



**CENSOF HOLDINGS BERHAD**  
**Company No: 828269-A**  
**(Incorporated in Malaysia)**

Unaudited Condensed Consolidated Financial Statement for the Financial Year 2018  
Third Quarter Ended 31 December 2017



# CENSO HOLDINGS BERHAD

(Company No. 828269-A)

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE PERIOD	
	3 Months Ended 31/12/2017 RM'000	3 Months Ended 31/12/2016 RM'000	9 Months Ended 31/12/2017 RM'000	9 Months Ended 31/12/2016 RM'000
		(Restated)		(Restated)
Revenue	22,049	14,641	64,387	129,398
Cost of sales	(15,042)	(9,031)	(41,440)	(62,635)
<b>Gross profit</b>	<b>7,007</b>	<b>5,610</b>	<b>22,947</b>	<b>66,763</b>
Other income	1,222	200	3,208	2,438
Administrative expenses	(7,170)	(5,968)	(21,386)	(50,546)
Other expenses	(935)	(214)	(2,850)	(21,485)
Results from operating activities	124	(372)	1,919	(2,830)
Finance costs	(807)	(1,146)	(2,713)	(4,433)
<b>(Loss)/Profit before share of associates result</b>	<b>(683)</b>	<b>(1,518)</b>	<b>(794)</b>	<b>(7,263)</b>
Share of associates result	2,113	3,411	6,771	95,623
<b>Profit before tax and zakat</b>	<b>1,430</b>	<b>1,893</b>	<b>5,977</b>	<b>88,360</b>
Income tax expense	(458)	(579)	(967)	(4,757)
<b>Net Profit for the financial period</b>	<b>972</b>	<b>1,314</b>	<b>5,010</b>	<b>83,603</b>
Other comprehensive income	(491)	(87)	(813)	(87)
<b>Total comprehensive income for the financial period</b>	<b>481</b>	<b>1,227</b>	<b>4,197</b>	<b>83,516</b>
<b>Net profit attributable to:</b>				
Equity holders of the Company	1,366	1,601	4,861	23,421
Non-controlling interests	(394)	(287)	149	60,182
	<b>972</b>	<b>1,314</b>	<b>5,010</b>	<b>83,603</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	937	1,514	4,279	23,334
Non-controlling interests	(456)	(287)	(82)	60,182
	<b>481</b>	<b>1,227</b>	<b>4,197</b>	<b>83,516</b>
<b>Earnings per share attributable to equity holders of the Company:</b>				
Basic (sen)	0.27	0.32	0.97	4.67
Diluted (sen)	0.22	0.26	0.79	3.82

*The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017.*



# CENSOF HOLDINGS BERHAD

(Company No. 828269-A)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	UNAUDITED As At 31/12/2017 RM'000	AUDITED As At 31/03/2017 RM'000 (Restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	1,674	2,415
Intangible assets	22,115	25,245
Goodwill	29,045	29,019
Investments	100	100
Investment in Associate	91,757	94,638
	<u>144,691</u>	<u>151,417</u>
<b>Current assets</b>		
Inventories	43	53
Amount owing by contract customers	12,544	18,717
Trade receivables	26,467	42,864
Other receivables, deposits and prepayments	23,185	9,976
Tax refundable	8	871
Fixed deposits placed with licensed banks	6,480	6,725
Cash and bank balances	5,412	5,410
	<u>74,139</u>	<u>84,616</u>
<b>TOTAL ASSETS</b>	<u>218,830</u>	<u>236,033</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Equity Holders</b>		
Share capital	50,196	50,170
Share premium	50,379	50,379
Merger deficit	(12,300)	(12,300)
Retained profits	56,708	51,847
Foreign exchange translation reserves	1,131	1,944
	<u>146,114</u>	<u>142,040</u>
<b>Non-controlling interests</b>	<u>7,176</u>	<u>10,965</u>
<b>Total equity</b>	<u>153,290</u>	<u>153,005</u>



# CENSOF HOLDINGS BERHAD

(Company No. 828269-A)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (Continued)

	UNAUDITED As At 31/12/2017 RM'000	AUDITED As At 31/03/2017 RM'000
<b>Non-current liabilities</b>		
Long term borrowings	28,284	28,488
Deferred taxation	1,914	2,322
	<u>30,198</u>	<u>30,810</u>
<b>Current liabilities</b>		
Trade payables	4,030	6,039
Other payables and accruals	10,041	7,274
Amount owing to a related party	1,108	1,257
Short term borrowings	9,635	23,519
Deferred income	3,347	4,272
Bank overdrafts	5,209	7,200
Provision for taxation	1,972	2,657
	<u>35,342</u>	<u>52,218</u>
<b>Total liabilities</b>	<u>65,540</u>	<u>83,028</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>218,830</u>	<u>236,033</u>
Net assets per share attributable to ordinary equity holders of the Company (sen)	29.11	28.31

*The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017.*



# CENSOF HOLDINGS BERHAD

(Company No. 828269-A)

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	Attributable to Equity Holders of the Company							
	Non-Distributable			Distributable				
	Share Capital	Share Premium	Merger Deficit	Translation Reserve	Retained Profits	Attributable to Owners of the Company	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>(UNAUDITED)</b>								
<b>At 1 April 2017</b>	50,170	50,379	(12,300)	1,944	51,847	<b>142,040</b>	10,965	<b>153,005</b>
Profit after taxation	-	-	-	-	4,861	<b>4,861</b>	149	<b>5,010</b>
Other comprehensive income for the financial year:								
- Foreign currency translation differences	-	-	-	(813)	-	<b>(813)</b>	-	<b>(813)</b>
Total comprehensive income for the financial year	-	-	-	(813)	4,861	<b>4,048</b>	149	4,197
Contributions by and distributions to owners of the Company:								
Dividend paid by subsidiaries to NCI	-	-	-	-	-	-	(855)	<b>(855)</b>
Loss on accretion	-	-	-	-	-	-	(3,083)	<b>(3,083)</b>
Conversion of Warrant A	26	-	-	-	-	<b>26</b>	-	<b>26</b>
<b>At 31 December 2017</b>	<b>50,196</b>	<b>50,379</b>	<b>(12,300)</b>	<b>1,131</b>	<b>56,708</b>	<b>146,114</b>	<b>7,176</b>	<b>153,290</b>

\* - Pursuant to subsection 618(3) of the Companies Act 2016 ("New Act"), the Company may transfer the share premium account of RM50.38 million to the share capital account and exercise its right to use the amount within 24 months after the commencement of the New Act on 31 January 2017.



# CENSO HOLDINGS BERHAD

(Company No. 828269-A)

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 (Continued)

	Attributable to Equity Holders of the Company							
	Non-Distributable				Distributable			
	Share Capital	Share Premium	Merger Deficit	Translation Reserve	Retained Profits	Attributable to Owners of the Company	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>(AUDITED)</b>								
<b>At 1 April 2016, restated</b>	50,170	50,379	(12,300)	103	41,939	<b>130,291</b>	73,409	<b>203,700</b>
Total comprehensive income	-	-	-	1,841	9,894	<b>11,735</b>	61,272	<b>73,007</b>
Contributions by and distributions to owners of the Company:								
Shares issued by a subsidiary to NCI	-	-	-	-	-	-	132,833	<b>132,833</b>
Change in a ownership interests in a subsidiary	-	-	-	-	14	<b>14</b>	(16)	<b>(2)</b>
Disposal of subsidiary	-	-	-	-	-	-	(249,626)	<b>(249,626)</b>
Dividends:								
- By subsidiaries to NCI	-	-	-	-	-	-	(6,907)	<b>(6,907)</b>
Total Transaction with Owners	-	-	-	-	14	<b>14</b>	(123,716)	<b>(123,702)</b>
<b>At 31 March 2017, restated</b>	<b>50,170</b>	<b>50,379</b>	<b>(12,300)</b>	<b>1,944</b>	<b>51,847</b>	<b>142,040</b>	<b>10,965</b>	<b>153,005</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017.



# CENSOF HOLDINGS BERHAD

(Company No. 828269-A)

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	<b>UNAUDITED</b> <b>9 Months</b> <b>Ended</b> <b>30/12/2017</b> <b>RM'000</b>	<b>UNAUDITED</b> <b>9 Months</b> <b>Ended</b> <b>30/12/2016</b> <b>RM'000</b> <b>(Restated)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,977	88,360
Adjustments for:		
Amortisation of intangible assets	5,882	3,954
Depreciation of plant and equipment	580	4,535
Gain on disposal of investment in associate	(2,776)	-
Interest expense	2,713	4,433
Interest income	(110)	(145)
Loss on derecognition of subsidiary	-	15,963
Share of results from an associate	(6,771)	2,152
Unrealised gain on foreign exchange	-	(39)
Operating profit before working capital changes	5,495	119,213
Changes in working capital:		
Amount owing by contract customers	6,173	(1,193)
Inventories	10	(2)
Trade and other receivables	3,188	68,912
Trade and other payables	758	(36,922)
Deferred income	(925)	(2,565)
Amount owing to related party	(149)	-
Income tax refund/(paid)	(2,059)	-
Interest received	110	145
Finance cost	(2,713)	(4,433)
<b>Net Operating Cash Flows</b>	<b>9,888</b>	<b>143,155</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in an associate	-	(143,096)
Investment in subsidiary	-	(38,318)
Acquisition of a subsidiary	(20)	-
Purchase of treasury share	(3,082)	(90)
Purchase of property, plant and equipment	-	(933)
Intangible assets additions	(2,591)	-
Proceeds from disposal of investment in associates	10,942	-
<b>Net Investing Cash Flows</b>	<b>5,249</b>	<b>(182,437)</b>



# CENSOF HOLDINGS BERHAD

(Company No. 828269-A)

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 (Continued)

	UNAUDITED 9 Months Ended 30/12/2017 RM'000	UNAUDITED 9 Months Ended 30/12/2016 RM'000 (Restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends received from an associates	1,486	-
Drawdown of term loans	15,000	-
Proceeds from disposal of subsidiary shares	-	44,725
Proceeds from issuance of shares:		
- warrant A	26	-
Repayment of hire purchase obligations	(95)	(178)
Repayment of project financing	(7,453)	-
Repayment of term loan	(21,540)	(13,973)
Unpledged fixed deposits as security	217	-
<b>Net Financing Cash Flows</b>	<b>(12,359)</b>	<b>30,574</b>
Net change in cash and cash equivalents	2,778	(8,708)
Effect of foreign exchange translation	(813)	-
Cash and cash equivalents at the beginning of the financial year	(119)	10,464
Cash and cash equivalents at the end of the financial year	<b>1,846</b>	<b>1,756</b>
<b>Analysis of Cash and Cash Equivalents</b>		
Fixed deposits placed with licensed banks	6,480	6,824
Cash and bank balances	5,412	6,447
Bank overdrafts	(5,209)	(6,304)
	6,683	6,967
Less: Fixed deposits pledged as security	(4,837)	(5,211)
<b>Total</b>	<b>1,846</b>	<b>1,756</b>

*The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017.*





## CENSO HOLDINGS BERHAD

(Company No. 828269-A)

### INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017

#### PART A – EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD ("FRS") 134 INTERIM FINANCIAL REPORTING

##### A1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 134 - Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017. These explanatory notes attached to the interim financial report 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 2017.

##### A2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted by the Group in the quarterly financial statements are consistent with those adopted in the financial statements for financial year ended 31 March 2017. The Group has not applied in advance the following accounting standards and/or interpretations (*including the consequential amendments, if any*) that have been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective for the current financial period:

###### MFRSs and IC Interpretations

MFRS 15	Revenue from Contracts with Customers
MFRS 16	Leases
MFRS 17	Insurance Contracts
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
IC Interpretation 23	Uncertainty over Income Tax Treatments

###### Amendments to MFRSs

MFRS 1	Annual Improvements to MFRSs 2014 – 2016 Cycle
MFRS 2	Classification and Measurement of Share-based Payment Transactions
MFRS 3	Business Combinations
MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 14	Revenue from Contracts with Customers
MFRS 15	Effective Date of MFRS 15
MFRS 15	Clarifications to MFRS 15 "Revenue from Contracts with Customers"
MFRS 112	Income Taxes
MFRS 123	Borrowing Costs
MFRS 128	Annual Improvements to MFRSs 2014 – 2016 Cycle
MFRS 128	Long-term Interests in Associates and Joint Ventures
MFRS 140	Transfers of Investment Property

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

##### A3. AUDIT REPORT

The auditors issued an unqualified audit opinion on the financial statements for the financial year ended 31 March 2017.



# CENSOF HOLDINGS BERHAD

(Company No. 828269-A)

## INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017

### PART A – EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD (“FRS”) 134 INTERIM FINANCIAL REPORTING

#### A4. SEASONAL OR CYCLICAL FACTORS

The operations of the Group were not significantly affected by any seasonal or cyclical factors during the financial period under review.

#### A5. UNUSUAL SIGNIFICANT ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the financial period under review.

#### A6. CHANGES IN ESTIMATES

There were no major changes in estimates that have a material effect for the current quarter ended 31 December 2017.

#### A7. DEBT AND EQUITY SECURITIES

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

#### A8. DIVIDEND PAID

There was no payment of dividend in the current quarter.

#### A9. SEGMENTAL REPORTING

##### 9 months ended 31 December 2017 (Current Financial Period)

Division	Revenue RM'000	Elimination RM'000	Consolidation RM'000	Profit/(Loss) Before Tax RM'000
FMS - G	29,274	-	29,274	(3,745)
PAS	229	-	229	(228)
WMS	2,670	-	2,670	(732)
TS	19,189	-	19,189	5,155
NSW	-	-	-	-
FMS - C	12,929	-	12,929	(13)
OTHERS	3,541	(3,445)	96	(1,231)
ASSOCIATE	-	-	-	6,771
<b>TOTAL</b>	<b>67,832</b>	<b>(3,445)</b>	<b>64,387</b>	<b>5,977</b>

FMS – G : Financial Management Solution – Government  
 PAS : Payment Aggregation Solutions  
 WMS : Wealth Management Solutions  
 TS : Training Solutions  
 NSW : National Single Window  
 FMS – C : Financial Management Solution – Commercial  
 ASSOCIATE : Investment in Associates – Dagang Nexchange Berhad (“DNeX”)



## CENSO HOLDINGS BERHAD

(Company No. 828269-A)

### INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017

#### PART A – EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD ("FRS") 134 INTERIM FINANCIAL REPORTING

#### A9. SEGMENTAL REPORTING (Continued)

9 months ended 31 December 2016 (Previous Financial Period - Restated)

Division	Revenue RM'000	Elimination RM'000	Consolidation RM'000	Profit/(Loss) Before Tax RM'000
FMS - G	20,707	(513)	20,194	201
PAS	758	-	758	(427)
WMS	3,524	-	3,524	814
TS	6,953	-	6,953	1,622
NSW	84,257	-	84,257	101,231
FMS - C	13,712	-	13,712	4,799
OTHERS	4,398	(4,398)	-	(22,137)
ASSOCIATE	-	-	-	2,257
<b>TOTAL</b>	<b>134,309</b>	<b>(4,911)</b>	<b>129,398</b>	<b>88,360</b>

#### A10. SIGNIFICANT SUBSEQUENT EVENT

On 7 February 2018, the Company's wholly-owned subsidiary, Century Software (M) Sdn Bhd accepted a Letter of Award from Lembaga Hasil Dalam Negeri Malaysia ("LHDNM") for a contract named "Kontrak LHDNM IP (ICT) Bil. 03/2018: Naik Taraf Sistem Perakaunan Standard Accounting System for Government Agencies (SAGA) Di LHDNM for a total contract sum of RM6.43 million with the tenure contract period from 1 February 2018 to 31 July 2019.

#### A11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter ended 31 December 2017 other than the following developments:-

On 17 October 2017, the Company disposed of 12,195,122 ordinary shares of DNeX at price of RM 0.41 per DNeX share via DBT. The sales proceed was used to settle principal and interest for a loan facility amounting to RM5 million. Consequently, the Company's equity interest in DNeX was further reduced from 16.98% to 16.25%.

#### A12. CHANGES IN CONTINGENT LIABILITIES

As at 31 December 2017, the Group's contingent liabilities are as follows:-

- Bank Guarantee**  
The Company has pledged a fixed deposit of RM3.98 million for a bank guarantee facility extended to a subsidiary company.
- Corporate Guarantee**  
Corporate guarantees totaling RM17.0 million were issued to licensed banks for credit facilities granted to a subsidiary company.



## CENSOF HOLDINGS BERHAD

(Company No. 828269-A)

### INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017

#### PART A – EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD ("FRS") 134 INTERIM FINANCIAL REPORTING

#### A12. CHANGES IN CONTINGENT LIABILITIES (Continued)

(c) Liquidated Ascertained Damages ("LAD")

There is a potential contingent liability arising from the delay in a contract undertaken by a subsidiary company.

However, the Directors are confident that the potential LAD claims are unlikely to crystallise as the project is anticipated to be completed based on the extended timeline agreed with the customer.

(d) Term Loans

Kenanga Investment Bank Berhad loan outstanding is RM37.26 million, secured by way of 280,056,609 DNex shares.

#### A13. CAPITAL COMMITMENTS

The Group does not have any material commitment for capital expenditure for the current quarter ended 31 December 2017.

#### A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identifies of related parties:

The Company has related party relationship with:

- (i) an entity controlled by certain key management personnel; and
- (ii) the directors and certain members of senior management of the Company who are the key management personnel

(b) The Group carried out the following significant transaction with its related parties during the financial period under review:-

	3 Months Ended 31/12/2017 RM'000	9 Months Ended 31/12/2017 RM'000
<b>Related Parties</b>		
Office rental *	196	504
<b>Key Management Personnel</b>		
Fees	31	304
Non-fee emoluments	270	809

The transaction was contracted in the normal course of business and concluded under negotiated terms.

\* -Inventrix Sdn Bhd – is a company controlled by common Directors namely, Datuk Samsul Bin Husin, Tamil Selvan A/L M. Durairaj, Ameer Bin Shaik Mydin and Ang Hsin Hsien.



**CENSOFF HOLDINGS BERHAD**  
(Company No. 828269-A)

**INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017**

**PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN  
MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. OPERATING SEGMENTS REVIEW**

**REVIEW OF PERFORMANCE AGAINST PREVIOUS YEAR CORRESPONDING PERIOD**

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	3 Months Ended 31/12/2017 RM'000	3 Months Ended 31/12/2016 RM'000	Changes		9 Months Ended 31/12/2017 RM'000	9 Months Ended 31/12/2016 RM'000	Changes	
			RM'000	%			RM'000	%
Revenue	22,049	(Restated) 14,641	7,408	50.6%	64,387	(Restated) 129,398	(65,011)	-50.2%
Operating Profit/(Loss)	124	(372)	496	133.3%	1,919	(2,830)	4,749	167.8%
Profit/(Loss) Before Interest and Tax	124	(372)	496	133.3%	1,919	(2,830)	4,749	167.8%
Profit/(Loss) Before Tax	1,430	1,893	(463)	24.5%	5,977	88,360	(82,383)	-93.2%
Profit/(Loss) After Tax	972	1,314	(342)	26.0%	5,010	83,603	(78,593)	-94.0%
Net Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	1,366	1,601	(235)	14.7%	4,861	23,421	(18,560)	-79.2%

The Group registered revenue of RM22.05 million for the current quarter under review compared to the previous year's corresponding quarter revenue of RM14.64 million. The higher revenue for the current quarter as compared to the previous year's corresponding quarter was mainly due to the contribution from TS segment with the higher participants on Industry 4.0 training.

The Group recorded a profit before taxation of RM1.43 million for the current quarter compared to the previous year's corresponding quarter profit before taxation of RM1.89 million. The lower of the profit before taxation recorded in current quarter was mainly due to the amortization on fair value adjustment in relation to intangible assets under FMS-C segment and share of an associate result was reduced as compare to previous year's corresponding quarter.



# CENSO HOLDINGS BERHAD

(Company No. 828269-A)

## INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017

### PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. OPERATING SEGMENTS REVIEW (Continued)

	INDIVIDUAL PERIOD				CUMULATIVE PERIOD			
	3 Months Ended 31/12/2017 RM'000	3 Months Ended 31/12/2016 RM'000	Changes		9 Months Ended 31/12/2017 RM'000	9 Months Ended 31/12/2016 RM'000	Changes	
			RM'000	%			RM'000	%
	(Restated)				(Restated)			
<b>REVENUE</b>								
FMS - G	10,251	7,970	2,281	28.6%	29,274	20,194	9,080	45.0%
PAS	7	35	(28)	-80.0%	229	758	(529)	-69.8%
WMS	571	1,186	(615)	-51.9%	2,670	3,524	(854)	-24.2%
TS	7,065	1,192	5,873	492.7%	19,189	6,953	12,236	176.0%
NSW	-	-	-	-	-	84,257	(84,257)	-100.0%
FMS - C	4,155	4,258	(103)	-2.4%	12,929	13,712	(783)	-5.7%
OTHERS	-	-	-	-	96	-	96	N/A
	<u>22,049</u>	<u>14,641</u>	<u>7,408</u>	<u>50.6%</u>	<u>64,387</u>	<u>129,398</u>	<u>(65,011)</u>	<u>-50.2%</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>								
FMS - G	(1,278)	(1,409)	131	9.3%	(3,745)	201	(3,946)	-1963.2%
PAS	(105)	(259)	154	59.5%	(228)	(427)	199	46.6%
WMS	(512)	466	(978)	-209.9%	(732)	814	(1,546)	-189.9%
TS	1,655	80	1,575	1968.8%	5,155	1,622	3,533	217.8%
NSW	-	-	-	-	-	101,231	(101,231)	-100.0%
FMS - C	(217)	1,946	(2,163)	-111.2%	(13)	4,799	(4,812)	-100.3%
OTHERS	(226)	(1,188)	962	81.0%	(1,231)	(22,137)	20,906	94.4%
ASSOCIATE	2,113	2,257	(144)	-6.4%	6,771	2,257	4,514	200.0%
	<u>1,430</u>	<u>1,893</u>	<u>(463)</u>	<u>-24.5%</u>	<u>5,977</u>	<u>88,360</u>	<u>(82,383)</u>	<u>-93.2%</u>



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MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. OPERATING SEGMENTS REVIEW (Continued)**

For the current year to date, revenue decreased by 50.2% to RM64.39 million. The lower revenue was mainly due to non-recognition of revenue under NSW segment in first and second quarter of previous year.

For the current year to date, profit before taxation decreased by 93.2% to RM5.98 million, again this was due to the significant contribution from NSW segment and the share of associate result in DNeX Group in previous year's corresponding period. The slow progress of project implementation under WMS and recognition of amortization on intangible assets under FMS-C segment also slashed the profit of the Group but managed to maintain the profitability with the shares of associate result and strong revenue recognition on the new training programme, Industry 4.0 under TS segment.

**B2. MATERIAL CHANGES IN CURRENT QUARTER'S RESULT AS COMPARED TO PRECEDING QUARTER**

	INDIVIDUAL PERIOD			
	3 Months Ended 31/12/2017 RM'000	3 Months Ended 30/09/2017 RM'000	Changes	
			RM'000	%
Revenue	22,049	24,923	(2,874)	-11.5%
Operating Profit	124	1,546	(1,422)	-92.0%
Profit Before Interest and Tax	124	1,546	(1,422)	-92.0%
Profit Before Tax	1,430	3,280	(1,850)	-56.4%
Profit After Tax	972	2,859	(1,887)	-66.0%
Net Profit Attributable to Ordinary Equity Holders of the Company	1,366	2,205	(839)	-38.0%

For the current quarter, the Group posted revenue of RM22.05 million, a decrease of 11.5% over the preceding quarter. The Group recorded profit before taxation of RM1.43 million, a dropped of 56.4% from the preceding quarter's profit before taxation of RM3.28 million.



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#### B2. MATERIAL CHANGES IN CURRENT QUARTER'S RESULT AS COMPARED TO PRECEDING QUARTER (Continued)

	INDIVIDUAL PERIOD				INDIVIDUAL PERIOD			
	3 Months Ended	3 Months Ended	Changes		3 Months Ended	3 Months Ended	Changes	
	31/12/2017	30/09/2017			31/12/2017	30/09/2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
	REVENUE				PROFIT/(LOSS) BEFORE TAX			
FMS - G	10,251	11,960	(1,709)	-14.3%	(1,278)	(656)	(622)	-94.8%
PAS	7	80	(73)	-91.3%	(105)	(89)	(16)	-18.0%
WMS	571	1,570	(999)	-63.6%	(512)	381	(893)	-234.4%
TS	7,065	6,654	411	6.2%	1,655	2,356	(701)	-29.8%
NSW	-	-	-	-	-	-	-	-
FMS - C	4,155	4,659	(504)	-10.8%	(217)	346	(563)	-162.7%
OTHERS	-	-	-	-	(226)	(1,725)	1,499	86.9%
ASSOCIATE	-	-	-	-	2,113	2,667	(554)	-20.8%
	22,049	24,923	(2,874)	-11.5%	1,430	3,280	(1,850)	-56.4%

The Group recorded lower revenue of RM22.05 million for the current quarter as compared to RM24.92 million in the preceding quarter mainly due to slow progress of existing project implementation under WMS segment and decline of full pack sales in Singapore under FMS-C segment. In tandem with this, profit before taxation decreased by 56.4% from RM3.28 million to RM1.43 million.





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##### **B3. BUSINESS PROSPECTS**

The Board is mindful on the challenging domestic economy and initiated business review exercise to realign its moving forward strategies to stay profitable by adopting the following medium-term initiatives:-

- (i) **FMS – G Segment**  
This segment is actively bidding for contracts relating to cloud ERP products based on the Acumatica technology platform and special contracts involving Government and Local Council.  
  
Presently, this segment's order book had approximately RM25.8 million.
- (ii) **PAS Segment**  
E-payment segment is continuously upgrading the product capabilities to build a more robust e-payment and collection solution gateways while seeking new collaboration partner to expand the customer base.
- (iii) **WMS Segment**  
Focus on cost management to improve on operating performance and to expand on its range of integrated service offerings riding on Indonesia growing market opportunities.
- (iv) **TS Segment**  
Skilled training market continues to grow with the active drive to promote Industry 4.0 standards.
- (v) **FMS – C Segment**  
Financio accounting software target at micro/small business owners and non-accountants in Malaysia, remain exciting and strong growth is projected for next financial year with Malaysia, Singapore and Hong Kong, leading its market presence.

##### **B4. STATEMENT OF THE BOARD OF DIRECTORS' OPINION ON ACHIEVEABILITY OF FINANCIAL ESTIMATE, FORECAST, PROJECTION AND INTERNAL TARGETS PREVIOUSLY ANNOUNCED**

This is not applicable to the Group.

##### **B5. FINANCIAL ESTIMATE, FORECAST OR PROJECTION / PROFIT GUARANTEE**

There was no financial estimate, forecast or projection and profit guarantee issued by the Group.



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##### B6. TAXATION

Taxation comprises the following:

	3 Months Ended 31/12/2017 RM'000	9 Months Ended 31/12/2017 RM'000
Current tax	458	967

##### B7. SALES OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no disposals of unquoted investments and/or properties held by the Group as at the date of this interim report.

##### B8. PURCHASE AND/OR DISPOSAL OF QUOTED SECURITIES

The shareholdings in DNeX stands at 16.25% after disposal by the Company as disclosed in Note A11 during the current quarter under review.

##### B9. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	RM Denomination		
	Long Term RM'000	Short Term RM'000	Total RM'000
<b>Secured</b>			
<u>As at 31 December 2017</u>			
Hire purchase	564	95	659
Project financing	-	-	-
Term loans	27,720	9,540	37,260
Bank overdrafts	-	5,209	5,209
	<u>28,284</u>	<u>14,844</u>	<u>43,128</u>
<u>As at 31 December 2016</u>			
Hire purchase	664	120	784
Project financing	-	9,910	9,910
Term loans	29,460	15,940	45,400
Bank overdrafts	-	6,304	6,304
	<u>30,124</u>	<u>32,274</u>	<u>62,398</u>

The Bank overdrafts are secured by pledging of shares by the Company's major shareholders, Saas Global Sdn Bhd and fixed deposits of the Company pledged to a licensed bank.

The Group had made the total repayment of term loans by RM4.77 million during the current quarter and the Group's gearing ratio improved to 0.29 times as compared to previous year's corresponding quarter.



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#### B10. STATUS OF CORPORATE PROPOSALS

##### Warrants

##### Warrant A

A total of 43,025,000 free Warrant were issued on 19 July 2012 and listed on 27 July 2012 with a 5 year exercise/conversion period at a price of RM0.46. The maturity date for the free Warrant A is 18 July 2017.

As at to-date, a total of 13,584,675 Warrant A have been converted into shares.

Date	No of Warrants	No of Shares Issues	Proceeds RM	Listing Date
14 August 2013	10,000,000	10,000,000	4,600,000	15 August 2013
19 September 2013	3,527,800	3,527,800	1,622,788	20 September 2013
30 October 2013	1,875	1,875	863	31 October 2013
14 July 2017	35,000	35,000	16,100	17 July 2017
20 July 2017	20,000	20,000	9,200	21 July 2017
	<u>13,584,675</u>	<u>13,584,675</u>	<u>6,248,951</u>	

All proceeds have been deposited into Censof Warrant A account and the proceeds were used for working capital purpose.

A total of 55,000 warrants were exercised during the current quarter review and this Warrant A was expired on 18 July 2017 with the outstanding unexercised warrant of 29,440,325.

##### Warrant B

A total of 111,412,717 free Warrant were issued on 8 October 2014 and listed on 15 October 2014 with a 5 year exercise/conversion period at a price of RM0.46. The maturity date for the free Warrant B is 7 October 2019.

As at to-date a total of 7,500 Warrant B have been converted into shares.

Date	No of Warrants	No of Shares Issues	Proceeds RM	Listing Date
2 December 2014	<u>7,500</u>	<u>7,500</u>	<u>3,450</u>	3 December 2014

All proceeds have been deposited into Censof Warrant B account and the proceeds were used for working capital purposes.

As at reporting date, the outstanding unexercised Warrant is 111,405,217.

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There were no off balance sheet financial instruments as at the date of this interim report.

**B12. DERIVATIVES FINANCIAL INSTRUMENTS**

There were no derivatives financial instruments as at the date of this interim report.

**B13. MATERIAL LITIGATION**

As at 21 February 2018, being 7 days prior to the date of this report, there has been no material litigation pending of which the value exceeds 5% of the Group's net tangible assets.

**B14. DIVIDEND**

No interim dividend has been declared for the current quarter under review.

**B15. EARNINGS PER SHARE****Basic earnings per share**

The basic earnings per share has been calculated by dividing the net profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/12/2017	3 Months Ended 31/12/2016 (Restated)	9 Months Ended 31/12/2017	9 Months Ended 31/12/2016 (Restated)
Net profit attributable to ordinary equity holders of the Company (RM'000)	1,366	1,601	4,861	23,421
Number of ordinary shares in issue ('000)	501,956	501,703	501,956	501,703
Basic earnings per share (sen)	<u>0.27</u>	<u>0.32</u>	<u>0.97</u>	<u>4.67</u>



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#### B15. EARNINGS PER SHARE (Continued)

##### Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/12/2017	3 Months Ended 31/12/2016 (Restated)	9 Months Ended 31/12/2017	9 Months Ended 31/12/2016 (Restated)
Net profit attributable to ordinary equity holders of the Company (RM'000)	1,366	1,601	4,861	23,421
<u>Weighted average ('000)</u>				
Number of ordinary shares in issue	501,956	501,703	501,956	501,703
Adjustment for dilutive effect on Conversion of Warrants B	111,405	111,405	111,405	111,405
	<u>613,361</u>	<u>613,108</u>	<u>613,361</u>	<u>613,108</u>
Basic earnings per share (sen)	<u>0.22</u>	<u>0.26</u>	<u>0.79</u>	<u>3.82</u>

#### B16. NOTES TO THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Total comprehensive income for the financial year was derived after charging/(crediting) the following items:

	3 Months Ended 31/12/2017 RM'000	9 Months Ended 31/12/2017 RM'000
Depreciation and amortisation	2,308	6,462
Finance costs	807	2,713
Interest income	(43)	(110)
Gain on disposal of investment in associates	(1,070)	(2,776)

Other than as disclosed above, the Group does not have any material items that were recognised as profit/loss in the Consolidated Statements of Comprehensive Income.



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#### B17. COMPARATIVE FIGURE

##### Prior Year Adjustment

A prior year adjustment in relation to change in accounting treatment reported by DNeX requires the followings adjustments:

##### Prior year adjustment 1 – Restatement of share of results in associate

The prior year adjustment relates to the incorrect discount rate of 10% based on weighted average cost of capital (“WACC”) used in determining the net present value of the associate’s assets retirement obligations (“ARO”). The use of this incorrect rate was considered to be an accounting error. Therefore, a revised discount rate of 4.3% based upon a risk-free approach was adopted to reflect the retrospective restatement.

##### Prior year adjustment 2 – Restatement of tax expense

The prior year adjustment relates to incorrect unutilized tax losses recorded in the previous financial year of approximately RM4.7 million. This amount has been adjusted and represents a correction in the financial statement for the year ended 31 December 2016.

Accordingly, changes shall involves the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows.

The effects of the said adjustments are detailed below:

	As Previously Reported RM'000	Prior Year Adjustment RM'000	As Restated RM'000
<b>Statement of financial position</b>			
<b>As at 31 March 2017</b>			
Investment in associates	96,877	(2,239)	94,638
Retained earnings	53,999	(2,152)	51,847
Foreign exchange traslation	2,031	(87)	1,944
<b>Statement of comprehensive income for the financial year ended 31 December 2016</b>			
Share of associates result	97,775	(2,152)	95,623
Other comprehensive income	-	(87)	(87)

#### B18. AUTHORISATION FOR ISSUE

The interim financial statements were authorized for release by the Board of Directors as per the Board Meeting held on 28 February 2018.