

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	As At 31/03/2019 RM'000	As At 31/12/2018 RM'000
ASSETS			
Plant and equipment		2,695	2,418
Investment properties		9,409	9,416
Right-of-use assets	18(a)	3,473	-
Intangible asset		571	571
Investment in a joint venture		13,575	13,410
Investment in club membership		62	62
Deferred tax assets		1,307	1,249
Total non-current assets		31,092	27,126
Inventories		110,104	132,748
Receivables, deposits and prepayments		235,753	264,124
Cash and cash equivalents		65,005	54,541
Total current assets		410,862	451,413
TOTAL ASSETS		441,954	478,539
EQUITY			
Share capital		90,000	90,000
Reserves		202,341	198,096
Total equity attributable to owners of the Company		292,341	288,096
LIABILITIES			
Lease liabilities	18(a)	1,591	-
Total non-current liabilities		1,591	-
Payables and accruals		144,844	189,112
Lease liabilities	18(a)	1,896	-
Tax payable		1,282	1,331
Total current liabilities		148,022	190,443
Total liabilities		149,613	190,443
TOTAL EQUITY AND LIABILITIES		441,954	478,539
Net assets per share attributable to owners of the Company (RM)		1.62	1.60

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2019

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Three Months Ended	
		31/03/2019 RM'000	31/03/2018 RM'000	31/03/2019 RM'000	31/03/2018 RM'000
Revenue		378,833	391,795	378,833	391,795
Cost of sales		(360,561)	(371,829)	(360,561)	(371,829)
Gross profit		18,272	19,966	18,272	19,966
Distribution expenses		(8,335)	(8,931)	(8,335)	(8,931)
Administrative expenses		(5,087)	(5,287)	(5,087)	(5,287)
Other income/(expenses)	17	1,047	(313)	1,047	(313)
Results from operating activities	17	5,897	5,435	5,897	5,435
Finance income		126	238	126	238
Finance costs		(54)	-	(54)	-
Net finance income		72	238	72	238
Share of profit of equity-accounted joint venture, net of tax		165	176	165	176
Profit before tax		6,134	5,849	6,134	5,849
Tax expense	21	(1,889)	(1,468)	(1,889)	(1,468)
Profit for the period / Total comprehensive income for the period		4,245	4,381	4,245	4,381
Profit for the period / Total comprehensive income for the period attributable to:					
Owners of the Company		4,245	4,381	4,245	4,381
Non-controlling interest		-	-	-	-
		4,245	4,381	4,245	4,381
Earnings per share attributable to owners of the Company:					
Basic (sen)	26	2.4	2.4	2.4	2.4
Diluted (sen)		N/A	N/A	N/A	N/A

Notes:

N/A Not applicable

The 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 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE QUARTER ENDED 31 MARCH 2019**

	<- Attributable to owners of the Company - >			Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Distributable Retained Earnings RM'000	Total RM'000		
At 1 January 2018	90,000	182,492	272,492	-	272,492
Profit for the period / Total comprehensive income for the period	-	4,381	4,381	-	4,381
At 31 March 2018	<u>90,000</u>	<u>186,873</u>	<u>276,873</u>	<u>-</u>	<u>276,873</u>
At 1 January 2019	90,000	198,096	288,096	-	288,096
Profit for the period / Total comprehensive income for the period	-	4,245	4,245	-	4,245
At 31 December 2018	<u>90,000</u>	<u>202,341</u>	<u>292,341</u>	<u>-</u>	<u>292,341</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2019**

	Note	Three Months Ended	
		31/03/2019 RM'000	31/03/2018 RM'000
Cash Flows from Operating Activities			
Profit before tax		6,134	5,849
<i>Adjustments for:</i>			
Non-cash items		353	664
Non-operating items		(237)	(414)
Operating profit before changes in working capital		6,250	6,099
Change in inventories		22,644	33,392
Change in receivables, deposits and prepayment		29,375	42,004
Change in payables and accruals		(44,926)	(43,979)
Cash generated from operations		13,343	37,516
Tax paid		(1,996)	(1,884)
Net cash generated from operating activities		11,347	35,632
Cash Flows from Investing Activities			
Purchase of plant and equipment		(601)	(5,803)
Proceeds from disposal of plant and equipment		116	45
Net cash used in investing activities		(485)	(5,758)
Cash Flows from Financing Activities			
Interest received		126	175
Interest paid		(54)	-
Repayment of lease liabilities	18 (b)	(470)	-
Net cash (used in)/from financing activities		(398)	175
Net increase in cash and cash equivalents		10,464	30,049
Cash and cash equivalents at beginning of period		54,541	50,526
Cash and cash equivalents at end of period		65,005	80,575
Cash and cash equivalents comprise the following:			
Cash and bank balances		65,005	80,575

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

PART A - EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the financial year ended 31 December 2018.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2018 are available upon request from the Company's registered office at: Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with the audited financial statements for the financial year ended 31 December 2018, except with the adoption of the following Malaysian Financial Reporting Standards ("MFRSs"), Clarification on MFRS, Issues Committee ("IC") Interpretations and Amendments to MFRS for financial period beginning on or after 1 January 2019:

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

The adoption of the above standards, interpretations or amendments are not expected to have material financial impacts to the financial statements of the Group except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 17 and IFRIC 4 at the date of initial application. The Group also elected to recognise a right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

PART A - EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

2. Significant accounting policies (continued)

MFRS 16, Leases (continued)

The Group has lease contracts for various properties. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease whereby the leased properties were not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments, Prepaid lease payments and Trade and other payables.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group does not have any leases previously classified as finance leases.

Leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application

Reconciliation of operating lease as at 31 December 2018 to lease liabilities as of 1 January 2019:

		RM'000
	Operating lease commitments as at 31 December 2018	4,029
Less:	Commitments relating to short-term leases	(6)
		4,023
Less:	Discounted using incremental borrowing rate of 5.5% p.a.	(66)
	Lease liabilities as at 1 January 2019	3,957

The Group recognises right-of-use assets totalling RM3.9 million representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments with exemptions for short-term leases and leases of low-value items. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

**PART A - EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134:
INTERIM FINANCIAL REPORTING**

2. Significant accounting policies (continued)

MFRS 16, Leases (continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3. Seasonal or cyclical factors

The Group's operations were not significantly affected by seasonal or cyclical factors.

4. Unusual items

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter.

5. Material changes in estimates

There was no estimation made for the current financial quarter results.

6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and the financial year-to-date.

7. Dividends paid

There was no dividend paid during the quarter.

8. Segmental reporting

Segment information is presented in respect of the Group's business segments.

The Group business segments comprise the following:

- | | |
|-------------------------|---|
| (i) ICT Distribution | Distribution of volume ICT products to resellers, comprising mainly retailers |
| (ii) Enterprise Systems | Distribution of value ICT products to resellers, comprising mainly system integrators and corporate dealers |
| (iii) ICT Services | Provision of ICT services |

Other non-reportable segments comprise management services and investment holding.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

PART A - EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

8. Segmental reporting (continued)

(a) Information about reportable segments

	ICT Distribution RM'000	Enterprise Systems RM'000	ICT Services RM'000	Total RM'000
<u>3 months financial period ended 31 March 2019</u>				
External revenue	256,355	110,065	12,413	378,833
Inter-segment revenue	2,278	290	2,026	4,594
Total revenue	<u>258,633</u>	<u>110,355</u>	<u>14,439</u>	<u>383,427</u>
Reportable segment profit before tax	<u>2,673</u>	<u>2,583</u>	<u>376</u>	<u>5,632</u>
<u>3 months financial period ended 31 March 2018</u>				
External revenue	280,821	102,019	8,955	391,795
Inter-segment revenue	4,228	522	972	5,722
Total revenue	<u>285,049</u>	<u>102,541</u>	<u>9,927</u>	<u>397,517</u>
Reportable segment profit before tax	<u>2,460</u>	<u>2,707</u>	<u>198</u>	<u>5,365</u>

(b) Reconciliation of reportable segment profit and loss:

	Current Year To- date 31/03/2019 RM'000	Preceding Year Corresponding Period 31/03/2018 RM'000
Total profit for reportable segments before tax	5,632	5,365
Other non-reportable segments profit	502	483
Eliminate of inter-segments profit and loss	-	1
Consolidated profit before tax	<u>6,134</u>	<u>5,849</u>

(c) Disaggregation of the Group's revenue

	Current Year-to-date 31/03/2019		Preceding Year-to-date 31/03/2018	
	At a point in time RM'000	Over time RM'000	At a point in time RM'000	Over time RM'000
ICT Distribution				
Desktop PC, notebooks, mobility devices and peripherals	256,355	-	280,821	-
Enterprise Systems				
Server, storage, software and networking products	110,065	-	102,019	-
ICT Services				
Services and maintenance	11,779	634	8,497	458
	<u>378,199</u>	<u>634</u>	<u>391,337</u>	<u>458</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

PART A - EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

8. Segmental reporting (continued)

(d) Segment assets

	As at 31/03/2019 RM'000	As at 31/12/2018 RM'000
ICT Distribution	287,809	328,783
Enterprise Systems	138,953	142,490
ICT Services	4,331	3,432
Total reportable segment assets	<u>431,093</u>	<u>474,705</u>
<u>Reconciliation of reportable segment:</u>		
Total reportable segment assets	431,093	474,705
Other non-reportable segments assets	130,849	127,459
Elimination of inter-segment balances	(119,988)	(123,625)
Consolidated total	<u>441,954</u>	<u>478,539</u>

There were no major changes in segment assets during the period.

(e) Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Office. Hence, no disclosure is made on segment liabilities.

9. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

10. Changes in the composition of the Group

There were no changes in the composition of the Group.

11. Contingent liabilities and contingent assets

(a) Contingent liabilities

	As At 31/03/2019 RM'000	As At 31/12/2018 RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities	<u>144,885</u>	<u>144,935</u>

(b) Contingent assets

There were no contingent assets as at the end of the current financial period.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

PART A - EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING

12. Capital commitments

The capital expenditure contracted but not provided for as at the end of the current financial period amounted to RM573,000.

13. Capital expenditure

The major additions and disposals to plant and equipment during the current quarter and financial year-to-date were as follows:

	Current Year Quarter 31/03/2019 RM'000	Current Year To-date 31/03/2019 RM'000
Addition to plant and equipment	<u>601</u>	<u>601</u>

14. Related party transactions

Related parties are those defined under MFRS 124 *Related Party Disclosures*. The Directors are of the opinion that the related party transactions and balances described below were carried out in the ordinary course of business and had been established on negotiated terms.

	Current Year To- date 31/03/2019 RM'000	Balance Due From/(To) As at 31/03/2019 RM'000
Transactions with a company in which a Director has interests:		
Rental expenses	(494)	-
Administrative and accounting charges	2	1
Transactions with a company in which a Director has common directorship :		
Sales	<u>86</u>	<u>77</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

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

15. Review of performance

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31/03/2019 RM'000	Preceding Year Corresponding Quarter 31/03/2018 RM'000	Changes %	Current Year To-date 31/03/2019 RM'000	Preceding Year Corresponding Period 31/03/2018 RM'000	Changes %
Revenue	378,833	391,795	(3.3)	378,833	391,795	(3.3)
Gross profit	18,272	19,966	(8.5)	18,272	19,966	(8.5)
<i>GP margin %</i>	<i>4.8%</i>	<i>5.1%</i>		<i>4.8%</i>	<i>5.1%</i>	
Profit before tax	6,134	5,849	4.9	6,134	5,849	4.9
Profit for the period	4,245	4,381	(3.1)	4,245	4,381	(3.1)

Q1 2019 compared with Q1 2018

For Q1 2019, the revenue decreased by 3.3% to RM378.8 million from RM391.8 million last year due to slow down in ICT spending. The gross profit (GP) reduced by 8.5% to RM18.3 million from RM20.0 million last year mainly due to lower sales and higher inventories written down at RM1.2 million compared with RM163,000 last year.

However, with lower operating expenses mainly from lower impairment loss on trade receivables by RM458,000 and sales related expenses, the profit before tax (PBT) increased by 4.9% to RM6.1 million from RM5.8 million last year. Profit after tax (PAT) decreased by RM136,000 after accounted for certain expenses which were not deductible for tax purposes.

Quarterly Segmental Result

The performance of the three business segments for Q1 FY2019 compared with Q1 FY2018 were as follows:

a) ICT Distribution

ICT spending continued to be weighed down by slow market conditions. Revenue decreased by 8.7% with lower sales from notebook, PC and mobility products. However with lower sales related expenses and fair value exchange gain, the PBT increased by 8.7% to RM2.7 million from RM2.5 million last year.

b) Enterprise Systems

Revenue increased by 7.9% with higher sales mainly from servers, networking and storage. However with lower GP margin due to product mix, the PBT decreased by 4.6% to RM2.6 million compared with RM2.7 million last year.

c) ICT Services

Revenue increased by RM3.5 million and PBT increased to RM376,000 compared with RM198,000 last year mainly due to higher sales from the Enterprise Systems segment.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

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

16. Financial review of current quarter compared with immediate preceding quarter

	Current Quarter 31/03/2019 RM'000	Immediate Preceding Quarter 31/12/2018 RM'000	Changes %
Revenue	378,833	446,104	(15.1)
Gross Profit	18,272	24,526	(25.5)
<i>GP margin %</i>	4.8%	5.5%	
Profit before tax	6,134	10,999	(44.2)
Profit for the period	4,245	8,283	(48.8)

Revenue of ICT Distribution segment and Enterprise Systems decreased by 13.6% and 20.2% respectively; while revenue for ICT services increased by RM935,000. Total revenue decreased by 15.1% to RM378.8 million from RM446.1 million for the preceding quarter. The first quarter normally has lower sales compared with final quarter which has higher ICT spending.

17. Results from operating activities are arrived at after (charging)/crediting:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2019 RM'000	Preceding Year Corresponding Quarter 31/03/2018 RM'000	Current Year To-date 31/03/2019 RM'000	Preceding Year Corresponding Period 31/03/2018 RM'000
Depreciation	(808)	(324)	(808)	(324)
Reversal of/(Impairment loss) on trade receivables	150	(308)	150	(308)
Inventories written down	(1,238)	(163)	(1,238)	(163)
Other Income/(Expenses):				
Bad debts recovered	-	6	-	6
Foreign exchange gain - Realised	589	18	589	18
Foreign exchange loss - Unrealised	(139)	(1,171)	(139)	(1,171)
Fair value gain on financial instruments	485	786	485	786
Gain on fixed assets disposal	109	45	109	45
Others	3	3	3	3
	1,047	(313)	1,047	(313)

The Group is exposed to foreign currency risk on purchases that are mainly denominated in US Dollar ("USD"). However, the Group hedges most of these exposures by purchasing forward currency contracts in USD for payments on due dates.

There was no gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets and exceptional items.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

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

18. Commentaries and disclosure of other information

(a) Right-of-use assets / Lease liabilities

In compliance with MFRS 16 *Leases*, the Group has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments with exemptions for short-term leases and leases of low-value items.

(b) Other major changes in financial position and cash flow

There were no major changes in the financial position and cash flow compared with financial year ended 31 December 2018 except with the inclusion of repayment of lease liabilities in the cash flow statement arising from Note 18(a).

(c) Trade receivables

Trade receivables have a credit term ranging from 14 to 60 days. Aging analysis of trade receivables as at 31 March 2019 were as follows:

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current not past due	125,682	-	125,682
Past due 1 - 30 days	65,764	-	65,764
Past due 31 - 60 days	20,160	-	20,160
Past due 61 - 90 days	9,450	-	9,450
	<hr/> 221,056	-	<hr/> 221,056
Past due more than 90 days	1,765	(464)	1,301
Individual impaired	57	(57)	-
	<hr/> 222,878	<hr/> (521)	<hr/> 222,357

Impairment is not carried out on the past due trade receivables less than 90 days based on the historical collection trends as these balances are believed to be recoverable. Impairment on the trade receivables above 90 days is assessed based on the likelihood of default.

19. Prospects

The economic outlook remains challenging for Malaysia. The consumer sentiment slides further as the anxiety over the cost of living and rising prices continue to impact the consumer spending on ICT products.

Since the end of March, the Malaysian Ringgit has weakened against the US Dollar and we expect the demand of ICT products from consumers in Q2 2019 to remain sluggish due to higher prices.

The demand for the enterprise ICT products in the private sector continues to be stable for this year. However, with the anticipated increase in public sector ICT projects, we expect better demand for our enterprise systems in the second half of 2019.

We have recently added on distributorships of new brands of smartphone and e-Sports notebook to increase the revenue of our consumer segment. On the Enterprise Systems and ICT Services segments, we continue to focus our investment into cloud datacenter, hyperconverged infrastructure and cybersecurity products to expand our enterprise business.

We are optimistic on the outlook for the remaining 9 months of FY2019.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019

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

20. Profit forecast or profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

21. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current Year 31/03/2019 RM'000	Preceding Year Corresponding Quarter 31/03/2018 RM'000	Current Year To-date 31/03/2019 RM'000	Preceding Year Corresponding Period 31/03/2018 RM'000
Current income tax:				
Current year	1,947	1,724	1,947	1,724
(Over)/Under provision prior year	-	-	-	-
	<u>1,947</u>	<u>1,724</u>	<u>1,947</u>	<u>1,724</u>
Deferred tax	(58)	(256)	(58)	(256)
	<u>1,889</u>	<u>1,468</u>	<u>1,889</u>	<u>1,468</u>
Effective tax rate	30.8%	25.1%	30.8%	25.1%

The effective tax rate for current quarter was higher than the Malaysian tax rate of 24% due to certain expenses which were not deductible for tax purposes.

22. Corporate proposals

On 21 November 2018, the Company entered into a Term Sheet with I.S.A. Technologies Sdn Bhd ("**ISAT**") and Mr. Lim Fun Jin, Ms Alice Yuen Mei Foong, Mr. Yong Keong Tuck and Mr. Tan Wai Ho (collectively known as "**Vendors**") in respect of the Proposed Investment in ISAT and its wholly-owned subsidiary company, I.S.A. Innovation Sdn Bhd (ISAI) for the following transactions (the "**Proposed Investment**"):

- (i) To acquire 150,000 ordinary shares in ISAT, representing 30% of the total issued share capital of ISAT from the vendors (the "**Proposed Acquisition**"); and
- (ii) To subscribe of such number of ordinary shares resulting in the Company owning 40% of the enlarged issued share capital in ISAT subsequent to this subscription and the completion of the Proposed Acquisition (the "**Proposed Subscription**").

On 18 April 2019, the Company signed the Share Sale Agreement with the Vendors for the Proposed Acquisition with total purchase consideration of RM14,573,000. The consideration for the Proposed Subscription shall be determined in due course.

As at 14 May 2019 under item (i), the Proposed Acquisition of 30% of the total share capital in ISAT has been completed. For item (ii) on the Proposed Subscription, it is estimated to be completed by 17 July 2019.

23. Borrowings and debt securities

There were no borrowings as at the end of the current financial period.

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

24. Changes in material litigation

There was no material litigation as at the end of the current financial period.

25. Dividend

No dividend was recommended in the current quarter under review.

26. Earnings per share

The basic and diluted earnings per share ("EPS") for the current quarter and current year-to-date were computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2019	Preceding Year Corresponding Quarter 31/03/2018	Current Year To-date 31/03/2019	Preceding Year Corresponding Period 31/03/2018
Profit attributable to equity holders of the Company (RM'000)	4,245	4,381	4,245	4,381
Weighted average number of ordinary shares in issue ('000)	180,000	180,000	180,000	180,000
Basic earnings per share (sen)	2.4	2.4	2.4	2.4
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

Diluted EPS is not applicable as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.

27. Auditor's report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2018.

By order of the Board

Chua Siew Chuan
Cheng Chia Ping
 Company Secretaries

16 May 2019
 Selangor