prior year	-	-
Deferred taxation	-	69
	<u>352</u>	<u>(33)</u>

The Group’s effective tax rate for financial period ended 31 March 2020 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 Mar 2020 are as follows:

	<b>Short-term RM'000</b>	<b>Long-term RM'000</b>	<b>Total RM'000</b>
<u>Secured</u>			
Term loan	435	3,618	4,053
Hire purchase & Finance lease payable	17	277	294
	<u>452</u>	<u>3,895</u>	<u>4,347</u>

The Group does not have any unsecured borrowings and debt securities as at 31 Mar 2020.

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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>9 mths to-date</b>	<b>Preceding 9 months Corresponding to date</b>
Profit/(Loss) attributable to the owners of the Company (RM'000)	(416)	(1,206)	2,359	(2,393)
Weighted average number of ordinary shares in issue ('000)	271,962	271,962	271,962	271,962
Basic earnings per share (sen)	(0.15)	(0.44)	0.87	(0.88)

**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:

	<b>Current Quarter</b>	<b>Year To Date</b>
	<b>31 Mar 2020</b>	<b>31 Mar 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	7	29
Dividend income	45	125
Other income	15	43
Gain on disposal of investment in subsidiary	92	92
Interest expenses	(58)	(191)
Depreciation and amortization	(124)	(376)
Loss allowance on trade receivables	(160)	(250)
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
Unrealised Foreign exchange gain/(loss)	18	24
Realised Foreign exchange gain/ (loss)	(5)	(10)

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.