

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2018

	Unaudited As At 28 February 2018 RM'000	Audited As At 31 May 2017 RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant and Equipment	1,151	125
Intangible Assets	8,690	9,164
Total Non-Current Assets	<u>9,841</u>	<u>9,290</u>
Current Assets		
Inventories	26	24
Trade Receivables	3,534	1,772
Other Receivables	18,896	1,981
Deposits, cash and bank balances	5,593	1,593
Total Current Assets	<u>28,048</u>	<u>5,369</u>
Total Assets	<u>37,889</u>	<u>14,659</u>
<u>EQUITY AND LIABILITIES</u>		
Capital and Reserves		
Share capital	17,428	12,781
Share premium	-	586
Warrants reserve	2,629	2,629
Accumulated profit / (loss)	5,547	(4,596)
Total Equity	<u>25,604</u>	<u>11,401</u>
Non-Current Liabilities		
Trade and other payables	720	684
Total Non-Current Liabilities	<u>720</u>	<u>684</u>
Current Liabilities		
Trade and other payables	10,127	2,572
Income tax liabilities	1,437	3
Total Current Liabilities	<u>11,565</u>	<u>2,574</u>
Total Liabilities	<u>12,285</u>	<u>3,258</u>
Total Equity and Liabilities	<u>37,889</u>	<u>14,659</u>
	-	-
Net Assets Per Share Attributable to owners of the Company (Sen)	6.08	3.57

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 28 FEBRUARY 2018**

	Unaudited 2018 Current Quarter Ended 28-Feb RM'000	Unaudited 2017 Comparative Quarter Ended 28-Feb RM'000	Unaudited 2018 Cumulative Year To Date 28-Feb RM'000	Unaudited 2017 Cumulative Year To Date 28-Feb RM'000
Revenue	12,330	519	31,405	802
Cost of sales	<u>(7,561)</u>	<u>(267)</u>	<u>(16,870)</u>	<u>(400)</u>
Gross profit	4,768	252	14,535	402
Other income	83	29	209	154
Selling and distribution	(5)	(5)	(12)	(32)
Administrative and general expenses	<u>(1,033)</u>	<u>(512)</u>	<u>(2,431)</u>	<u>(1,498)</u>
Profit / (Loss) Before Interest, Taxes, Depreciation and Amortisation	3,814	(236)	12,301	(974)
Amortisation of Intangible Assets	(157)	(144)	(475)	(432)
Depreciation	<u>(71)</u>	<u>(10)</u>	<u>(212)</u>	<u>(34)</u>
Profit / (Loss) from operations	3,586	(390)	11,614	(1,440)
Finance Cost	<u>(13)</u>	<u>(9)</u>	<u>(37)</u>	<u>(25)</u>
Profit / (Loss) before tax	3,573	(399)	11,577	(1,465)
Profit / (Loss) before tax is stated after charging/(crediting):-				
Interest income	(3)	(2)	(11)	(15)
Depreciation and amortisation	228	154	687	466
Foreign exchange (gain) / loss	<u>(81)</u>	<u>(27)</u>	<u>(198)</u>	<u>(139)</u>
Income tax expense	<u>(51)</u>	<u>(1)</u>	<u>(1,435)</u>	<u>(1)</u>
Profit / (Loss) for the period	3,522	(400)	10,143	(1,466)
Foreign currency translation	-	-	-	-
Total comprehensive profit / (loss)	<u>3,522</u>	<u>(400)</u>	<u>10,143</u>	<u>(1,466)</u>
Attributable to :-				
Owners of the Company	3,522	(400)	10,143	(1,466)
Non-Controlling Interests	-	-	-	-
	<u>3,522</u>	<u>(400)</u>	<u>10,143</u>	<u>(1,466)</u>
Total comprehensive profit / (loss) attributable to:-				
Owners of the Company	3,522	(400)	10,143	(1,466)
Non-Controlling Interests	-	-	-	-
	<u>3,522</u>	<u>(400)</u>	<u>10,143</u>	<u>(1,466)</u>
Earnings / (Loss) per share - Basic (sen)	0.84	(0.13)	2.41	(0.46)
- Diluted (sen)	0.77	(0.11)	2.21	(0.40)

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.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2018

	Share Capital RM'000	Warrants Reserve RM'000	Accumulated profit / (loss) RM'000	Equity Attributable to the Owners of the Company RM'000	Total Equity RM'000
<u>Quarter ended 28 February 2018</u>					
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	-	-	10,143	10,143	10,143
Comprehensive profit for the period	-	-	10,143	10,143	10,143
Issuance of shares	4,061	-	-	4,061	4,061
Balance as at 28 February 2018 (Unaudited)	17,428	2,629	5,547	25,604	25,604

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.

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 28 FEBRUARY 2018

	Unaudited 9 Months to date ended 28/02/2018 RM'000	Unaudited 9 Months to date ended 28/02/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	11,577	(1,465)
Adjustments for:		
Amortisation of intangible assets	475	432
Depreciation of property, plant and equipment	212	34
Finance costs	37	25
Interest income	(11)	(15)
Unrealised gain on foreign exchange translation	(22)	(108)
Operating profit / (loss) before changes in working capital	<u>12,267</u>	<u>(1,097)</u>
Changes in working capital:-		
Inventories	(2)	5
Trade and other receivables	(18,655)	383
Trade and other payables	7,555	(111)
Cash generated from / (used in) operations	<u>1,166</u>	<u>(821)</u>
Interest received	11	15
Tax paid	-	(1)
Net cash generated from / (used in) operating activities	<u>1,177</u>	<u>(807)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(1,238)	(136)
Net cash used in investing activities	<u>(1,238)</u>	<u>(136)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	4,061	-
Net cash generated from financing activities	<u>4,061</u>	<u>-</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	4,000	(943)
CASH AND CASH EQUIVALENTS AT 01 JUNE	1,593	1,527
CASH AND CASH EQUIVALENTS AT 28 FEBRUARY	<u>5,593</u>	<u>584</u>

Cash and cash equivalents

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

Deposits	2,544	350
Cash and bank balances	3,048	235
	<u>5,593</u>	<u>584</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 28 February 2018 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

	Individual Quarter Ended		Individual YTD	
	28-Feb-18	28-Feb-17	28-Feb-18	28-Feb-17
	RM'000	RM'000	RM'000	RM'000
Malaysia	108	96	302	347
Singapore	2,791	-	2,791	31
Russia	9,430	424	28,312	424
Group revenue	12,330	519	31,405	802

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 ended 28 February 2018, the Company has issued 80,599,075 new ordinary shares pursuant to the exercise of warrants as follows:

	Individual Quarter Ended		Individual YTD	
	28-Feb-18		28-Feb-18	
	No. of Shares Issued	Cash Proceeds RM	No. of Shares Issued	Cash Proceeds RM
Exercise Price at RM0.04 per warrants	80,599,075	3,223,963	101,519,475	4,060,779

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 Company. It is also not expected to have any material effect on the net assets, gearing and earnings of Company 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.

(formerly known as Palette Multimedia Berhad)

(Company No.: 420056-K)

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 March 2018 until 28 March 2018, the issuance of 42,986,900 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 RM1,719,476. (The expiry and last date for the exercise of warrant 2013/2018 at 5.00 p.m. on Tuesday, 20 March 2018)

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 RM3.522 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>28-Feb-18</u>	<u>30-Nov-17</u>	<u>28-Feb-18</u>	<u>28-Feb-17</u>	<u>28-Feb-18</u>	<u>28-Feb-17</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	3,814	4,555	3,814	(236)	12,301	(974)
Less : Amortisation of Intangible Assets	(157)	(157)	(157)	(144)	(475)	(432)
Less : Depreciation	(71)	(71)	(71)	(10)	(212)	(34)
Less : Finance cost	(13)	(13)	(13)	(9)	(37)	(25)
Profit / (Loss) before tax	<u>3,573</u>	<u>4,315</u>	<u>3,573</u>	<u>(399)</u>	<u>11,577</u>	<u>(1,465)</u>

The Group recorded profit before tax of RM3.573 million in the current quarter, and profit before tax RM4.315 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 Q3 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 RM1.435 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

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

(formerly known as Palette Multimedia Berhad)

(Company No.: 420056-K)

SELECTED EXPLANATORY NOTES

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	
	28/02/2018 RM'000	31/05/2017 RM'000
Total accumulated profit / (losses) of UCrest Berhad and it's subsidiaries:		
- Realised	(7,952)	(18,055)
- Unrealised - in respect of other items of income and expense	22	(17)
	<u>(7,930)</u>	<u>(18,073)</u>
Add: Consolidation adjustments	13,477	13,477
Total Group accumulated profit / (losses) as per consolidated accounts	<u>5,547</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 28 February 2018.

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	
	28-Feb-18	28-Feb-17	28-Feb-18	28-Feb-17
Net Profit / (Loss) attributable to owners of the company (RM'000)	3,522	(400)	10,143	(1,466)
Weighted average number of ordinary shares in issue ('000)	421,046	319,527	421,046	319,527
Basic earnings / (loss) Per Share (sen)	<u>0.84</u>	<u>(0.13)</u>	<u>2.41</u>	<u>(0.46)</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	
	28-Feb-18	28-Feb-17	28-Feb-18	28-Feb-17
Net Profit / (Loss) attributable to owners of the company (RM'000)	3,522	(400)	10,143	(1,466)
Weighted average number of ordinary shares in issue ('000)	421,046	319,527	421,046	319,527
Adjusted for assumed conversion of warrants ('000)	37,482	50,165	37,482	50,165
Adjusted weighted average number of ordinary shares in issue and issueable ('000)	458,528	369,691	458,528	369,691
Diluted earnings / (loss) Per Share (sen)	<u>0.77</u>	<u>(0.11)</u>	<u>2.21</u>	<u>(0.40)</u>