



Nomad Technologies Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 8645

The background of the cover is a vibrant digital cityscape. It features a grid of glowing blue lines on a dark blue background, with various geometric shapes and structures in shades of blue and purple. The overall aesthetic is futuristic and technological.

Interim Report 2019

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This report, for which the directors (the “Directors”) of Nomad Technologies Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the “Group”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dato' Eric Tan Chwee Kuang
Mr. Saw Zhe Wei

Independent Non-executive Directors

Mr. Lim Peng Chuan Terence
Mr. Phua Cheng Sye Charles
Mr. Yau Yeung On

AUDIT COMMITTEE

Mr. Lim Peng Chuan Terence (*Chairman*)
Mr. Yau Yeung On
Mr. Phua Cheng Sye Charles

NOMINATION COMMITTEE

Mr. Phua Cheng Sye Charles (*Chairman*)
Mr. Lim Peng Chuan Terence
Dato' Eric Tan Chwee Kuang

REMUNERATION COMMITTEE

Mr. Yau Yeung On (*Chairman*)
Mr. Lim Peng Chuan Terence
Dato' Eric Tan Chwee Kuang

COMPANY SECRETARY

Mr. Tam Chun Wai Edwin (CPA)

AUTHORISED REPRESENTATIVES

Mr. Tam Chun Wai Edwin (CPA)
Dato' Eric Tan Chwee Kuang

COMPLIANCE OFFICER

Dato' Eric Tan Chwee Kuang

COMPLIANCE ADVISER

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HONG KONG LEGAL ADVISER

TC & Co.
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REGISTERED OFFICE

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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149 Queen's Road Central
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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

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75450 Ayer Keroh
Melaka, Malaysia

PRINCIPAL BANKER

Malayan Bank Berhad
14th Floor, Menara Maybank
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Kuala Lumpur, Malaysia

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
PO Box 1350, Clifton House
75 Fort Street, Grand, Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

8645

WEBSITE OF THE COMPANY

www.nomad-holdings.com

FINANCIAL HIGHLIGHTS

The board of Directors of the Company (the “Board”) presents the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2019 (the “Interim Consolidated Financial Statements”) together with the comparative figures for the corresponding periods in 2018 as follows:

FINANCIAL HIGHLIGHTS

	Six months ended 31 December		Change %
	2019 RM (Unaudited)	2018 RM (Unaudited)	
Revenue	19,575,146	21,714,246	(9.9)%
Gross profit	8,019,854	9,518,461	(15.7)%
(Loss) profit for the period	(923,572)	6,079,584	N/A
Profit for the period (excluding listing expenses and income tax (expense) credit)	4,625,887	7,106,507	(34.9)%

- The Group’s revenue for the six months ended 31 December 2019 amounted to approximately RM19.6 million, representing a decrease of 9.9% as compared with that of the corresponding period in previous year.
- Gross profit for the six months ended 31 December 2019 decreased by 15.7% to approximately RM8.0 million.
- Loss for the six months ended 31 December 2019 was approximately RM0.9 million and, if listing expenses incurred for obtaining a listing of the Company’s shares on GEM of the Stock Exchange and income tax expense were excluded, the profit for the six months ended 31 December 2019 would be approximately RM4.6 million, representing a decrease of 34.9% as compared with the corresponding period in previous year.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

NOTES	Three months ended 31 December		Six months ended 31 December		
	2019	2018	2019	2018	
	RM (Unaudited)	RM (Unaudited)	RM (Unaudited)	RM (Unaudited)	
Revenue	4	9,694,139	8,486,536	19,575,146	21,714,246
Cost of sales and services		(5,385,939)	(4,210,540)	(11,555,292)	(12,195,785)
Gross profit		4,308,200	4,275,996	8,019,854	9,518,461
Other income	5	300,820	26,327	306,296	45,633
Other gain and losses	6	(705,313)	294,221	(564,546)	217,776
Selling expenses		(224,948)	(143,319)	(477,905)	(288,120)
Administrative expenses		(1,629,919)	(1,084,285)	(2,471,330)	(2,168,181)
Listing expenses		(3,574,128)	(1,469,046)	(4,286,054)	(2,415,508)
Finance costs	7	(91,280)	(112,899)	(186,482)	(219,062)
(Loss) profit before tax	8	(1,616,568)	1,786,995	339,833	4,690,999
Income tax (expense) credit	9	(513,898)	693,831	(1,263,405)	1,388,585
(Loss) profit and total comprehensive (expense) income for the period		(2,130,466)	2,480,826	(923,572)	6,079,584
(Loss) profit and total comprehensive (expense) income for the period attributable to:					
Owners of the Company		(2,130,184)	2,480,876	(903,378)	6,080,671
Non-controlling interest		(282)	(50)	(20,194)	(1,087)
		(2,130,466)	2,480,826	(923,572)	6,079,584
(Loss) earnings per share					
– Basic (RM cents)	11	(0.44)	0.57	(0.19)	1.40

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31 December 2019 RM (Unaudited)	As at 30 June 2019 RM (Audited)
Non-current Assets			
Property, plant and equipment	12	7,029,823	8,234,780
Right-of-use assets	12	2,031,569	–
Deposits paid for property, plant and equipment		17,140,406	12,576,583
Deferred tax assets		2,044,808	1,904,109
		28,246,606	22,715,472
Current Assets			
Inventories		789,864	508,703
Contract costs		1,051,768	1,310,833
Trade and other receivables, deposits and prepayments	13	19,335,859	14,863,810
Tax recoverable		–	174,834
Restricted bank balance		50,000	50,000
Pledged bank deposits		2,686,989	1,686,989
Bank balances and cash		21,028,617	9,307,471
		44,943,097	27,902,640
Current Liabilities			
Amounts due to a director and related parties		–	6,836
Contract liabilities		6,355,806	6,264,406
Trade and other payables and accrued expenses	14	4,179,520	6,620,610
Bank borrowings		2,198,088	1,968,060
Obligation under finance lease liabilities		–	770,365
Obligation under lease liabilities		980,539	–
Tax payable		987,102	–
		14,701,055	15,630,277

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31 December 2019 RM (Unaudited)	As at 30 June 2019 RM (Audited)
Net Current Assets		30,242,042	12,272,363
Total Assets less Current Liabilities		58,488,648	34,987,835
Non-current Liabilities			
Contract liabilities		1,637,706	723,816
Bank borrowings		1,269,058	1,369,487
Obligations under finance lease liabilities		–	1,452,320
Obligations under lease liabilities		1,406,685	–
		4,313,449	3,545,623
Net Assets		54,175,199	31,442,212
Capital and Reserves			
Share capital	15	3,190,788	–
Share premium and reserves		50,932,047	31,369,654
Equity attributable to owners of the Company		54,122,835	31,369,654
Non-controlling interest		52,364	72,558
Total Equity		54,175,199	31,442,212

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Attributable to owners of the Company				Total RM	Non- controlling interest RM	Total RM
	Share capital RM	Share premium RM (Note a)	Merger reserve RM (Note b)	Retained profits RM			
At 1 July 2018 (audited)	-*	17,013,811	(16,313,810)	14,311,191	15,011,192	-	15,011,192
Profit (loss) and total comprehensive income (expense) for the period	-	-	-	6,080,671	6,080,671	(1,087)	6,079,584
Issue of shares of the Company	-*	7,739,938	-	-	7,739,938	-	7,739,938
Contribution from non-controlling interest	-	-	-	-	-	30	30
At 31 December 2018 (unaudited)	-*	24,753,749	(16,313,810)	20,391,862	28,831,801	(1,057)	28,830,744
At 1 July 2019 (audited)	-*	24,753,749	(16,313,810)	22,929,715	31,369,654	72,558	31,442,212
Loss and total comprehensive expense for the period	-	-	-	(903,378)	(903,378)	(20,194)	(923,572)
Dividend (Note c)	-	-	-	(1,350,000)	(1,350,000)	-	(1,350,000)
Issuance of share pursuant to Capitalisation Issue	2,393,091	(2,393,091)	-	-	-	-	-
Issue of new shares	797,697	31,110,183	-	-	31,907,880	-	31,907,880
Share issuing expenses	-	(6,901,321)	-	-	(6,901,321)	-	(6,901,321)
At 31 December 2019 (unaudited)	3,190,788	46,569,520	(16,313,810)	20,676,337	54,122,835	52,364	54,175,199

* Less than RM1.00

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

Notes:

- a. Share premium at 31 December 2018 comprises (i) the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the share capital and other reserves of IP Core Sdn. Bhd. ("IP Core"), Metro Direct Carrier (M) Sdn. Bhd. ("MDC") and Nomad (HK) Limited ("Nomad (HK)") of RM17,013,811, (ii) the difference between the nominal amount of the share capital issued by the Company during the six months ended 31 December 2018 and the subscription price of HK\$15,000,000 (equivalent to RM7,739,938), share premium at 31 December 2019 comprises (iii) the capitalisation of the sum of HK\$4,499,999 (equivalent to RM2,393,091) for allotment of shares to existing shareholders on 9 December 2019, (iv) the different between the nominal amount of the share capital through the share offer and (v) the capitalisation of the initial share offer expenses.
- b. Merger reserve represents the difference between the amount of share capital and share premium of the Company issued, and the share capital of IP Core, MDC and Nomad (HK) exchanged in connection with the Group Reorganisation.
- c. During the six months ended 31 December 2019, dividends of RM500,000 and RM850,000 have been declared and paid by the Company on 17 July 2019 and 18 September 2019, respectively out of retained earning as at 30 June 2019 prior to the Share Offer (six months ended 31 December 2018: nil).

The rate of dividend and number of shares ranking for the above dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2019	2018
	RM	RM
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax	339,833	4,690,999
Adjustments for:		
Amortisation of contract costs	477,905	288,120
Depreciation of property, plant and equipment	1,388,811	1,529,432
Depreciation of right-of-use assets	546,988	–
Finance costs	186,482	219,062
Interest income from bank deposits	(199,902)	(27,802)
Property, plant and equipment written off	211,147	78,132
Operating cash flows before movements in working capital	2,951,264	6,777,943
Increase in trade and other receivables, deposits and prepayments	(4,472,049)	(5,046,151)
(Increase) decrease in inventories	(281,161)	20,776
Increase in contract costs	(218,840)	(268,442)
Increase in contract liabilities	1,005,290	5,098,034
(Decrease) increase in trade and other payables and accrued expenses	(2,441,090)	778,262
Decrease in amounts due to related parties	–	(46,612)
Cash (used in)/generated from operations	(3,456,586)	7,313,810
Income tax paid	(242,169)	(55,353)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(3,698,755)	7,258,457

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2019	2018
	RM	RM
	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES		
Interest received	199,902	27,802
Deposits paid for property, plant and equipment	(4,563,823)	(8,617,547)
Purchase of property, plant and equipment	(2,367,959)	(1,799,142)
Purchase of right-of-use assets	(53,572)	–
Repayments from related parties	–	52,734
Placement of pledged bank deposits	(1,000,000)	(16,472)
NET CASH USED IN INVESTING ACTIVITIES	(7,785,452)	(10,352,625)
FINANCING ACTIVITIES		
Dividend paid	(1,350,000)	–
Interest paid	(186,482)	(219,062)
Proceeds from issuance of shares	31,907,880	7,739,938
Contribution from non-controlling interest	–	30
Share issue costs paid	(6,901,321)	(916,000)
Repayments of bank borrowings	(91,886)	(90,249)
Repayments of finance lease liabilities	–	(356,468)
Repayments of lease liabilities	(387,488)	–
Repayments to related parties	–	(18,497)
Advance from a director	–	177,219
Repayment to a director	(6,836)	(1,593,661)
NET CASH FROM FINANCING ACTIVITIES	22,983,867	4,723,250

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December	
	2019	2018
	RM	RM
	(Unaudited)	(Unaudited)
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,499,660	1,629,082
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	7,528,053	2,735,410
Effect of exchange rate differences	-	(2,984)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19,027,713	4,361,508
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	21,028,617	5,631,000
Bank overdrafts	(2,000,904)	(1,269,492)
	19,027,713	4,361,508

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2019

1. GENERAL INFORMATION

The Company was incorporated on 5 June 2018 and registered in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands, and its shares were listed on GEM by way of share offer (the “Share Offer”) on 9 December 2019.

The Company is an investment holding company and its subsidiaries (together referred to as the “Group”) is principally engaged in rendering of: (i) network management and security services; and (ii) network connectivity services, including installation, customisation and maintenance works, and sales and lease of related hardware.

The addresses of the registered office and the principal place of business of the Company are disclosed in the section “Corporate Information” section of this interim report.

The unaudited condensed consolidated interim financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Group.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2019 (the “Interim Consolidated Financial Statements”) are prepared in accordance with International Accounting Standard (the “IAS”) 34 “Interim Financial Reporting” as well as with the applicable disclosure requirements of the GEM Listing Rules.

The preparation of the condensed consolidated interim financial statements requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses on a year to date basis. Actual results may differ from these estimate.

The Interim Consolidated Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial performance of the Group since 1 July 2019, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”), which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. They shall be read in conjunction with the Accountants’ Report as set out in Appendix I of the prospectus dated 25 November 2019 (the “Prospectus”).

2. BASIS OF PREPARATION (CONTINUED)

The Interim Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate. Except for changes in accounting policies resulting from adoption of new and revised IFRSs, the accounting policies and methods of computation applied in the preparation of the Interim Consolidated Financial Statements are consistent with the Group's consolidated financial statements for each of the three years ended 30 June 2019 underlying the preparation of historical financial information included in the Accountants' Report presented in the Prospectus.

The Interim Consolidated Financial Statements have not been audited by the Company's independent auditor but have been reviewed by the audit committee of the Board (the "Audit Committee") and were approved for issue by the Board.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with the Group's consolidated financial statements for each of the three years ended 30 June 2019 underlying the preparation of historical financial information included in the Accountants' Report presented in the Prospectus.

(a) *New and amended standards adopted by the Group*

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 Leases.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in Note 3(b) below. The other standards did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

(b) *Changes in accounting policies*

(i) **Adoption of IFRS 16**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies (continued)

(i) Adoption of IFRS 16 (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement dates less any lease incentives received
- Any initial direct costs
- Restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3. ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies (continued)

(i) Adoption of IFRS 16 (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

(ii) Summary of effects arising from initial application of IFRS 16

As a lessee

On transition, the Group has made the following adjustments upon application of IFRS 16:

Lease liabilities recognised due to adoption of IFRS 16 as at 1 July 2019 is as follows:

	At 1 July 2019 RM
Operating lease commitments disclosed as at 30 June 2019	7,800
Effects of discounting of the above amount with incremental borrowing rate 3.3%	(254)
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	35,074
Finance lease liabilities recognised under IAS 17 at 30 June 2019	2,222,685
Lease liabilities as at 1 July 2019	2,265,305
Analysed as	
Current	790,036
Non-current	1,475,269
	2,265,305

3. ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies (continued)

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 30 June 2019.

(ii) Summary of effects arising from initial application of IFRS 16 (continued)

The carrying amount of right-of-use assets as at 1 July 2019 comprises the following:

	<i>Notes</i>	Right-of-use assets RM
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		42,619
Reclassified from finance lease assets	<i>(a)</i>	1,972,959
		2,015,578
By class:		
Buildings		42,619
Motor Vehicles		1,240,530
Internet Service Equipment		732,429
		2,015,578

For leases that were classified as finance lease applying IAS 17, the carrying amount of leased assets and obligations under finance lease measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments.

3. ACCOUNTING POLICIES (CONTINUED)*(b) Changes in accounting policies (continued)***(ii) Summary of effects arising from initial application of IFRS 16 (continued)**

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These lease liabilities were measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate 3.3% per annum as of 1 July 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 July 2019 relating to the operating lease. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 30 June 2019 RM	Adjustments RM	Carrying amounts under IFRS 16 at 1 July 2019 RM
Non-current assets			
Right-of-use assets	-	42,619	42,619
Current liabilities			
Lease liabilities	-	19,671	19,671
Non-current liabilities			
Lease liabilities	-	22,948	22,948

Note: For the purpose of reporting cash flows for the six months ended 31 December 2019, movements have been computed based on opening condensed consolidated statement of financial position as at 1 July 2019 as disclosed above.

Other than described above, the application of IFRS 16 in the current period has had no material impact on the Group's financial positions and the disclosures set out in these condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2019

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable from sales of hardware, lease of hardware, rendering of onsite installation of hardware, network management and security services, and network connectivity services, reduced for estimated customer returns, rebates, sales related tax (e.g. goods and services tax or sales and services tax) and other similar allowances.

Revenue

An analysis of the Group's revenue for the periods is as follows:

	Three months ended 31 December		Six months ended 31 December	
	2019 RM (Unaudited)	2018 RM (Unaudited)	2019 RM (Unaudited)	2018 RM (Unaudited)
Sales of hardware	1,860,415	–	2,912,905	808,754
Rendering of services:				
– On-site installation of hardware	348,800	206,969	1,089,989	4,618,731
– Network management and security services	1,004,427	2,176,054	2,395,555	3,954,729
– Network connectivity services	4,768,184	4,900,014	10,065,783	9,811,242
Total revenue from contracts with customers	7,981,826	7,283,037	16,464,232	19,193,456
Revenue from lease of hardware	1,712,313	1,203,499	3,110,914	2,520,790
	9,694,139	8,486,536	19,575,146	21,714,246

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Timing of revenue recognition

	Three months ended		Six months ended	
	31 December		31 December	
	2019	2018	2019	2018
	RM	RM	RM	RM
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
A point in time	1,860,415	–	2,912,905	808,754
Overtime	6,121,411	7,283,037	13,551,327	18,384,702
	7,981,826	7,283,037	16,464,232	19,193,456

Segment information

Information is reported to Dato’ Eric Tan Chwee Kuang (“Dato’ Tan”), an executive director of the Company, who is also the chief operating decision maker (“CODM”) of the Group, for the purpose of resource allocation and performance assessment. Other than revenue analysis, no other discrete financial information is available for the assessment of performance and allocation of resources. The CODM reviews the overall results and financial performance of the Group as a whole. Accordingly, the CODM has identified one operating segment and only entity-wide disclosures on revenue, geographical information and information about major customers are presented.

Geographical information

The Group’s revenue from external customers is all derived from Malaysia. All non-current assets (excluding deferred tax assets) of the Group are located in Malaysia.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2019

5. OTHER INCOME

	Three months ended 31 December		Six months ended 31 December	
	2019 RM (Unaudited)	2018 RM (Unaudited)	2019 RM (Unaudited)	2018 RM (Unaudited)
Interest income from bank deposits	197,574	23,901	199,902	27,802
Others	103,246	2,426	106,394	17,831
	300,820	26,327	306,296	45,633

6. OTHER GAIN AND LOSSES

	Three months ended 31 December		Six months ended 31 December	
	2019 RM (Unaudited)	2018 RM (Unaudited)	2019 RM (Unaudited)	2018 RM (Unaudited)
Property, plant and equipment written off	(211,147)	(1,592)	(211,147)	(78,132)
Net foreign exchange (loss) gain	(494,166)	295,813	(353,399)	295,908
	(705,313)	294,221	(564,546)	217,776

7. FINANCE COSTS

	Three months ended 31 December		Six months ended 31 December	
	2019 RM (Unaudited)	2018 RM (Unaudited)	2019 RM (Unaudited)	2018 RM (Unaudited)
Interests on bank borrowings	66,783	60,287	127,706	118,616
Interest on obligations under finance lease	-	52,612	-	100,446
Interest on lease liabilities	24,497	-	58,776	-
	91,280	112,899	186,482	219,062

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2019

8. (LOSS) PROFIT BEFORE TAX

	Three months ended 31 December		Six months ended 31 December	
	2019 RM (Unaudited)	2018 RM (Unaudited)	2019 RM (Unaudited)	2018 RM (Unaudited)
(Loss) profit before tax has been arrived at after charging:				
Auditors' remuneration	20,000	20,000	40,000	40,000
Cost of inventories recognised as expenses	1,166,644	–	1,446,155	772,392
Depreciation of property, plant and equipment	787,220	775,968	1,388,811	1,529,432
Depreciation of right-of- use assets	263,242	–	546,988	–
Directors' emoluments	285,472	296,736	570,944	593,472
Other staff costs:				
– Salaries and other allowances	669,785	570,086	1,255,957	1,141,914
– Bonus	296,783	36,769	301,124	36,769
	1,252,040	903,591	2,128,025	1,772,155
– Contribution to Employees Provident Fund ("EPF")	88,046	76,483	205,867	155,923
Total	1,340,086	980,074	2,333,892	1,928,078

9. INCOME TAX EXPENSE (CREDIT)

	Three months ended 31 December		Six months ended 31 December	
	2019 RM (Unaudited)	2018 RM (Unaudited)	2019 RM (Unaudited)	2018 RM (Unaudited)
Malaysia Corporate Income Tax:				
Current year	987,228	66,600	1,404,103	66,600
Deferred tax	(473,330)	(760,431)	(140,698)	(1,455,185)
	513,898	(693,831)	1,263,405	(1,388,585)

Income tax expense (credit) represents Malaysia Corporate Income Tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in Malaysia, set off by or include the deferred taxation due to the temporary differences arising from the accelerated accounting depreciation, provision for contract costs and contract liabilities.

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdiction in which members of the Group domicile or operate.

(i) Cayman Islands

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty.

(ii) Hong Kong profits tax

No Hong Kong profits tax has been provided for as the Group did not have any assessable profits arising in Hong Kong during the periods.

(iii) Malaysia Corporate Income Tax

Malaysia Corporate Income Tax is calculated at the statutory tax rate on the estimated assessable profits for each of the assessable period.

10. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2019 (six months ended 31 December 2018: Nil).

11. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to owners of the Company is based on the following data:

	Three months ended 31 December		Six months ended 31 December	
	2019	2018	2019	2018
	RM	RM	RM	RM
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings:				
(Loss) profit for the period attributable to owners of the Company for the purpose of basic earnings per share	(2,130,184)	2,480,876	(903,378)	6,080,671
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic earnings per share	487,500,000	434,103,261	468,750,000	434,103,261
Basic (loss) earnings per share (RM cents per share)	(0.44)	0.57	(0.19)	1.40

The weighted average numbers of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue as disclosed in note 15 had been effective on 1 July 2016.

No diluted earnings per share are presented during the periods as there are no potential ordinary shares in issue.

12. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

- (a) During the six months ended 31 December 2019, the Group acquired items of property, plant and equipment with a cost of RM2,367,959 (six months ended 31 December 2018: RM1,799,142). Items of property, plant and equipment with a total carrying amount of RM211,147 (six months ended 31 December 2018: RM78,132) were written-off during the six months ended 31 December 2019.
- (b) During the six months ended 31 December 2019, the Group entered into several leases for the use of 2 to 5 years with the rights-of-use assets amounted to approximately RM605,599 (six months ended 31 December 2018: Nil).

It consist of a motor vehicle with net book value of approximately RM334,667 (six months ended 31 December 2018: Nil) was acquired under finance lease, of which the rights to the leased asset are reverted to the lessor in the event of default of the lease liabilities by the Group.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December 2019 RM (Unaudited)	As at 30 June 2019 RM (Audited)
Billed trade receivables		
– goods and services	7,928,656	5,198,882
– operating lease receivables	3,260,219	2,616,996
Less: Allowance for doubtful debts	(102,257)	(366,403)
	11,086,618	7,449,475
Unbilled trade receivables (<i>Note</i>)		
– goods and services	2,782,010	3,063,468
– operating lease receivables	2,959,008	1,799,621
	5,741,018	4,863,089
Total trade receivables	16,827,636	12,312,564
Other receivables	1,836,090	300,075
Refundable deposits	87,537	67,560
Prepayments	483,967	260,576
Deferred issue costs and prepaid listing expenses	–	1,822,406
Goods and services tax receivable	100,629	100,629
	19,335,859	14,863,810

Note: Unbilled trade receivables represent the remaining balances of receivables for services rendered but not yet billed before the end of respective period/year.

The credit period granted for the trade receivables of the Group is 30 days from the date of billing. No interest is charged on trade receivables. Before accepting any new customer, the Group will assess the potential customer's credit quality and defined credit rating and limits for each customer. Limits attributed to customers are reviewed once a year.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2019

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The following is an ageing analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date, which approximate the respective revenue recognition dates, at the end of each reporting period.

	As at 31 December 2019 RM (Unaudited)	As at 30 June 2019 RM (Audited)
0 to 30 days	5,243,568	3,535,506
31 to 60 days	4,500,799	1,041,077
Over 60 days	1,342,251	2,872,892
	11,086,618	7,449,475
Not yet billed	5,741,018	4,863,089
	16,827,636	12,312,564

The following is an analysis of trade receivables that are past due but not impaired at the end of each reporting period:

	As at 31 December 2019 RM (Unaudited)	As at 30 June 2019 RM (Audited)
1 to 30 days	4,500,799	1,041,077
31 to 60 days	393,507	1,173,742
Over 60 days	1,051,001	1,699,150
	5,945,307	3,913,969

14. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 December 2019 RM (Unaudited)	As at 30 June 2019 RM (Audited)
Trade payables	2,254,382	2,851,830
Other payables	604,167	933,670
Accrued expenses	721,869	428,004
Accrued listing expenses and issue costs	–	1,704,648
Accrued selling expenses	449,001	493,228
Sales and services tax payable	150,101	209,230
	4,179,520	6,620,610

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade purchase ranges from 30 to 60 days.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December 2019 RM (Unaudited)	As at 30 June 2019 RM (Audited)
0 to 30 days	1,920,522	1,424,871
31 to 60 days	148,720	1,202,472
61 to 90 days	185,140	160,953
Over 60 days	–	63,534
	2,254,382	2,851,830

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2019

15. SHARE CAPITAL

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
At 5 June 2018 (date of incorporation), 30 June 2018 and 30 June 2019 and 1 July 2019	38,000,000	380,000
Increase in authorised shares (<i>Note (i)</i>)	9,962,000,000	99,620,000
	<hr/>	<hr/>
At 31 December 2019 (unaudited)	10,000,000,000	100,000,000
	<hr/>	<hr/>
Issued and fully paid:		
Issue of share at date of incorporation (<i>Note (ii)</i>)	1	—*
Issue of new shares during the period (<i>Note (ii)</i>)	19	—*
Issue of new shares during the year (<i>Notes (iii) and (iv)</i>)	20	—*
	<hr/>	<hr/>
At 30 June 2019 and 1 July 2019 (audited)	40	—*
Capitalisation issue (<i>Note (v)</i>)	449,999,960	4,499,999
Issuance of new shares by way of share offer (<i>Note (vi)</i>)	150,000,000	1,500,000
	<hr/>	<hr/>
As at 31 December 2019 (unaudited)	600,000,000	6,000,000
	<hr/>	<hr/>
Shown in the Condensed Consolidated Statement of Financial Position as		<hr/> RM3,190,788 <hr/>

* Less than HK\$1.00 or RM1.00

15. SHARE CAPITAL (CONTINUED)

- Notes:
- (i) On 11 November 2019, the authorised share capital of the Company was increased to HK\$100,000,000 by the creation of additional 9,962,000,000 shares of HK\$0.01 each.
 - (ii) On 5 June 2018, the Company was incorporated as an exempted company with limited liability in the Cayman Islands. The Company's authorised share capital is HK\$380,000, divided into 38,000,000 shares of HK\$0.01 each. As at the date of incorporation, 1 ordinary share was issued to the initial subscriber to provide initial capital to the Company. Subsequently on the same date, additional 9 shares were allotted and issued at HK\$0.01 per share. Furthermore, on 28 June 2018, additional 10 shares were allotted and issued at HK\$0.01 per share.
 - (iii) On 25 July 2018, 10 shares were issued with a par value of HK\$0.01 to the existing shareholder in consideration of HK\$0.01 each in cash.
 - (iv) On 27 July 2018, 10 shares were issued with a par value of HK\$0.01 to a new shareholder in consideration of HK\$15,000,000 (equivalent to RM7,739,938).
 - (v) On 9 December 2019, 449,999,960 shares of HK\$0.01 each were issued and allotted to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$4,499,999 (equivalent to RM2,393,091) standing to be credit of the share premium account of the Company (the "Capitalisation Issue").
 - (vi) On 9 December 2019, the share offer of 150,000,000 shares of the Company of HK\$0.01 each at the offer price of HK\$0.40 per share offer share were issued and allotted.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2019

16. OPERATION LEASE ARRANGEMENTS

The Group as lessee

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 December 2019 RM	At 30 June 2019 RM
Within one year	-	7,800
In the second to fifth year inclusive	-	-
	-	7,800

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated for terms ranging from 2 to 3 years and rentals are fixed over the term of the relevant leases.

BUSINESS REVIEW

The Company is an investment holding company and the Group is principally engaged in rendering of: (i) network management and security services; and (ii) network connectivity services, which include installation, customisation and maintenance works, and sales and lease of related hardware.

2019 marked a milestone for the Company as its shares were successfully listed on GEM of the Stock Exchange on 9 December 2019 (the “Listing”). The Group are pleased with the reception it has received for the keen interest from the share offer of its shares (the “Share Offer”). Through the Listing, the Group has obtained public funding to finance its future development and further capturing the opportunities as in line with the Group’s long term objective in strengthening our position as one of the major players of Information and Communication Technology (“ICT”) industry in Malaysia.

During the reporting period, the Group has continuously built up its cloud based data management content management solution business, it has set up phase 1 of the cloud-based network data content management infrastructure, which had reached the internal testing phase and can support the data content management of up to 40 gigabyte of data traffic once deployed.

PROSPECTS

Looking ahead, the ICT industry is a fast-evolving industry globally including Malaysia. The trend has started to show that there are growing demands for cloud-based content management solutions and cloud-based internet security services. The awareness of “cloud computing” has turned users to actively exploring ways to upgrade their networks. It also caused a significant shift in their core business network deployment to “cloud computing” to achieve “higher availability” which is a concept in delivering on-demand data processing and computing services that are hosted on remote servers over the internet rather than on a local server or computer. The Group therefore consider that cloud-based data content management solution and internet security services are the future trends of the whole ICT industry.

Nevertheless, the Group foresee that there will be challenges in years ahead due to economic uncertainties that’s affecting many markets at the moment, the customers are adopting a “wait and see” attitude for the time being. With the challenging environment, we expect Malaysia will also be affected by the impact and further initiatives are expected to be introduced and implemented by the Malaysia Government to stimulate and increase the Gross Domestic Product (“GDP”) to soothe and stimulate the economic cycle to be more conducive.

MANAGEMENT DISCUSSION AND ANALYSIS

In line with the rapid changes to the global economic crisis, business environment and the continuous innovation of ICT market, the Group will endeavour its readiness to adapt by evolving and responding swiftly to the needs of the market by broadening our ICT offerings to our customers.

The Group believe that the financial resources obtained by the Group from the Listing will strengthen its financial position and enable it to implement our business strategies as set out in the prospectus of the Company dated 25 November 2019 (the “Prospectus”) to further enhance our positions and market share and establish our value propositions and competitiveness as a unique entity in competing aggressively in the market.

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the provision of comprehensive and customised (i) network support services and (ii) network connectivity services.

Our revenue decreased by approximately RM2.1 million or 9.7% from approximately RM21.7 million for the six months ended 31 December 2018 to approximately RM19.6 million for the six months ended 31 December 2019. Such decrease was mainly attributable to the approximately 20.2% decrease in revenue from network support services offset by approximately 3.1% increase in network connectivity services during the period.

The decrease in revenue from network support services was mainly attributable to (i) the decrease in on-site installation of hardware of approximately RM3.5 million or 76.1% from approximately RM4.6 million for the six months ended 31 December 2018 to approximately RM1.1 million for the six months ended 31 December 2019 and (ii) decrease in network management and security services of approximately RM1.6 million or 40.0% from approximately RM4.0 million for the six months ended 31 December 2018 to approximately RM2.4 million for the six months ended 31 December 2019, primarily due to the Phase 2 stage of the Nationwide Project focused on the provision of network support services offset by (iii) the increase in revenue from sales of hardware and lease of hardware of approximately RM2.7 million or 81.8% from approximately RM3.3 million for the six months ended 31 December 2018 to approximately RM6.0 million for the six months ended 31 December 2019.

The increase in revenue from network connectivity services was mainly attributable to the subscription fees revenue received from (i) new contracts from our existing customers and (ii) new contract from new customers.

Cost of sales and services

Our cost of sales and services decreased by approximately RM0.6 million or 4.9% from approximately RM12.2 million for the six months ended 31 December 2018 to approximately RM11.6 million for the six months ended 31 December 2019, which was mainly attributable to the net effect of (i) increase in cost of telecommunication and network subscription of approximately RM0.7 million, (ii) increase in cost of network equipment and hardware of approximately RM0.7 million, (iii) increase in depreciation of property, plant and equipment of approximately RM0.3 million, offset by (iv) decrease in cost of cabling of approximately RM2.3 million. The fluctuation of cost of sales and services was in line with our revenue for the network support services and network connectivity services during the period.

Other income

Our other income increased by approximately RM0.3 million or 571.2% from RM45,633 for the six months ended 31 December 2018 to approximately RM0.3 million for the six months ended 31 December 2019. Such increase was primarily due to increase in interest income from bank deposits.

Other gain and losses

Our net other losses increased from net gain of approximately RM0.2 million for the six months ended 31 December 2018 to approximately net losses of RM0.6 million for the six months ended 31 December 2019. The increase of other net losses was mainly due to (i) property, plant and equipment written off of approximately RM0.2 million and (ii) net foreign exchange loss of approximately RM0.4 million.

Selling expenses

Our selling expenses increased by approximately RM0.2 million or 66.7% from approximately RM0.3 million for the six months ended 31 December 2018 to approximately RM0.5 million for the six months ended 31 December 2019. Such increase was primarily due to the increase in commission paid to our sales representatives for securing contracts with new and existing customers during the period.

Administrative expenses

Our administrative expenses increased by approximately RM0.3 million or 13.6% from approximately RM2.2 million for the six months ended 31 December 2018 to approximately RM2.5 million for the six months ended 31 December 2019. The increase was primarily due to (i) increase in staff cost for administrative and management personnel (including Directors) from approximately RM1.1 million for the six months ended 31 December 2018 to approximately RM1.5 million for the six months ended 31 December 2019 and (ii) decrease in vehicle expenses from approximately RM0.2 million for the six months ended 31 December 2018 to approximately RM0.1 million for the six months ended 31 December 2019.

Finance costs

Our finance costs mainly represented interest on bank borrowings and interest on obligations under finance leases and lease liabilities, such costs remained stable at approximately RM0.2 million for the six months ended 31 December 2018 as compared with approximately RM0.2 million for the six months ended 31 December 2019.

Income tax expense (credit)

Our income tax changed from an income tax credit of approximately RM1.4 million for the six months ended 31 December 2018 to an income tax expense of approximately RM1.3 million for the six months ended 31 December 2019. It was mainly attributable to (i) decrease in deferred tax credit of approximately RM1.4 million in relation to the temporary differences arising from the accelerated accounting depreciation, provision for contract costs and contract liabilities and (ii) increase in income tax expenses of approximately RM1.3 million following the expiry of the tax incentive granted by Malaysia Government to a subsidiary of the Company on 3 April 2019.

(Loss) profit and total comprehensive (expense) income for the period

Our loss and total comprehensive expense for the six months ended 31 December 2019 amounted to approximately RM0.9 million, in contrast with the profit and total comprehensive income of approximately RM6.1 million for the six months ended 31 December 2018. If excluding the expenses incurred in connection with the Listing of approximately RM4.3 million, the profit and total comprehensive income would be approximately RM3.4 million for the six months ended 31 December 2019.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, internally generated cash flow and proceeds received from the Share Offer (as defined in the Prospectus) of the Company's shares.

As at 31 December 2019, the Group had bank balances and cash of approximately RM21.0 million (30 June 2019: approximately RM9.3 million) and pledged bank deposits of approximately RM2.7 million (30 June 2019: approximately RM1.7 million).

As at 31 December 2019, the Group recorded interest-bearing bank borrowings of approximately RM3.5 million (30 June 2019: approximately RM3.3 million) and finance lease and lease liabilities of approximately RM2.4 million (30 June 2019: approximately RM2.2 million).

As at 31 December 2019, we had unutilised banking facilities for short term financing of approximately RM1.8 million (six months ended 31 December 2018: approximately RM2.3 million).

The gearing ratio is calculated based on the amount of total interest-bearing bank borrowing and finance lease obligation and lease liabilities divided by total equity. The gearing ratio of the Group as at 31 December 2019 was approximately 10.8% (30 June 2019: approximately 17.7%). The decrease in gearing ratio was mainly attributable to the increase in total equity during the period.

CAPITAL STRUCTURE

The Shares were listed on GEM of the Stock Exchange on 9 December 2019. There has been no change in the capital structure of the Company since then. As at 31 December 2019, the capital structure of the Company comprised mainly of issued share capital and reserves.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and had maintained a healthy liquidity position throughout the reporting period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE RISK

The Group's revenue and costs are primarily denominated in Ringgit Malaysia ("RM"). The Group currently does not have a foreign currency hedging policy. However, the Directors will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

During the period ended 31 December 2019, the Company and one of its subsidiary – Metro Direct Carrier (M) Sdn. Bhd. has issued a letter of corporate guarantee in favour of a bank to the extent of RM5.9 million for the banking facilities granted to one of the subsidiary – IP Core Sdn. Bhd. The banking facilities had been drawdown by the Group on 3 January 2020.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2019, the Group has fully repaid the outstanding balances for bank borrowings and finance lease and lease liabilities amounting to RM1.4 million and RM0.5 million respectively to release the personal guarantee given by Dato' Tan, a Director of the Company and Ms. Kwong Shir Ling ("Ms. Kwong"), a shareholder of a holding company of the Company.

PLEDGE OF ASSETS

As at 31 December 2019, the Group's bank borrowings and obligations under finance leases are secured by charges over the following assets of the Group:

	As at 31 December 2019 RM (Unaudited)	As at 30 June 2019 RM (Audited)
Leasehold land and buildings	789,990	794,354
Motor vehicles and internet services equipment	1,804,461	1,972,959
Pledged bank deposits	2,686,989	1,686,989
	5,281,440	4,454,302

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2019 (six months ended 31 December 2018: Nil).

SIGNIFICANT INVESTMENTS AND PLAN FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Company did not have any significant investments as at 31 December 2019. Save as disclosed in the Prospectus, the Company did not have other plans for material investments or capital assets.

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material business acquisitions or disposal during the six months ended 31 December 2019.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group did not have any material capital commitment (30 June 2019: RM1,456,327).

USE OF PROCEEDS FROM THE LISTING

The Shares were listed on GEM of the Stock Exchange on 9 December 2019. The net proceeds from the Listing of the Company were approximately HK\$28.0 million (after deducting underwriting fees and related listing expenses). The Company intends to apply the net proceeds in the same proportion and in the same manner as shown in the Prospectus. An analysis of the utilization of the net proceeds is set out below:

Business Strategies	Approximately percentage of net proceeds %	Net proceeds HK\$'000	Actual amount utilised as at 31 December 2019 HK\$'000	Unutilised net proceeds up to 31 December 2019 HK\$'000
Implement cloud-based data content management solution	16.5%	4,615	40	4,575
Acquire additional hardware and software to provide cloud-based internet security services	39.3%	11,012	4,177	6,835
Establish a disaster recovery centre and a backup data centre and becoming a holder of network service provider license	22.4%	6,267	4,678	1,589
Establish a branch office in Kuala Lumpur	5.0%	1,413	-	1,413
Expand and strengthening our manpower to cater for the anticipated expansion plans	9.5%	2,645	-	2,645
Promote our business to capture more market share in the industry	7.3%	2,048	-	2,048
	100%	28,000	8,895	19,105

Subsequent to 31 December 2019, the Group has paid HK\$4.0 million to supplier for purchase of software and engage professional services required to provide cloud-based internet security services.

The Directors will continuously examine the Group's business objectives and will change or modify the plans against the changing market conditions to pursuit business growth of the Group.

All the unutilised net proceeds have been placed in licensed banks in Hong Kong and Malaysia.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group had a total of 51 employees (six months ended 31 December 2018: 46). The staff costs (included Directors' emoluments) were approximately RM2.3 million for the six months ended 31 December 2019 (six months ended 31 December 2018: approximately RM1.9 million). The remuneration package of the employees is determined by various factors such as their qualifications, working experience and job performance, the market condition, industry practice and applicable employment law. Discretionary bonus based on job performance will be paid to employees as recognition of and reward for their contributions.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, the interests and short positions of the Directors and chief executive of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) *Long position in the ordinary shares of the Company*

Name of Director	Nature of interest and capacity	Number of shares held/ interested	Approximate percentage of shareholding
Dato' Tan	Interest in a controlled corporation and interest of spouse	337,500,000 (L)	56.25%

Notes:

1. The letter "L" demonstrates long position.
2. Dato' Tan beneficially owns the entire issued shares of Advantage Sail Limited ("Advantage Sail"), a company incorporated in the British Virgin Islands, which in turn holds 303,750,000 shares or approximately 50.625% of the issued share capital of the Company. Therefore, Dato' Tan is deemed, or taken to be, interested in all the shares held by Advantage Sail for the purpose of the SFO.
3. Ms. Kwong beneficially owns the entire issued shares of Robust Cosmos Limited ("Robust Cosmos"), a company incorporated in the British Virgin Islands, which in turn holds 33,750,000 shares or approximately 5.625% of the issued share capital of the Company. Therefore Ms. Kwong is deemed, or taken to be, interested in all the shares held by Robust Cosmos for the purpose of the SFO. Dato' Tan is the spouse of Ms. Kwong. Accordingly, Dato' Tan is deemed, or taken to be, interested in the shares in which Ms. Kwong is interested for the purpose of the SFO.

(ii) *Long position in the ordinary shares of associated corporations*

Name of Directors	Name of associated corporation	Capacity/Nature	Number of shares held	Approximate percentage of interest
Dato' Tan	Advantage Sail	Beneficial owner	1 ordinary share	100%

Save as disclosed above, as at 31 December 2019, none of the Directors nor chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures" above and in the paragraph headed "Share Option Scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the chief executive of the Company, as at 31 December 2019, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Position in the ordinary shares of the Company

Name	Nature of interest and Capacity	Number of shares held/ interested (Note 1)	Approximate percentage of Shareholding
Dato' Tan (Note 2) (Note 3)	Interest in a controlled corporation and interest of spouse	337,500,000 (L)	56.25%
Ms. Kwong (Note 3) (Note 4)	Interest in a controlled corporation and interest of spouse	337,500,000 (L)	56.25%
Advantage Sail (Note 2)	Beneficial owner	303,750,000 (L)	50.625%
Robust Cosmos (Note 4)	Beneficial owner	33,750,000 (L)	5.625%
Mr. Foo Moo Teng ("Mr. Foo") (Note 5)	Interest in a controlled corporation	112,500,000 (L)	18.75%
Alpha Vision Ventures Limited ("Alpha Vision") (Note 5)	Beneficial owner	112,500,000 (L)	18.75%

Notes:

1. The letter "L" demonstrates long position.
2. Dato' Tan beneficially owns the entire issued shares of Advantage Sail. Therefore, Dato' Tan is deemed, or taken to be, interested in all the shares held by Advantage Sail for the purpose of the SFO.
3. Ms. Kwong is the spouse of Dato' Tan. Accordingly, Ms. Kwong is deemed, or taken to be, interested in the shares in which Dato' Tan is interested for the purpose of the SFO.
4. Ms. Kwong beneficially owns the entire issued shares of Robust Cosmos. Therefore, Ms. Kwong is deemed, or taken to be, interested in all the shares held by Robust Cosmos for the purpose of the SFO.
5. Mr. Foo beneficially owns the entire issued shares of Alpha Vision. Therefore, Mr. Foo is deemed, or taken to be, interested in all the shares held by Alpha Vision for the purpose of the SFO.

Interest in other member of the Group

Name of member of the Group	Name of shareholder	Approximate percentage of shareholding
IP Core Network Sdn. Bhd. (108744-U)	Ms. Fathim Nur Zaida Binti Zainal Ariffin ("Ms. Zainal Ariffin")	30%

Note:

Ms. Zainal Ariffin is one of the members of the Group's senior management.

Save as disclosed above, as at 31 December 2019, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests and/or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was conditionally approved and adopted by the shareholders of the Company on 11 November 2019. Details of the Share Option Scheme are set out in Appendix IV to the Prospectus. No share option has been granted under the Share Option Scheme since its adoption.

AUDIT COMMITTEE

As at 31 December 2019, the audit committee of the Company (the "Audit Committee") has three members comprising three Independent Non-executive Directors, namely Mr. Lim Peng Chuan Terence (Chairman), Mr. Yau Yeung On and Mr. Phua Cheng Sye Charles. None of them are members of the former or existing auditors of the Company. The Board considers that the Audit Committee has extensive commercial experience in business, financial and legal matters. The primary duties of the Audit Committee include, among other matters, to review and monitor financial reporting and the judgment contained therein; to review financial and internal controls, accounting policies and practices with management and external auditors; and; to review the Company's compliance with the Corporate Governance Code ("CG Code") contained in Appendix 15 to the GEM Listing Rules.

OTHER INFORMATION

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters, and the Company's policies and practices on corporate governance. The Audit Committee has also reviewed and discussed with the management the unaudited condensed consolidated interim financial results of the Group for the six months ended 31 December 2019 and this report and is of the opinion that the preparation of such statements compiled with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

CORPORATE GOVERNANCE CODE

As the shares of the Company (the "Shares") were listed on GEM of the Stock Exchange on 9 December 2019 (the "Listing Date"), the requirements under the CG Code contained in Appendix 15 of the GEM Listing Rules was not applicable to the Company prior to the Listing Date. The Company has since then adopted and complied with, where applicable, the CG Code from the Listing Date up to the date of this report to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner, save for the deviation stipulated below.

According to the code provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Under the current management structure of the Company, Dato' Tan is the chairman of the Board (the "Chairman") and chief executive officer of the Company (the "Chief Executive Officer"). As Dato' Tan has been leading the Group as the Chief Executive Officer and actively involved in the core business of the Group since 2007, and due to his familiarity with the operations of the Group, the Board believes that it is in the best interest of the Group to continue to have Dato' Tan acting as both the Chief Executive Officer and the Chairman for effective management and business planning of the Group. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and three Independent Non-executive Directors. The Company will consult the Board for any major decisions. Therefore, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstances.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings (the "Required Standard of Dealings") set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Required Standard of Dealings from the Listing Date to 31 December 2019.

DIRECTORS' COMPETING INTERESTS

During the six months ended 31 December 2019, so far as the Directors are aware, none of the Directors, controlling shareholders and substantial shareholders of the Company, neither themselves nor their respective close associates (as defined under the GEM Listing Rules) had held any position or had interest in restricted business or any businesses or companies that were materially competing or might materially compete with the business of the Group, or gave rise to any concern regarding conflict of interest.

INTERESTS OF THE COMPLIANCE ADVISER

As at 31 December 2019, as notified by the Company's compliance adviser, Pulsar Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 22 November 2019, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the securities of the Group (including options or rights to subscribe for such securities) pursuant to Rules 6A.32 of the GEM Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Shares were listed on GEM of the Stock Exchange on 9 December 2019, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 December 2019.

FORWARD LOOKING STATEMENTS

This interim report contains forward looking statements with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

APPRECIATION

The Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to our shareholders, clients and suppliers for their continuous and valuable support.

By Order of the Board
Nomad Technologies Holdings Limited
Dato' Eric Tan Chwee Kuang
Chairman and Chief Executive Officer

Malaysia, 7 February 2020

As at the date of this report, the Board comprises Dato' Eric Tan Chwee Kuang and Mr. Saw Zhe Wei as Executive Directors; and Mr. Lim Peng Chuan Terence, Mr. Phua Cheng Sye Charles and Mr. Yau Yeung On as Independent Non-executive Directors.

Website: <http://www.nomad-holdings.com>