

IDIMENSION CONSOLIDATED BHD (Company No. 925990-A)

NOTES TO THE QUARTERLY REPORT – 30 JUNE 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 :-

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 the Company being categorized as a Guidance Note 3 ("GN3") company.

The Board of Directors is actively addressing the issues especially in uplifting 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 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 year 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>30 June 2020</u>				
Revenue				
External revenue	11,238	-	-	11,238
Inter-segment revenue	6,811	1,997	(8,808)	-
Total segment revenue	18,049	1,997	(8,808)	11,238
Results				
Adjustment on property, plant and equipment	-	(3)	-	(3)
Depreciation and amortization	(199)	(301)	-	(500)
Dividend income	125	919	(880)	164
Finance costs	(238)	(281)	281	(238)
Gain on disposal of investment in subsidiary	-	92	-	92
Interest income	314	7	(281)	40
Impairment on property	-	(3,843)	-	(3,843)
Loss allowance on trade receivables	(43)	-	-	(43)
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)	-	6,269	-	6,269
Write off amount due from IDB Interactive Sdn. Bhd. (online games business segment)	-	(3,308)	-	(3,308)
Reversal of impairment on other investments	-	9,027	-	9,027
Write off on other investments	-	(9,027)	-	(9,027)
Segment profit/(loss) before tax	2,513	(5,190)	-	(2,677)
Tax expense	30	-	-	30
Segment profit/(loss)	2,543	(5,190)	-	(2,647)

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)**A8. Segmental Reporting (Cont'd)**

	IT business RM'000	Investment holding RM'000	Elimination RM'000	Group RM'000
<u>30 June 2019</u>				
Revenue				
External revenue	11,937	-	-	11,937
Inter-segment revenue	5,309	1,134	(6,443)	-
Total segment revenue	17,246	1,134	(6,443)	11,937
Results				
Interest income	346	6	(297)	55
Finance costs	(310)	(297)	297	(310)
Depreciation and amortization	(241)	(435)	-	(676)
Loss allowance on amount due from amount due from IDB Interactive Sdn. Bhd. (online games business	-	(5,549)	-	(5,549)
Loss allowance on trade receivables	(1,007)	-	211	(796)
Loss on disposal of a subsidiary	-	-	(97)	(97)
Property, plant and equipment written off	-	(2)	-	(2)
Reversal of loss allowance on trade receivables	6	-	-	6
Reversal of fair value adjustment on amount due from IDB Interactive Sdn. Bhd. (online games business segment)	-	1,232	-	1,232
Impairment loss on other investments	-	(9,027)	-	(9,027)
Segment profit/(loss) before tax	(1,458)	(15,797)	323	(16,932)
Tax expense	(15)	(2)	-	(17)
Segment profit/(loss)	(1,473)	(15,799)	323	(16,949)

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 3 June 2020 commenced its creditors' voluntary winding-up ('Winding-Up') on IDB Interactive Sdn Bhd pursuant to Section 439(1)(b) of the Companies Act 2016.

A10. Subsequent Material Events

The Company is currently awaiting the decisions from the said relevant authorities in relation to the Proposed Regularisation Plan submitted on 12 June 2020.

On 14 July 2020, the Company's Warrants 2015/2020 had expired. The said warrants has been delisted on 15 July 2020.

Other than the above, there was 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 posted a revenue of RM2.57 million in the current quarter as compared to RM3.96 million in the correspondence quarter of preceding year. The decline of RM1.39 million (35.1%) on revenue was mainly due to the delay in implementation of the existing projects result of the travel restriction under Movement Control Order (MCO) and Conditional Movement Control Order (CMCO).

The group recorded a loss before taxation of RM5.07 million in the current quarter mainly due to the one-off impairment on property of RM3.84 million and the high professional fees incurred on regularization plan.

Year on year, the Group's revenue declined by 5.9% (RM0.70 million) and recorded RM11.24 million compared to RM11.94 million a year ago. The decline of revenue was mainly impacted by the lockdowns during the MCO and CMCO.

The year to date loss before taxation recorded RM2.68 million compared to the previous financial year of RM16.93 million as the previous financial year's loss before taxation included the impairment on other investments and loss allowance on amount due from IDB Interactive Sdn. Bhd. (online games business segment).

1) IT Business

The revenue of IT business for the current year to date is RM11.24 million compared to RM11.94 million a year ago. The decline of RM0.70 million (5.9%) on revenue was due to the delay in implementation of the existing projects result of the travel restriction under MCO and CMCO.

The IT business segment recorded a profit before taxation of RM2.51 million in the current year to date as compared to a loss before taxation of RM1.46 million in the previous year to date. These were due to higher margin derived from in-house IT projects and the reversal of loss allowance on trade receivables in the current year.

2) Investment Holding

The revenue for the current year to date is RM1.20 million which comprises of management fees and dividend income received or receivable from its subsidiaries.

Investment holding segment recorded a loss before taxation of RM5.19 million for the current year to date. These were mainly arising from the one-off impairment on property of RM3.84 million and the high professional fees incurred on regularization plan.

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

	Current Quarter 30 June 2020 RM'000	Preceding Quarter 31 Mar 2020 RM'000
Revenue	2,568	3,023
Profit / (Loss) before taxation	(5,069)	(768)

For the current quarter under review, the Group's revenue recorded RM2.57 million compared to the preceding quarter of RM3.02 million, a decline of revenue by 15.05%. This was mainly due to the delay in implementation of the existing projects result of the travel restriction under MCO and CMCO.

The current quarter loss before taxation is RM5.07 million as compared to RM0.77 million in the preceding quarter. These were mainly arising from one-off impairment on property of RM3.84 million and the high professional fees incurred on regularization plan.

B3. Future Prospects

With the challenging landscape, the Group will continue to monitor and implement appropriate measures to control costs, optimizing working capital and streamlined the IT business. 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

	Current Quarter 31 Mar 2020 RM'000	12 months to date 30 June 2020 RM'000
Current year taxation	78	(24)
Under/(Over) provision in prior year	(2)	(2)
Deferred taxation	(13)	56
	63	30

The Group's effective tax rate 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.

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

B6. Status of Corporate Proposals

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

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2020 are as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
<u>Secured</u>			
Term loan	1,231	2,529	3,760
Hire purchase & Finance lease payable	69	226	295
	1,300	2,755	4,055

The Group does not have any unsecured borrowings and debt securities as at 30 June 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:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	12 mths to-date	Preceding 12 months Corresponding to date
Profit/(Loss) attributable to the owners of the Company (RM'000)	(5,006)	(15,188)	2,647	(16,949)
Weighted average number of ordinary shares in issue ('000)	271,962	271,962	271,962	271,962
Basic earnings per share (sen)	(1.84)	(5.58)	(0.97)	(6.23)

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 diluted earnings of the Company are the same calculation as the basic earnings per share 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 30 June 2020 RM'000	Year To Date 30 June 2020 RM'000
Interest income	11	40
Dividend income	39	164
Other income	33	76
Gain on disposal of investment in subsidiary	-	92
Gain on redemption of investment funds	3	3
Interest expenses	(47)	(238)
Impairment on property	(3,843)	(3,843)
Depreciation and amortization	(124)	(500)
Loss allowance on trade receivables	207	(43)
Reversal of loss allowance on trade receivables	-	738
Reversal of loss allowance on amount due from IDB Interactive Sdn. Bhd. (online games business segment)	3,269	6,269
Write off on amount due from IDB Interactive Sdn. Bhd. (online games business segment)	(3,308)	(3,308)
Reversal of impairment on other investments	9,027	9,027
Write off on other investments	(9,027)	(9,027)
Unrealised Foreign exchange gain/(loss)	(14)	10
Realised Foreign exchange gain/ (loss)	8	(2)

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.