

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**

*(The figures have not been audited)*

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Revenue	5,566	5,526	22,939	22,918
Cost of sales	(2,410)	(1,849)	(8,561)	(7,871)
<b>Gross profit</b>	<u>3,156</u>	<u>3,677</u>	<u>14,378</u>	<u>15,047</u>
Other income	293	203	3,703	650
Other expenses	-	-	(1,564)	-
Other operating expenses	(504)	(578)	(1,829)	(1,622)
Marketing expenses	(8)	(9)	(26)	(24)
Administrative expenses	(1,480)	(1,624)	(6,792)	(5,939)
Finance costs	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit before tax</b>	1,457	1,669	7,870	8,112
Tax expense	(306)	(319)	(1,250)	(1,789)
<b>Profit for the period</b>	<u>1,151</u>	<u>1,350</u>	<u>6,620</u>	<u>6,323</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>1,151</u></u>	<u><u>1,350</u></u>	<u><u>6,620</u></u>	<u><u>6,323</u></u>
<b>Profit for the period attributable to:</b>				
Owners of the parent	<u>1,151</u>	<u>1,350</u>	<u>6,620</u>	<u>6,323</u>
<b>Earnings per share</b>				
- Basic (sen)	<u>0.28</u>	<u>0.33</u>	<u>1.60</u>	<u>1.53</u>
- Diluted (sen)	<u>0.19</u>	<u>0.22</u>	<u>1.07</u>	<u>1.02</u>

*(The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)*

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*(The figures have not been audited)*

	Note	(Unaudited) 31.12.2018 RM'000	(Audited) 31.12.2017 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		11,132	3,393
Development costs		11,090	10,431
<b>Total non-current assets</b>		22,222	13,824
<b>Current assets</b>			
Inventories		45	26
Trade and other receivables	B8	6,634	5,673
Cash and cash equivalents	B7	29,813	21,542
Current tax recoverable	B5	69	-
<b>Total current assets</b>		36,561	27,241
<b>Assets held for sale</b>		-	13,381
<b>TOTAL ASSETS</b>		<b>58,783</b>	<b>54,446</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		20,998	20,743
Reserves		26,232	25,829
		47,230	46,572
Non-controlling interests		-	-
<b>TOTAL EQUITY</b>		<b>47,230</b>	<b>46,572</b>

*(The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)*

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

*(The figures have not been audited)*

	Note	(Unaudited) 31.12.2018 RM'000	(Audited) 31.12.2017 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>(continued)</b>			
<b>Non-current liabilities</b>			
Borrowings	B9	-	3,259
Deferred tax liabilities		37	37
<b>Total non-current liabilities</b>		37	3,296
<b>Current liabilities</b>			
Trade and other payables		11,516	3,347
Borrowings	B9	-	981
Current tax liabilities		-	250
<b>Total current liabilities</b>		11,516	4,578
<b>TOTAL LIABILITIES</b>		<u>11,553</u>	<u>7,874</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>58,783</b></u>	<u><b>54,446</b></u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		0.11	0.11

*(The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)*

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*(The figures have not been audited)*

	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total Attributable to the Owners of the Parent RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
<u>12 Months Period Ended</u>						
<u>31 December 2018</u>						
At 1 January 2018	20,744	-	25,828	46,572	-	<b>46,572</b>
Total comprehensive income for the period	-	-	6,620	6,620	-	<b>6,620</b>
Issuance of ordinary shares pursuant to exercise of warrants	255	-	-	255	-	<b>255</b>
Dividend paid	-	-	(6,217)	(6,217)	-	<b>(6,217)</b>
At 31 December 2018	<u>20,999</u>	<u>-</u>	<u>26,231</u>	<u>47,230</u>	<u>-</u>	<u><b>47,230</b></u>
<u>12 Months Period Ended</u>						
<u>31 December 2017</u>						
At 1 January 2017	20,687	57	24,758	45,502	(81)	<b>45,421</b>
Transition to no-par regime on 31 January 2017	57	(57)	-	-	-	-
Total comprehensive income for the period	-	-	6,323	6,323	-	<b>6,323</b>
NCI reclassification as result acquisition of Insage	-	-	(81)	(81)	81	-
Dividend paid	-	-	(5,172)	(5,172)	-	<b>(5,172)</b>
At 31 December 2017	<u>20,744</u>	<u>-</u>	<u>25,828</u>	<u>46,572</u>	<u>-</u>	<u><b>46,572</b></u>

*(The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)*

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
*(The figures have not been audited)*

	Note	12 Months Period Ended	
		31.12.2018 RM'000	31.12.2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		7,870	8,112
Adjustments for:			
Impairment loss on trade receivables		149	12
Amortisation of development costs		2,103	2,061
Depreciation of property, plant and equipment		993	968
Gain on disposal of property, plant and equipment		(2,472)	31
Written off of property, plant and equipment		163	-
Unrealised loss/(gain) on foreign exchange		(4)	89
Interest income from deposits with licensed banks		(704)	(562)
Operating profit before working capital changes		8,098	10,711
Changes in working capital:			
(Increase) in inventories		(19)	-
(Increase) in trade and other receivables		(1,084)	(1,663)
Increase in trade and other payables		8,141	993
(Increase) in development cost		(2,763)	(2,660)
Cash generated from operations		12,373	7,381
Tax paid		(1,568)	(1,627)
<b>Net cash from operating activities</b>		<b>10,805</b>	<b>5,754</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		704	562
Purchase of property, plant and equipment		(8,753)	(1,870)
Proceeds from disposal of property, plant and equipment		15,712	4
<b>Net cash used in investing activities</b>		<b>7,663</b>	<b>(1,304)</b>

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 31 December 2018**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

*(The figures have not been audited)*

	Note	12 Months Period Ended	
		31.12.2018 RM'000	31.12.2017 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of			
- Term loan		(4,240)	(981)
Proceed from issuance of new shares		255	-
Dividend paid		(6,217)	(5,171)
<b>Net cash used in financing activities</b>		<b>(10,202)</b>	<b>(6,153)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>8,266</b>	<b>(1,703)</b>
<b>Effects of exchange rate changes</b>		<b>5</b>	<b>(84)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>21,542</b>	<b>23,329</b>
<b>Cash and cash equivalents at 31 December</b>	B7	<b>29,813</b>	<b>21,542</b>

*(The unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)*

## A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”)

### A1. Basis of Preparation

The unaudited interim financial statements, for the period ended 31 December 2018, have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 December 2017. The explanatory notes attached to the interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

Since the previous annual audited financial statements as at 31 December 2017 were issued, the Group has adopted the Malaysia Financial Reporting Standards (“MFRS”) framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converged Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board.

At the date of issuance of this unaudited interim financial statements, the MFRSs, amendments to MFRSs and IC Interpretation have been issued by MASB but not yet effective are as listed below:

The Group has not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group on or after 1 January 2018:

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>	1 January 2018
Annual Improvements to MFRSs 2014 - 2016 Cycle:		
•	Amendments to MFRS 1	1 January 2018
•	Amendments to MFRS 128	1 January 2018

		Effective dates for financial periods beginning on or after
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
MFRS 16	Leases	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
•	Amendments to MFRS 3	1 January 2019
•	Amendments to MFRS 11	1 January 2019
•	Amendments to MFRS 112	1 January 2019
•	Amendments to MFRS 123	1 January 2019
	Amendments to References to the Conceptual Framework in MFRS Standards	
•	Amendments to MFRS 2 <i>Share-Based Payment</i>	1 January 2020
•	Amendment to MFRS 3 <i>Business Combination</i>	1 January 2020
•	Amendments to MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
•	Amendment to MFRS 14 <i>Regulatory Deferral Account</i>	1 January 2020
•	Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2020
•	Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
•	Amendments to MFRS 134 <i>Interim Financial Reporting</i>	1 January 2020
	Amendments to References to the Conceptual Framework in MFRS Standards (Cont'd)	
•	Amendment to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
•	Amendment to MFRS 138 <i>Intangible Assets</i>	1 January 2020
•	Amendment to IC Interpretation 12 <i>Service Concession Arrangements</i>	1 January 2020
•	Amendment to IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020
•	Amendment to IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2020
•	Amendment to IC Interpretation 22 <i>Foreign Currency Transactions and Advances Consideration</i>	1 January 2020
•	Amendments to IC Interpretation 132 <i>Intangible Assets – Website Costs</i>	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to	Sale or Contribution of Assets	Deferred until further

Effective dates for  
 financial periods  
 beginning on or after

MFRS 10 and MFRS 128 between an Investor and its Associate or Joint Venture notice

The Group and the Company are in the process of assessing the impact of implementing these Amendments and Standards, since the effect would only be observable for the future financial years.

**A2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2017 was not qualified.

**A3. Seasonality or Cyclicity of Interim Operations**

There were no seasonal or cyclical factors affecting the results of the Group for the current financial quarter under review.

**A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

During the current financial quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

**A5. Material Changes in Accounting Estimates**

There was no material changes in estimates of amounts reported in the prior financial year that has a material effect on the current financial quarter under review.

**A6. Issuances, Cancellation, Repurchases, Resale and Repayments of Debts and Equity Securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current financial quarter under review, save as disclosed below

	<b>Ordinary Share Capital</b>
	RM'000
<b>Balance at 1 January 2018</b>	20,743
<b>Add : Warrants converted to ordinary shares</b>	255
<b>Balance at 31 December 2018</b>	20,998

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)**

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**A7. Dividends**

On 27 August 2018, the Board of Directors had declared the first interim single tier dividend of 0.75 sen per ordinary share, amounting to approximately RM3.1 million in respect of financial year ending 31 December 2018. The dividend was paid on 28 September 2018.

On 22 November 2018, the Board of Directors has declared the second interim single tier dividend of 0.75 sen per ordinary share, amounting to approximately RM3.1 million in respect of financial year ending 31 December 2018. The dividend was paid on 20 December 2018.

**A8. Segmental Reporting**

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

- (i) Application Solutions (“AS”)
  - Sales of software applications and product on an outright purchase basis.
- (ii) Application Services Providers (“ASP”)
  - Income from outsourcing service charge which is volume and transaction based.
- (iii) Maintenance Services
  - Provision of maintenance services.

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)**

**A8. Segmental Reporting (continue)**

**(a) Individual quarter**

<b><u>3 Months Period Ended</u></b> <b><u>31 December 2018</u></b>	<b>AS</b> <b>RM'000</b>	<b>ASP</b> <b>RM'000</b>	<b>Maintenance</b> <b>Services</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Revenue</b>				
Total revenue	1,343	3,852	450	5,645
Inter-segment revenue	-	(79)	-	(79)
Revenue from external customers	1,343	3,773	450	5,566
<b>Results</b>				
Segment results	211	907	88	1,206
Finance costs	-	-	-	-
Interest income from deposits with licensed bank				251
Profit before tax				1,457
Income tax expense				(306)
<b>Net profit for the period / Total comprehensive income for the period</b>				<b>1,151</b>

<b><u>3 Months Period Ended</u></b> <b><u>31 December 2017</u></b>	<b>AS</b> <b>RM'000</b>	<b>ASP</b> <b>RM'000</b>	<b>Maintenance</b> <b>Services</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Revenue</b>				
Total revenue	968	4,258	379	5,605
Inter-segment revenue	-	(79)	-	(79)
Revenue from external customers	968	4,179	379	5,526
<b>Results</b>				
Segment results	466	963	109	1,538
Finance costs	-	-	-	-
Interest income from deposits with licensed bank				131
Profit before tax				1,669
Income tax expense				(319)
<b>Net profit for the period / Total comprehensive income for the period</b>				<b>1,350</b>

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)**

**A8. Segmental Reporting (continue)**

**(b) Cumulative quarter**

<u>12 Months Period Ended</u> <u>31 December 2018</u>	<b>AS</b> <b>RM'000</b>	<b>ASP</b> <b>RM'000</b>	<b>Maintenance</b> <b>Services</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Revenue</b>				
Total revenue	5,253	16,213	1,790	23,256
Inter-segment revenue	-	(317)	-	(317)
Revenue from external customers	5,253	15,896	1,790	22,939
<b>Results</b>				
Segment results	2,301	3,962	794	7,057
Finance costs	-	-	-	-
Interest income from deposits with licensed bank				813
Profit before tax				7,870
Income tax expense				(1,250)
<b>Net profit for the period / Total comprehensive income for the period</b>				<b>6,620</b>

<u>12 Months Period Ended</u> <u>31 December 2017</u>	<b>AS</b> <b>RM'000</b>	<b>ASP</b> <b>RM'000</b>	<b>Maintenance</b> <b>Services</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Revenue</b>				
Total revenue	5,136	16,317	1,782	23,235
Inter-segment revenue	-	(317)	-	(317)
Revenue from external customers	5,136	16,000	1,782	22,918
<b>Results</b>				
Segment results	2,383	4,415	753	7,550
Finance costs	-	-	-	-
Interest income from deposits with licensed bank				562
Profit before tax				8,112
Income tax expense				(1,789)
<b>Net profit for the period / Total comprehensive income for the period</b>				<b>6,323</b>

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)**

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**A9. Subsequent Material Event**

There was no material event subsequent to the current financial quarter ended 31 December 2018 up to the date of the announcement of this report which is likely to substantially affect the results of the operations of the Group for the current financial quarter under review.

**A10. Changes in the Composition of the Group**

As at 31 December 2018, there is no changes in the composition of the Group.

**A11. Changes in Contingent Liabilities or Contingent Assets**

There were no material contingent liabilities or contingent assets for the current financial quarter under review.

**A12. Recurrent Related Party Transactions (“RRPT”)**

On 26 December 2017, we have entered into a tenancy agreement with MY E.G. Services Berhad for renting office space located at Level 31, MYEG Tower, Empire City. No. 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya. Detail of transaction as follows :

Term of tenancy : 1 December 2017 to 31 November 2020

Monthly rental : RM31,256.20

**A13. Capital Commitments**

As at 31 December 2018, the Group has no material capital commitment in respect of property, plant and equipment.

**A14. Memorandum of Understanding (MOU)**

On 1 August 2017, The Board of Directors of EForce announced the signing of a MOU with Aquis for software and operations support. The MOU concerns intention to enter into a software delivery, support and operations agreement in the area of designing and building infrastructure and software, and customised training to support operationalization.

As at reporting date, we are still in discussion with Aquis and has not formalise the MOU into a definitive agreement yet.

## B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B)

### B1. Review of Group's Performance

#### *Current Year -to date vs. Previous Year-to date*

	Individual Period (4th quarter)		Changes (Amount/%)	Cumulative Period (4th quarter)		Changes (Amount/%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31/12/18	31/12/17		31/12/18	31/12/17	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,566	5,526	40 / 0.7%	22,939	22,918	21 / 0.9%
Operating Profit	1,164	1,466	(302) / /(20.6%)	5,731	7,462	(1,731) / (23.2%)
Profit Before Interest and Tax	1,206	1,538	(332) / (21.6%)	7,057	7,550	(493) / (6.5%)
Profit Before Tax	1,457	1,669	(212) / (12.7%)	7,870	8,112	(242) / (3%)
Profit After Tax	1,151	1,350	(199) / (14.7%)	6,620	6,323	297 / 5%
Profit/(loss) Attributable to Ordinary Equity Holders of the Parent	1,151	1,350	(199) / (14.7%)	6,620	6,323	297 / 5%

For the 12 months ended 31 December 2018, the Group registered a turnover of RM22.9 million, increase of 0.9% or RM21K compared to the same corresponding period last year. The increase is mainly attributed from higher revenue from Application Solution (AS) segments.

The profit before tax (PBT) for the period under review stood at RM7.9 million, lower by RM242K or 3% as compared to the same correspondence period last year. This is mainly due to recognition of one-off project cost and partly set off by gain on disposal and higher interest income.

The profit after tax (PAT) recorded at RM6.6 million, higher by RM297K or 5% compared to same corresponding period last year. The increase in PAT is due to lower taxation expensed incurred for the period.

## B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B)

### B2. Variation of Results against Preceding Quarter

	Current Quarter 31/12/18	Immediate Preceding Quarter 30/09/18	Changes (Amount / %)
	RM'000	RM'000	RM'000
Revenue	5,566	5,524	42 / 1%
Operating Profit	1,164	658	506 / 76%
Profit Before Interest and Tax	1,206	1,639	(433) / (26%)
Profit Before Tax	1,457	1,923	(466) / (24%)
Profit After Tax	1,151	1,915	(764) / (46%)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,151	1,915	(764) / (46%)

The Group's revenue for current quarter recorded at RM5.6 million, higher by RM42K or 1% compared to immediate preceding quarter. The increase was mainly attributed to higher revenue from Application Solution (AS) segment.

PBT in current quarter stood at RM1.5 million, decrease of 24% or RM466K compared to immediate preceding quarter. This was mainly due to higher vendor cost and lower interest income. PAT recorded at RM1.2 million, decrease of 46% or RM764K as compared to immediate preceding quarter.

### B3. Prospects for 2019

Bank Negara Malaysia (BNM) believes that Malaysia is in a position to weather the coming economic storm, with all the uncertainties and increasing headwinds. Malaysia's current account surplus, sufficiency in total reserves and banks with strong capital and liquidity positions were cited as reasons for optimism. BNM is confident that Malaysian economy will remain on the growth trajectory supported by resilience in private consumption and continuation of infrastructure projects in 2019.

In the capital market, Bursa Malaysia is expecting the initial public offering (IPO) market to improve this year compared to 2018. The Edge Malaysia Weekly reported that more public listed companies are expected to undertake right issues in 2019 as they face uncertainties and difficulties amidst cloudy economic outlook.

The impending introduction of enhanced order types by Bursa Malaysia and the shift to a shorter two-day settlement cycle (T+2) for the trading of securities will add vibrancy to our local bourse. However, the on-going US-China trade war and its negative impact to global economic growth is expected to increase trading volatility in the next 12 months.

We have a positive outlook on the above market developments. We are actively engaged with our customers (stockbrokers and bankers) to ensure our trading systems are enhanced, updated and ready for any uptick in daily share volume and value, new trading features and shorten settlement cycle. Besides Malaysia, we are also looking out for business opportunities in capital markets of other ASEAN countries.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)**

**B4. Variance of Profit Forecast and Shortfall in Profit Guarantee**

The Group has not issued any profit forecast nor profit guarantee for the current financial quarter under review and the financial period to-date.

**B5. Taxation**

The taxation charge for the individual financial quarter and the cumulative financial quarter are as follows:

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.12.18 RM'000	31.12.17 RM'000	31.12.18 RM'000	31.12.17 RM'000
Income tax	306	345	1,250	1,815
Deferred tax	-	(26)	-	(26)
	<u>306</u>	<u>309</u>	<u>1,250</u>	<u>1,789</u>

**B6. Status of Corporate Proposals**

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

**B7. Cash and cash equivalents**

The Group cash and cash equivalents as at 31 December 2018 comprise of:-

	<b>RM'000</b>
Cash in hand	6
Cash at banks	3,657
Short term fund – Investment in fixed income trust funds	26,150
	<u>29,813</u>

**B8. Trade and other receivables**

	<b>RM'000</b>
Trade receivables	5,226
Other receivables	1,408
	<u>6,634</u>

**Analysis of the trade receivables ageing of the Group is as follows:**

	<b>RM'000</b>
0 – 30 days	2,454
31 – 60 days	831
61 – 90 days	170
91 – 120 days	772
121 – 150 days	23
More than 150 days	1,138
	<u>5,388</u>
Expected Credit Loss	(162)
Net trade receivables	<u>5,226</u>

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS  
(APPENDIX 9B) (continued)**

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**B9. Group Borrowings and Debt Securities**

The Group borrowing consist of term loan which is secured by a first party charge over the long term leasehold land and a building of the Group. The term loan is denominated in Ringgit Malaysia ('RM'). Following the disposal of office premise (Plaza 33), the borrowing has been fully paid off on 31 July 2018.

**B10. Off Balance Sheet Financial Instruments**

The Company does not have any off balance sheet financial instruments as at the date of this report.

**B11. Material Litigation**

The Group is not engaged in any material litigation either as plaintiff or defendant and the Board does not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

**B12. Dividends**

On 27 August 2018, the Board of Directors had declared the first interim single tier dividend of 0.75 sen per ordinary share, amounting to approximately RM3.1 million in respect of financial year ending 31 December 2018. The dividend was paid on 28 September 2018.

On 22 November 2018, the Board of Directors has declared the second interim single tier dividend of 0.75 sen per ordinary share, amounting to approximately RM3.1 million in respect of financial year ending 31 December 2018. The dividend was paid on 20 December 2018.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)**

**B13. Earnings per Share ("EPS")**

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.12.18	31.12.17	31.12.18	31.12.17
<b><u>(a) Basic EPS</u></b>				
Net profit attributable to the equity holders of the Company (RM'000)	1,151	1,350	6,620	6,323
Weighted average number of ordinary shares in issue ('000)	414,482	413,732	414,482	413,732
Basic EPS (sen)	<u>0.28</u>	<u>0.33</u>	<u>1.60</u>	<u>1.53</u>

The calculation of the basic EPS is based on the net profit attributable to equity holders of the parent for the current financial quarter ended 31 December 2018, divided by the weighted average number of ordinary shares outstanding during the financial year.

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.12.18	31.12.17	31.12.18	31.12.17
<b><u>(b) Diluted EPS</u></b>				
Net profit attributable to the equity holders of the Company (RM'000)	1,151	1,350	6,620	6,323
Weighted average number of ordinary shares in issue ('000)	414,482	413,732	414,482	413,732
Adjusted for :				
Assumed full conversion of Warrants	205,822	206,572	205,822	206,572
	<u>620,304</u>	<u>620,304</u>	<u>620,304</u>	<u>620,304</u>
Diluted EPS (sen)	<u>0.19</u>	<u>0.22</u>	<u>1.07</u>	<u>1.02</u>

The calculation of the diluted EPS is based on the net profit attributable to equity holders of the parent for the current financial quarter ended 31 December 2018, divided by the weighted average number of ordinary shares outstanding during the financial year.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B) (continued)**

**B14. Profit for the Period**

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	31.12.18 RM'000	31.12.17 RM'000	31.12.18 RM'000	31.12.17 RM'000
<b>Profit for the period is arrived after charging:</b>				
Amortisation of development costs	526	505	2,104	2,061
Depreciation of property, plant and equipment	178	254	1,073	968
Finance costs	-	-	-	-
Loss on foreign exchange	2	(29)	13	-
	<u>2</u>	<u>(29)</u>	<u>13</u>	<u>-</u>
<b>and after crediting:</b>				
Gain on disposal of property, plant and equipment	33	-	2,485	-
Gain on foreign exchange	(1)	45	5	45
Interest income from deposits with licensed bank	251	131	813	562
Rental income	-	-	386	35
	<u>-</u>	<u>-</u>	<u>386</u>	<u>35</u>

Notes:

\* Denotes amount less than RM1,000