

**UCREST BERHAD**  
**(formerly known as Palette Multimedia Berhad)**  
(Company No.: 420056-K)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2017**

|  | Unaudited<br>As At<br>30 November<br>2017<br>RM'000 | Audited<br>As At<br>31 May<br>2017<br>RM'000 |
|--|---|--|
| <b><u>ASSETS</u></b>   |   |  |
| <b>Non-Current Assets</b>  |   |  |
| Property, Plant and Equipment                                    | 1,208   | 125  |
| Intangible Assets  | 8,846   | 9,164  |
| Total Non-Current Assets   | <u>10,055</u>                                       | <u>9,290</u>                                 |
| <b>Current Assets</b>  |   |  |
| Inventories  | 26  | 24   |
| Trade Receivables  | 1,687   | 1,772  |
| Other Receivables  | 17,369  | 1,981  |
| Deposits, cash and bank balances                                 | 1,666   | 1,593  |
| Total Current Assets   | <u>20,749</u>                                       | <u>5,369</u>                                 |
| <b>Total Assets</b>  | <b><u>30,804</u></b>                                | <b><u>14,659</u></b>                         |
| <b><u>EQUITY AND LIABILITIES</u></b>                             |   |  |
| <b>Capital and Reserves</b>                                      |   |  |
| Share capital  | 14,204  | 12,781                                       |
| Share premium  | -   | 586  |
| Warrants reserve   | 2,629   | 2,629  |
| Accumulated profit / (loss)                                      | 2,025   | (4,596)                                      |
| Total Equity   | <u>18,858</u>                                       | <u>11,401</u>                                |
| <b>Non-Current Liabilities</b>                                   |   |  |
| Trade and other payables   | 707   | 684  |
| Total Non-Current Liabilities                                    | <u>707</u>  | <u>684</u>                                   |
| <b>Current Liabilities</b>                                       |   |  |
| Trade and other payables   | 9,852   | 2,572  |
| Income tax liabilities   | 1,386   | 3  |
| Total Current Liabilities  | <u>11,238</u>                                       | <u>2,574</u>                                 |
| Total Liabilities  | <u>11,946</u>                                       | <u>3,258</u>                                 |
| <b>Total Equity and Liabilities</b>                              | <b><u>30,804</u></b>                                | <b><u>14,659</u></b>                         |
|  | -   | -  |
| Net Assets Per Share Attributable to owners of the Company (Sen) | 5.54  | 3.35   |

Note:

**The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 May 2017 and the accompanying explanatory notes attached to the interim financial statements.**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 NOVEMBER 2017**

|  | Unaudited<br>2017<br>Current<br>Quarter Ended<br>30-Nov<br>RM'000 | Unaudited<br>2016<br>Comparative<br>Quarter Ended<br>30-Nov<br>RM'000 | Unaudited<br>2017<br>Cumulative<br>Year To Date<br>30-Nov<br>RM'000 | Unaudited<br>2016<br>Cumulative<br>Year To Date<br>30-Nov<br>RM'000 |
|--|---|---|---|---|
| Revenue  | 11,239  | 61  | 19,075  | 283   |
| Cost of sales  | (5,731)   | (48)  | (9,309)   | (133)   |
| <b>Gross profit</b>  | <u>5,507</u>  | <u>13</u>   | <u>9,766</u>  | <u>150</u>  |
| Other income   | (15)  | 117   | 126   | 125   |
| Selling and distribution   | (6)   | (15)  | (7)   | (27)  |
| Administrative and general expenses  | (932)   | (502)   | (1,399)   | (986)   |
| <b>Profit / (Loss) Before Interest, Taxes, Depreciation<br/>and Amortisation</b> | <u>4,555</u>  | <u>(387)</u>  | <u>8,487</u>  | <u>(738)</u>  |
| Amortisation of Intangible Assets  | (157)   | (144)   | (318)   | (288)   |
| Depreciation   | (71)  | (11)  | (141)   | (24)  |
| <b>Profit / (Loss) from operations</b>   | <u>4,328</u>  | <u>(542)</u>  | <u>8,028</u>  | <u>(1,050)</u>  |
| Finance Cost   | (13)  | (8)   | (24)  | (16)  |
| <b>Profit / (Loss) before tax</b>  | <u>4,315</u>  | <u>(550)</u>  | <u>8,004</u>  | <u>(1,066)</u>  |
| Profit / (Loss) before tax is stated after charging/(crediting):-                |   |   |   |   |
| Interest income  | (2)   | (6)   | (8)   | (13)  |
| Depreciation and amortisation  | 227   | 155   | 459   | 312   |
| Foreign exchange (gain) / loss   | 16  | (135)   | (117)   | (112)   |
| Income tax expense   | (721)   | -   | (1,383)   | -   |
| <b>Profit / (Loss) for the period</b>  | <u>3,594</u>  | <u>(550)</u>  | <u>6,620</u>  | <u>(1,066)</u>  |
| Foreign currency translation   | -   | -   | -   | -   |
| <b>Total comprehensive profit / (loss)</b>                                       | <u>3,594</u>  | <u>(550)</u>  | <u>6,620</u>  | <u>(1,066)</u>  |
| Attributable to :-   |   |   |   |   |
| Owners of the Company  | 3,594   | (550)   | 6,620   | (1,066)   |
| Non-Controlling Interests  | -   | -   | -   | -   |
|  | <u>3,594</u>  | <u>(550)</u>  | <u>6,620</u>  | <u>(1,066)</u>  |
| Total comprehensive profit / (loss) attributable to:-                            |   |   |   |   |
| Owners of the Company  | 3,594   | (550)   | 6,620   | (1,066)   |
| Non-Controlling Interests  | -   | -   | -   | -   |
|  | <u>3,594</u>  | <u>(550)</u>  | <u>6,620</u>  | <u>(1,066)</u>  |
| Earnings / (Loss) per share - Basic (sen)  | 1.06  | (0.17)  | 1.94  | (0.33)  |
| - Diluted (sen)  | 0.78  | (0.15)  | 1.45  | (0.29)  |

Note:

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the period ended 31 May 2017 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2017**

|   | Share<br>Capital<br>RM'000 | Warrants<br>Reserve<br>RM'000 | Accumulated<br>profit / (loss)<br>RM'000 | Equity<br>Attributable<br>to the Owners<br>of the Company<br>RM'000 | Total<br>Equity<br>RM'000 |
|---|----------------------------|-------------------------------|--|---|---------------------------|
| <b><u>Quarter ended 30 November 2017</u></b>    |                            |                               |  |   |                           |
| Balance as at 1 June 2017 (Audited)             | 13,367                     | 2,629                         | (4,596)                                  | 11,401  | 11,401                    |
| Foreign exchange difference                     | -                          | -                             | -  | -   | -                         |
| Total Other comprehensive income for the period | -                          | -                             | -  | -   | -                         |
| Profit for the period                           | -                          | -                             | 6,620                                    | 6,620   | 6,620                     |
| Comprehensive profit for the period             | -                          | -                             | 6,620                                    | 6,620   | 6,620                     |
| Issuance of shares                              | 837                        | -                             | -  | 837   | 837                       |
| Balance as at 30 November 2017 (Unaudited)      | 14,204                     | 2,629                         | 2,025                                    | 18,858  | 18,858                    |

Note:

**The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 May 2017 and the accompanying notes attached to the interim financial statements.**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 NOVEMBER 2017**

|   | <b>Unaudited<br/>6 Months<br/>to date ended<br/>30/11/2017<br/>RM'000</b> | <b>Unaudited<br/>6 Months<br/>to date ended<br/>30/11/2016<br/>RM'000</b> |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |   |   |
| Profit / (Loss) before tax                                    | 8,004   | (1,066)   |
| Adjustments for:  |   |   |
| Amortisation of intangible assets                             | 318   | 288   |
| Depreciation of property, plant and equipment                 | 141   | 24  |
| Finance costs   | 24  | 16  |
| Interest income   | (8)   | (13)  |
| Unrealised gain on foreign exchange translation               | (8)   | (112)   |
| Operating profit / (loss) before changes in working capital   | <u>8,470</u>  | <u>(863)</u>  |
| Changes in working capital:-                                  |   |   |
| Inventories   | (2)   | 4   |
| Trade and other receivables                                   | (15,296)  | 363   |
| Trade and other payables                                      | 7,280   | (130)   |
| Cash generated from / (used in) operations                    | <u>453</u>  | <u>(625)</u>  |
| Interest received   | 8   | 13  |
| Net cash generated from / (used in) operating activities      | <u>461</u>  | <u>(612)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |   |   |
| Purchase of property, plant & equipment                       | <u>(1,224)</u>  | <u>(136)</u>  |
| Net cash used in investing activities                         | <u>(1,224)</u>  | <u>(136)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |   |   |
| Proceeds from issuance of shares                              | <u>837</u>  | -   |
| Net cash generated from financing activities                  | <u>837</u>  | -   |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>74</b>   | <b>(748)</b>  |
| <b>CASH AND CASH EQUIVALENTS AT 01 JUNE</b>                   | <b>1,593</b>  | <b>1,527</b>  |
| <b>CASH AND CASH EQUIVALENTS AT 30 NOVEMBER</b>               | <b><u>1,666</u></b>   | <b><u>779</u></b>   |

**Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

|                        |              |            |
|------------------------|--------------|------------|
| Deposits               | 44           | 652        |
| Cash and bank balances | 1,623        | 128        |
|                        | <u>1,666</u> | <u>779</u> |

Note:

**The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 May 2017 and the accompanying notes attached to the interim financial statements.**

**SELECTED EXPLANATORY NOTES**

**1. Accounting Policies and Methods Of Computation**

The current quarter financial report ended 30 November 2017 is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2017. The explanatory notes attached to the quarterly financial report provide an explanation on 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 May 2017.

The accounting policies and methods of computation adopted by the Group in the quarterly financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 May 2017.

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

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

**3. Segmental Reporting**

**Geographical information**

|               | <b>Individual Quarter Ended</b> |                  | <b>Individual YTD</b> |                  |
|---------------|---------------------------------|------------------|-----------------------|------------------|
|               | <b>30-Nov-17</b>                | <b>30-Nov-16</b> | <b>30-Nov-17</b>      | <b>30-Nov-16</b> |
|               | <b>RM'000</b>                   | <b>RM'000</b>    | <b>RM'000</b>         | <b>RM'000</b>    |
| Malaysia      | 191                             | 30               | 193                   | 252              |
| Singapore     | -                               | 31               | -                     | 31               |
| Russia        | 11,048                          | -                | 18,882                | -                |
| Group revenue | <u>11,239</u>                   | <u>61</u>        | <u>19,075</u>         | <u>283</u>       |

**4. Unusual Items**

During the quarter under review, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group.

**5. Changes In Estimates Of Amount Reported Previously Affecting Current Interim Period**

There are no changes in estimates of amount reported that will have a material effect in the current interim period.

**6. Seasonality or Cyclicity**

The operations of the Group are not subject to any seasonality or cyclicity factors.

**7. Dividends Paid Or Proposed**

Dividends were neither paid nor proposed during the current interim period.

**8. Valuation of Property, Plant and Equipment**

The Group has not carried out any valuation on its property, plant & equipment.

**9. Debts and Equity Securities**

During the quarter and six months ended 30 November 2017, the Company has issued 20,920,400 new ordinary shares pursuant to the exercise of warrants as follows:

|                                       | <b>Individual Quarter Ended</b> |                         | <b>Individual YTD</b>       |                         |
|---------------------------------------|---------------------------------|-------------------------|-----------------------------|-------------------------|
|                                       | <b>30-Nov-17</b>                |                         | <b>30-Nov-17</b>            |                         |
|                                       | <b>No. of Shares Issued</b>     | <b>Cash Proceeds RM</b> | <b>No. of Shares Issued</b> | <b>Cash Proceeds RM</b> |
| Exercise Price at RM0.04 per warrants | <u>20,920,400</u>               | <u>836,816</u>          | <u>20,920,400</u>           | <u>836,816</u>          |

**10. Change In The Composition of The Group**

Refer to the announcement made on 12 September 2017, the Company has incorporated a 100 % owned subsidiary known as UCrest Technology Sdn Bhd (Company No. 1246426-P ) ("UTSB").

The incorporation of UTSB does not have any effect on the share capital and substantial shareholders' shareholdings of PALETTE. It is also not expected to have any material effect on the net assets, gearing and earnings of PALETTE for the financial year ending 31 May 2018.

**11. Discontinued Operation**

There were no discontinued operations within the activities of the Group for the quarter under review.

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## SELECTED EXPLANATORY NOTES

### 12. Capital Commitments

There were no capital commitments for the purchase of any property, plant and equipment or any other expenses that were not accounted for in the financial statements of the quarter under review.

### 13. Changes In Contingent Liabilities & Assets

There are no material contingent liabilities as at the date of this report.

### 14. Subsequent Events

Refer to the announcement made on 01 December 2017 until 18 January 2018, the issuance of 37,099,075 new shares of RM0.04 each pursuant to the exercise of warrants at RM0.04 per warrant. The total cash proceeds arising from the exercise of warrants amounted to RM1,483,963.

## Additional Information As Per ACE Market Listing Requirement

### 15. Review Of Performance

During the current quarter under review, the Group recorded a net profit attributable to Owners of the Company of RM3.594 million.

### 16. Material Change In the Profit / (Loss) Before Taxation Compared To The Results of :-

|  | <u>Immediate Preceding Quarter</u> |                  | <u>Individual Quarter Ended</u> |                  | <u>Individual YTD</u> |                  |
|--|------------------------------------|------------------|---------------------------------|------------------|-----------------------|------------------|
|  | <u>30-Nov-17</u>                   | <u>31-Aug-17</u> | <u>30-Nov-17</u>                | <u>30-Nov-16</u> | <u>30-Nov-17</u>      | <u>30-Nov-16</u> |
|  | <u>RM'000</u>                      | <u>RM'000</u>    | <u>RM'000</u>                   | <u>RM'000</u>    | <u>RM'000</u>         | <u>RM'000</u>    |
| P/(L)BITDA                               | 4,555                              | 3,931            | 4,555                           | (387)            | 8,487                 | (738)            |
| Less : Amortisation of Intangible Assets | (157)                              | (161)            | (157)                           | (144)            | (318)                 | (288)            |
| Less : Depreciation                      | (71)                               | (71)             | (71)                            | (11)             | (141)                 | (24)             |
| Less : Finance cost                      | (13)                               | (11)             | (13)                            | (8)              | (24)                  | (16)             |
| Profit / (Loss) before tax               | <u>4,315</u>                       | <u>3,689</u>     | <u>4,315</u>                    | <u>(550)</u>     | <u>8,004</u>          | <u>(1,066)</u>   |

The Group recorded profit before tax of RM4.315 million in the current quarter, and profit before tax RM3.689 million in the immediate preceding quarter.

### 17. Commentary Of Prospects

Palette has moved into the medtech space with the significant investment made over the past few years on the development of imedic, the mobile health system. imedic enable patients to have wireless medical devices at home or anywhere, to regularly make measurement and upload the vital sign data to the Cloud. This would allow doctors from anywhere in the world to have access to the patient's data 24x7 to review and provide online consultation to the patients. More than 15 devices have been developed to connect to imedic including CPAP machines for sleep apnea patients. The Company will continue to invest in the innovation and development of its next generation of imedic with extensive artificial intelligence (AI) technologies performing analytic on the "Big Data" of the patients and make useful recommendation of diagnosis and treatment plan to the doctors and patients.

The Company has effectively combined the latest innovative technologies: medtech, AI and Big Data in imedic. The power to be unleashed from these 3 technologies could be enormous.

In addition to its early adoption by hospitals and doctors in the China market and other Asian countries, the Company has made successful penetration into the Russia market. The Company has recorded profit last quarter and Q2 FY2018. The Board of Directors is in the opinion that the Company will be profitable for the current fiscal year.

### 18. Profit Forecast

There was no profit forecast issued by the Group.

### 19. Taxation

The company and its subsidiaries, provision of the income tax expenses for the year amounted RM1.383 million.

### 20. Unquoted Investments / Properties

There were no purchase or sales of unquoted investments or properties during the current interim period under review.

### 21. Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities during the current interim period under review.

### 22. Status of Corporate Proposal

Refer to the announcements made on 28 November 2017 and 28 December 2017 in relation to the Proposed Private Placement and Proposed ESOS, Bursa Securities has, vide its letter dated 28 December 2017, resolved to approve the listing of and quotation of the following:-

1. Listing of up to 106,901,642 Placement Shares to be issued pursuant to the Proposed Private Placement; and
2. Listing of such number of new UCrest Shares representing up to 15% of the total number of issued shares of UCrest, excluding treasury shares, to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS, on the ACE Market of Bursa Securities.

### 23. Group Borrowings and Debt Securities

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**SELECTED EXPLANATORY NOTES**

There were no borrowings and debts securities for the financial quarter under review.

**24. Off Balance Sheet Financial Instruments**

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

**25. Material Litigation**

There were no Material Litigation for the financial quarter under review.

**26. Realised and Unrealised Profits/Losses**

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Rules 2.07 and 2.23 of Bursa Securities ACE Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclose and the format period.

The breakdown of accumulated losses of the Group as at the reporting date, into realised and unrealised losses, pursuant to the directive, is as follows:

|  | Group           |                 |
|--|-----------------|-----------------|
|  | 30/11/2017      | 31/05/2017      |
|  | RM'000          | RM'000          |
| Total accumulated losses of Palette Multimedia Berhad and it's subsidiaries: |                 |                 |
| - Realised   | (11,460)        | (18,055)        |
| - Unrealised - in respect of other items of income and expense               | 8               | (17)            |
|  | <u>(11,452)</u> | <u>(18,073)</u> |
| Add: Consolidation adjustments   | 13,477          | 13,477          |
| Total Group accumulated losses as per consolidated accounts                  | <u>2,025</u>    | <u>(4,596)</u>  |

The determination of realised and unrealised losses is based on the Guidedance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

**27. Dividends Payable**

The Board of Directors does not recommend any interim dividends for the current quarter ended 30 November 2017.

**28. Earnings / (Loss) Per Share**

(a) Basic

The basic earnings / (loss) per share for the quarter and cumulative year to date are computed as follow:

|  | Individual quarter ended |               | Cumulative YTD |               |
|--|--------------------------|---------------|----------------|---------------|
|  | 30-Nov-17                | 30-Nov-16     | 30-Nov-17      | 30-Nov-16     |
| Net Profit / (Loss) attributable to owners of the company (RM'000) | 3,594                    | (550)         | 6,620          | (1,066)       |
| Weighted average number of ordinary shares in issue ('000)         | 340,447                  | 319,527       | 340,447        | 319,527       |
| Basic earnings / (loss) Per Share (sen)                            | <u>1.06</u>              | <u>(0.17)</u> | <u>1.94</u>    | <u>(0.33)</u> |

(b) Diluted

For the purpose of calculating diluted earning / (loss) per share, the weighted average number of ordinary shares in issue during the financial year has been adjusted for the dilutive effects of warrants.

The diluted earning / (loss) per share for the quarter and cumulative year to date are computed as follow:

|   | Individual quarter ended |                | Cumulative YTD |                |
|---|--------------------------|----------------|----------------|----------------|
|   | 30-Nov-17                | 30-Nov-16      | 30-Nov-17      | 30-Nov-16      |
| Net Profit / (Loss) attributable to owners of the company (RM'000)                | 3,594                    | (550)          | 6,620          | (1,066)        |
| Weighted average number of ordinary shares in issue ('000)                        | 340,447                  | 319,527        | 340,447        | 319,527        |
| Adjusted for assumed conversion of warrants ('000)                                | 117,594                  | 52,295         | 117,594        | 52,295         |
| Adjusted weighted average number of ordinary shares in issue and issueable ('000) | <u>458,041</u>           | <u>371,821</u> | <u>458,041</u> | <u>371,821</u> |
| Diluted earnings / (loss) Per Share (sen)   | <u>0.78</u>              | <u>(0.15)</u>  | <u>1.45</u>    | <u>(0.29)</u>  |