

Quarterly rpt on consolidated results for the financial period ended 30 Jun 2018

DIVERSIFIED GATEWAY SOLUTIONS BERHAD

Financial Year End 31 Mar 2019
 Quarter 1 Qtr
 Quarterly report for the financial period ended 30 Jun 2018
 The figures have not been audited

Attachments

[DGSB - Quarterly Announcement 1Q 2019 \(Final\).pdf](#)
 358.1 kB

Default Currency	Other Currency
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Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2018

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	17,311	15,023	17,311	15,023
2	Profit/(loss) before tax	340	-393	340	-393
3	Profit/(loss) for the period	201	-173	201	-173
4	Profit/(loss) attributable to ordinary equity holders of the parent	201	-173	201	-173
5	Basic earnings/(loss) per share (Subunit)	0.01	-0.01	0.01	-0.01
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)	0.0312		0.0312	

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.
Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name DIVERSIFIED GATEWAY SOLUTIONS BERHAD

Stock Name DGSB

Date Announced 23 Aug 2018

Category Financial Results

Reference Number FRA-23082018-00054



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	INDIVIDUAL QUARTER THREE MONTHS ENDED		CUMULATIVE PERIOD THREE MONTHS ENDED	
	30-Jun-18 RM'000 Unaudited	30-Jun-17 RM'000 Unaudited	30-Jun-18 RM'000 Unaudited	30-Jun-17 RM'000 Unaudited
Revenue	17,311	15,023	17,311	15,023
Cost of sales	<u>(5,223)</u>	<u>(4,525)</u>	<u>(5,223)</u>	<u>(4,525)</u>
Gross profit	12,088	10,498	12,088	10,498
Other operating income	504	371	504	371
Other operating expenses	(12,196)	(11,216)	(12,196)	(11,216)
Finance costs	(56)	(46)	(56)	(46)
Profit / (Loss) before tax	<u>340</u>	<u>(393)</u>	<u>340</u>	<u>(393)</u>
Tax expense	(139)	220	(139)	220
Profit / (Loss) for the financial quarter / period	<u>201</u>	<u>(173)</u>	<u>201</u>	<u>(173)</u>
Other comprehensive loss , net of tax - Item that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations, net of tax	(271)	(50)	(271)	(50)
Other comprehensive loss for the financial quarter / period, net of tax	<u>(271)</u>	<u>(50)</u>	<u>(271)</u>	<u>(50)</u>
Total comprehensive loss for the financial quarter / period	<u>(70)</u>	<u>(223)</u>	<u>(70)</u>	<u>(223)</u>
Profit / (Loss) attributable to:-				
Owners of the parent	201	(173)	201	(173)
Non-controlling interest	-	-	-	-
Profit / (Loss) for the financial quarter / period	<u>201</u>	<u>(173)</u>	<u>201</u>	<u>(173)</u>
Total comprehensive loss attributable to:-				
Owners of the parent	(70)	(223)	(70)	(223)
Non-controlling interest	-	-	-	-
Total comprehensive loss for the financial quarter / period	<u>(70)</u>	<u>(223)</u>	<u>(70)</u>	<u>(223)</u>
EPS / (LPS) attributable to Owners of the parent (sen) - Basic and diluted	<u>0.01</u>	<u>(0.01)</u>	<u>0.01</u>	<u>(0.01)</u>

(The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 31 March 2018.)



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2018**

	As at 30-Jun-18 RM'000 Unaudited	As at 31-Mar-18 RM'000 Audited
Non-Current Assets		
Property, plant and equipment	3,596	3,771
Goodwill	5,738	5,738
Deferred tax assets	3,807	3,872
Trade receivables	10,283	11,522
	<u>23,424</u>	<u>24,903</u>
Current Assets		
Inventories	2,171	2,617
Trade receivables	12,875	17,460
Other receivables, deposits and prepayments	17,133	17,395
Amounts owing by related companies	3,734	1,804
Current tax assets	6,025	5,619
Cash and bank balances	16,480	18,421
	<u>58,418</u>	<u>63,316</u>
TOTAL ASSETS	<u><u>81,842</u></u>	<u><u>88,219</u></u>
Equity attributable to owners of the parent		
Share capital	150,834	150,834
Reverse acquisition reserve	(131,013)	(131,013)
Exchange translation reserve	(769)	(498)
Retained earnings	23,229	23,028
	<u>42,281</u>	<u>42,351</u>
Non-controlling interest	87	87
TOTAL EQUITY	<u><u>42,368</u></u>	<u><u>42,438</u></u>
Non-Current Liabilities		
Borrowings	17	20
Provision for post-employment benefits	4,354	4,164
Deferred tax liabilities	91	146
	<u>4,462</u>	<u>4,330</u>
Current Liabilities		
Trade payables	6,047	10,996
Other payables, deposits and accruals	15,061	18,431
Amounts owing to related companies	11,380	11,117
Borrowings	2,524	907
	<u>35,012</u>	<u>41,451</u>
TOTAL LIABILITIES	<u><u>39,474</u></u>	<u><u>45,781</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>81,842</u></u>	<u><u>88,219</u></u>
Net assets per share (sen)	<u><u>3.12</u></u>	<u><u>3.12</u></u>

(The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 31 March 2018.)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	<----- Attributable to owners of the Parent ----->						Non-controlling interest RM'000	Total equity RM'000
	<----- Non-distributable ----->			<-Distributable ->				
Unaudited <u>Three Months Financial Year Ended 30 June 2018</u>	Share capital RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000			
Balance as at 1 April 2018	150,834	(131,013)	(498)	23,028	42,351	87	42,438	
Profit for the financial period	-	-	-	201	201	-	201	
Foreign currency translation differences for foreign operations, net of tax	-	-	(271)	-	(271)	-	(271)	
Total comprehensive (loss) / income for the financial period	-	-	(271)	201	(70)	-	(70)	
Balance as at 30 June 2018	<u>150,834</u>	<u>(131,013)</u>	<u>(769)</u>	<u>23,229</u>	<u>42,281</u>	<u>87</u>	<u>42,368</u>	

	<----- Attributable to owners of the Parent ----->						Non-controlling interest RM'000	Total equity RM'000
	<----- Non-distributable ----->			<-Distributable ->				
Unaudited <u>Twelve Months Financial Year Ended 30 June 2017</u>	Share capital RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total RM'000			
Balance as at 1 April 2017	150,834	(131,013)	(622)	25,277	44,476	89	44,565	
Loss for the financial period	-	-	-	(173)	(173)	-	(173)	
Foreign currency translation differences for foreign operations, net of tax	-	-	(50)	-	(50)	-	(50)	
Total comprehensive loss for the financial period	-	-	(50)	(173)	(223)	-	(223)	
Balance as at 30 June 2017	<u>150,834</u>	<u>(131,013)</u>	<u>(672)</u>	<u>25,104</u>	<u>44,253</u>	<u>89</u>	<u>44,342</u>	

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 31 March 2018.)



**CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	THREE MONTHS ENDED	
	30-Jun-18	30-Jun-17
	RM'000	RM'000
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	340	(393)
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	382	420
Fair value adjustments on non-current trade receivables	(260)	-
Impairment losses on trade receivables	144	-
Interest income	(47)	(95)
Interest expense	33	16
Net movement for post-employment benefits	190	179
Reversal of impairment losses on trade receivables	(3)	(774)
Net unrealised gain on foreign exchange	(27)	-
Net unrealised loss on foreign exchange	14	51
Operating profit / (loss) before working capital changes	<u>766</u>	<u>(596)</u>
Net changes in assets	4,871	8,257
Net changes in liabilities	(6,183)	(9,781)
Cash used in operations	<u>(546)</u>	<u>(2,120)</u>
Tax paid	(608)	(459)
Tax refunded	-	38
Net cash used in operating activities	<u>(1,154)</u>	<u>(2,541)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net advance / (repayment) from related companies	69	(77)
Purchase of property, plant and equipment	(258)	(400)
Proceed from disposal of property, plant & equipment	-	1
Net withdrawal of fixed deposits pledged to bank	53	(47)
Interest received	47	95
Net cash used in investing activities	<u>(89)</u>	<u>(428)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(56)	(75)
Interest paid	(33)	(16)
Net cash used in financing activities	<u>(89)</u>	<u>(91)</u>
Net change in cash and cash equivalents	(1,332)	(3,060)
Cash and cash equivalents at beginning of financial period	3,474	3,474
Effect of foreign exchange on opening balance	226	60
Cash and cash equivalents at end of financial period	<u><u>2,368</u></u>	<u><u>474</u></u>

(The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these consolidated interim financial information and the audited financial statements for the financial year ended 31 March 2018.)

PART A:
Notes to the Consolidated Interim Financial Information

1 Basis of preparation

The consolidated interim financial information has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting* and International Accounting Standard 34 *Interim Financial Reporting*.

The consolidated interim financial information should be read in conjunction with the audited financial statements for the financial year ended 31 March 2018. The explanatory notes attached to this consolidated interim financial information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2018.

2 Significant Accounting Policies

The Group has applied the same accounting policies and method of computation in the consolidated interim financial information as in the 31 March 2018 annual financial statements except for those that relate to new standards and amendments effective for the first time for the periods beginning on or after 1 January 2017, and will be adopted in the 2018 financial statements. None of the new standards and amendments that are effective for the first time for periods beginning on or after 1 January 2017 however have a material effect on the Group.

(a) New MFRSs adopted during the current financial year

The Group adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the current financial period:

Title	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2017

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014-2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014-2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

PART A:

Notes to the Consolidated Interim Financial Information

3 Qualification of independent auditors' report on preceding annual audited financial statements

The auditors' report on the financial statements for the financial year ended 31 March 2018 was an unqualified opinion.

4 Seasonal and cyclical factors

The business of the Group was not affected by any seasonal and cyclical factors.

5 Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows during the quarter under review.

6 Material changes in estimates

There were no material changes in estimates during the quarter under review.

7 Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

8 Dividends paid

There was no dividends paid during the quarter under review.

9 Segmental information

The Group's reportable segments were identified as follows: -

- Business Performance Services - Provision of business performance improvement related services.
- Trading & Distribution Services - Distribution and reselling of hardware and software and related services.
- Digital & Infrastructure Services - Provision of a comprehensive range of tele/data communication, networking solutions and related services.

The Others segment comprises operations related to investment holding activities and subsidiaries that have ceased operations and remained inactive.

Business Segments	Business Performance Services RM'000	Trading & Distribution Services RM'000	Digital & Infrastructure Services RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
<u>Three Months Financial Period Ended 30 June 2018</u>						
External sales	14,449	-	2,862	-	-	17,311
Inter segment sales	-	-	-	-	-	-
Total sales	<u>14,449</u>	<u>-</u>	<u>2,862</u>	<u>-</u>	<u>-</u>	<u>17,311</u>
Segment results	703	(8)	(169)	(177)	-	349
Finance costs	-	-	(56)	-	-	(56)
Interest Income	16	-	31	-	-	47
Profit / (loss) before tax	<u>719</u>	<u>(8)</u>	<u>(194)</u>	<u>(177)</u>	<u>-</u>	<u>340</u>
Taxation						(139)
Profit for the period						<u>201</u>
Segment assets	<u>39,517</u>	<u>67</u>	<u>59,508</u>	<u>51,001</u>	<u>(68,251)</u>	<u>81,842</u>

PART A:
Notes to the Consolidated Interim Financial Information

9 Segmental information (cont'd.)

Business Segments	Business Performance Services RM'000	Trading & Distribution Services RM'000	Digital & Infrastructure Services RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
Three Months Financial Period Ended 30 June 2017						
External sales	11,941	-	3,069	13	-	15,023
Inter segment sales	-	111	-	-	(111)	-
Total sales	<u>11,941</u>	<u>111</u>	<u>3,069</u>	<u>13</u>	<u>(111)</u>	<u>15,023</u>
Segment results	(316)	(6)	63	(183)	-	(442)
Finance costs	(9)	-	(36)	(1)	-	(46)
Interest Income	48	-	47	-	-	95
Profit / (loss) before tax	<u>(277)</u>	<u>(6)</u>	<u>74</u>	<u>(184)</u>	<u>-</u>	<u>(393)</u>
Taxation						220
Loss for the period						<u>(173)</u>
Segment assets	<u>27,349</u>	<u>114</u>	<u>82,519</u>	<u>118,114</u>	<u>(153,599)</u>	<u>74,497</u>

10 Related Party Disclosures

Significant related party transactions are as follows:-

	INDIVIDUAL QUARTER THREE MONTHS ENDED		CUMULATIVE PERIOD THREE MONTHS ENDED	
	30-Jun-18 RM'000	30-Jun-17 RM'000	30-Jun-18 RM'000	30-Jun-17 RM'000
Sale of goods and services to related companies	1,313	892	1,313	892
Purchase of goods and services from related companies	2	6	2	6
Corporate secretarial services fees paid/ payable to a related company	9	10	9	10
Management fees to ultimate holding company	<u>90</u>	<u>120</u>	<u>90</u>	<u>120</u>

11 Carrying amount of revalued assets

There were no changes to the valuation of property, plant and equipment during the quarter under review.

12 Subsequent events

There were no material events/subsequent to the end of the quarter under review.

13 Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.



PART A:

Notes to the Consolidated Interim Financial Information

14 Changes in contingent liabilities or contingent assets

Corporate and bank guarantee granted for the quarter under review are as follows:-

RM'000

Corporate guarantee given to financial institution for facilities granted to subsidiaries

16,100

15 Capital commitments

No capital commitments for purchase of property, plant & equipment not provided for on the interim financial information.

16 Cash and bank balance

**As at
30-Jun-18
RM'000**

Cash and bank balances

4,688

Fixed deposits with licensed financial institutions

11,792

16,480

Less: Fixed deposits pledged with licensed banks

(11,792)

Less: Bank overdraft

(2,320)

2,368

PART B:
EXPLANTORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

1 Detailed analysis of performance

The detailed breakdown of revenue by operating segments of the Group are as follows: -

	INDIVIDUAL QUARTER THREE MONTHS ENDED			CUMULATIVE PERIOD THREE MONTHS ENDED		
	30-Jun-18	30-Jun-17	Variance	30-Jun-18	30-Jun-17	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	14,449	11,941	21.0	14,449	11,941	21.0
Trading & Distribution Services	-	111	(100.0)	-	111	(100.0)
Digital & Infrastructure Services	2,862	3,069	(6.7)	2,862	3,069	(6.7)
Others	-	13	(100.0)	-	13	(100.0)
	<u>17,311</u>	<u>15,134</u>	14.4	<u>17,311</u>	<u>15,134</u>	14.4
Less : Inter Segment Revenue	-	(111)	100.0	-	(111)	100.0
Total Group Revenue	<u>17,311</u>	<u>15,023</u>	15.2	<u>17,311</u>	<u>15,023</u>	15.2

The Group recorded revenue of RM17.31 million for the quarter ended 30 June 2018, an increase by RM2.29 million (15.2%) against revenue achieved in the previous corresponding quarter. The higher revenue was attributable to the Business Performance Services where the demand for SAP services increase year on year.

The detailed breakdown of profit before tax by business segments of the Group are as follows: -

	INDIVIDUAL QUARTER THREE MONTHS ENDED			CUMULATIVE PERIOD THREE MONTHS ENDED		
	30-Jun-18	30-Jun-17	Variance	30-Jun-18	30-Jun-17	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Business Performance Services	719	(277)	359.6	719	(277)	359.6
Trading & Distribution Services	(8)	(6)	(33.3)	(8)	(6)	(33.3)
Digital & Infrastructure Services	(194)	74	(362.2)	(194)	74	(362.2)
Others	(177)	(184)	3.8	(177)	(184)	3.8
Profit / (Loss) before tax	<u>340</u>	<u>(393)</u>	186.5	<u>340</u>	<u>(393)</u>	186.5

In the current financial quarter under review, the Group recorded a profit before tax of RM340k against a loss of RM393k in the corresponding quarter of the preceding financial period, an increase of RM733k. The increase is mainly attributable to higher revenue in the Business Performance Services segment.

The Digital & Infrastructure Services segment recorded a loss before tax of RM194k for the financial quarter under review compare to a profit of RM74k for the corresponding quarter of the preceding financial period. This was mainly due to decrease in the gross profit margin by 13% against the corresponding quarter of the preceding financial period.

PART B:
EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

2 Variation of results against preceding quarter

	3 months ended 30-Jun-18 RM'000	3 months ended 31-Mar-18 RM'000	Variance %
Revenue	<u>17,311</u>	<u>27,287</u>	(36.6)
Profit / (Loss) before tax	<u>340</u>	<u>(2,609)</u>	113.0

The Group's revenue for the current quarter under review was RM9.98 million lower compared to the immediate preceding quarter due to lower revenue across all the operating segments.

3 Prospects

The Group's two major operating subsidiaries, Diversified Gateway Berhad ("DGB") which mainly operates in the telecommunication infrastructure sector in Malaysia and ISS Consulting (Thailand) Ltd ("ISST") which offers SAP consulting services in Thailand.

DGB's operating environment remains challenging. DGB has embarked on expanding its range of technology integration and maintenance services in the period.

The SAP market in Thailand which ISST operates in, particularly the manufacturing sector remains steady with good demand for SAP software licenses and implementation services. ISST is expected to continue registering growth.

The Board remains cautiously optimistic of the Group's prospects for the coming financial year while continuing to explore new business opportunities for the Group

4 Profit forecast

Not applicable.

5 Tax expense

	INDIVIDUAL QUARTER THREE MONTHS ENDED		CUMULATIVE PERIOD THREE MONTHS ENDED	
	30-Jun-18 RM'000	30-Jun-17 RM'000	30-Jun-18 RM'000	30-Jun-17 RM'000
Current tax expense				
- Malaysian taxation	7	17	7	17
- Foreign taxation	144	(35)	144	(35)
Deferred tax	(12)	(202)	(12)	(202)
	<u>139</u>	<u>(220)</u>	<u>139</u>	<u>(220)</u>

The Group's effective tax rate for the current financial period is disproportionate to the statutory tax rate due to unabsorbed capital allowances and unutilised tax losses carried forward of a subsidiary.

6 Unquoted investments and properties

There were no purchase or disposal of unquoted investments and properties during the financial quarter under review.

PART B:
EXPLANTORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

7 Quoted securities

There were no acquisitions or disposals of quoted securities during the financial quarter under review.

8 Status of corporate proposals

There were no corporate proposals announced or outstanding as at reporting date.

9 Borrowings and debts securities

The Group's bank borrowings as at 30 June 2018 are as follows:

	RM'000
Short term bank borrowings - secured - Denominated in Ringgit Malaysia	17
Long term bank borrowings - secured - Denominated in Ringgit Malaysia	<u>2,524</u>
	<u><u>2,541</u></u>

The Group has not issued any debt securities as at the reporting date.

10 Realised and Unrealised Profits

The retained earnings as at the end of the reporting date can be analysed as follows:

	As at 30.06.2018 RM'000	As at 31.03.2018 RM'000
Total retained earning of the Group: -		
- Realised	(82,508)	(44,131)
- Unrealised	4,567	4,589
	<u>(77,941)</u>	<u>(39,542)</u>
Consolidation adjustments	101,170	62,570
Total retained earnings as per consolidated financial statements	<u><u>23,229</u></u>	<u><u>23,028</u></u>

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants ("MIA Guidance") and directive of Bursa Malaysia Securities Berhad.

11 Changes in material litigation

There was no material litigation against the Group as at reporting date.

12 Dividends

No dividends have been recommended during the quarter ended 30 June 2018.

PART B:
EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

13 Earning per ordinary share

(a) Basic earning per ordinary share

Basic earning per ordinary share for the financial period under review is calculated based on the Group's profit after tax and non-controlling interests divided by the weighted average ("WA") number of ordinary shares in issue during the financial period.

	INDIVIDUAL QUARTER THREE MONTHS ENDED		CUMULATIVE PERIOD THREE MONTHS ENDED	
	30-Jun-18 RM'000	30-Jun-17 RM'000	30-Jun-18 RM'000	30-Jun-17 RM'000
Profit / (loss) after tax attributable to the Owners of the parent	201	(173)	201	(173)
WA number of ordinary shares in issue ('000)	1,355,877	1,355,877	1,355,877	1,355,877
Basic profit per ordinary share (sen)	0.01	(0.01)	0.01	(0.01)

(b) Fully diluted earnings per ordinary share

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share has not been presented.

14 Profit before tax

	INDIVIDUAL QUARTER THREE MONTHS ENDED		CUMULATIVE PERIOD THREE MONTHS ENDED	
	30-Jun-18 RM'000	30-Jun-17 RM'000	30-Jun-18 RM'000	30-Jun-17 RM'000
Profit before tax is arrived at after charging: -				
Depreciation of property, plant and equipment	382	420	382	420
Impairment loss on trade receivables	144	-	144	-
Interest expenses	33	16	33	16
Net movement for post-employment benefits	190	179	190	179
Realised loss on foreign currency transactions	13	-	13	-
Unrealised loss on foreign currency transactions	14	51	14	51
And crediting: -				
Fair value gain on long term trade receivables	260	-	260	-
Reversal of impairment losses on trade receivables	3	774	3	774
Interest income	47	95	47	95
Realised gain on foreign currency transactions	-	8	-	8
Unrealised gain on foreign currency transactions	27	-	27	-