

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2018

	Unaudited As At 31-May 2018 RM'000	Audited As At 31 May 2017 RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant and Equipment	21,048	125
Intangible Assets	8,533	9,164
Deferred tax assets		
Total Non-Current Assets	<u>29,581</u>	<u>9,290</u>
Current Assets		
Inventories	26	24
Trade Receivables	5,782	1,772
Other Receivables	320	1,982
Deposits, cash and bank balances	6,205	1,593
	<u>12,333</u>	<u>5,370</u>
Assets held for sale		
Total Current Assets	<u>12,333</u>	<u>5,370</u>
Total Assets	<u>41,914</u>	<u>14,660</u>
<u>EQUITY AND LIABILITIES</u>		
Capital and Reserves		
Share capital	19,148	12,781
Share premium		586
Warrants reserve		2,629
Other reserve		
Accumulated profit / (loss)	12,215	(4,596)
	<u>31,363</u>	<u>11,401</u>
Non-Controlling interests		
Total Equity	<u>31,363</u>	<u>11,401</u>
Non-Current Liabilities		
Trade and other payables	494	684
Deferred tax liabilities	1,014	
Total Non-Current Liabilities	<u>1,508</u>	<u>684</u>
Current Liabilities		
Loans and Borrowings		
Trade and other payables	8,663	2,573
Income tax liabilities	380	3
Liabilities held for sale		
Total Current Liabilities	<u>9,043</u>	<u>2,575</u>
Total Liabilities	<u>10,551</u>	<u>3,259</u>
Total Equity and Liabilities	<u>41,914</u>	<u>14,660</u>
Net Assets Per Share Attributable to owners of the Company (Sen)	8.47	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 31 May 2018

	Unaudited 2018 Current Quarter Ended 31-May RM'000	Unaudited 2017 Comparative Quarter Ended 31-May RM'000	Unaudited 2018 Cumulative Year To Date 31-May RM'000	Audited 2017 Cumulative Year To Date 31-May RM'000
Revenue	16,858	4,912	48,263	5,714
Cost of sales	(9,150)	(2,859)	(26,020)	(3,260)
Gross profit	7,708	2,053	22,242	2,454
Other income	312	(121)	521	33
Selling and distribution	(10)	(16)	(22)	
Administrative and general expenses	(2,321)	(1,033)	(4,752)	(2,579)
Profit / (Loss) Before Interest, Taxes, Depreciation and Amortisation	5,689	883	17,990	(91)
Amortisation of Intangible Assets	(157)	(196)	(631)	(627)
Depreciation	(1,523)	(10)	(1,735)	(44)
Profit / (Loss) from operations	4,010	677	15,624	(762)
Finance Cost	(14)	(10)	(51)	(36)
Profit / (Loss) before tax	3,996	667	15,573	(798)
Profit / (Loss) before tax is stated after charging/(crediting):-				
Reversal of impairment loss on trade receivables		N/A		N/A
Gain on debt waiver		N/A		N/A
Bad debts recovered		N/A		N/A
Interest income	(22)	(2)	(33)	(17)
Impairment loss on intangible assets		N/A		N/A
Impairment loss on trade receivables		534		534
Inventories written off		N/A		N/A
Loss on disposal of investment in subsidiary		N/A		N/A
Interest expenses		N/A		N/A
Depreciation and amortisation	1,680	206	(2,366)	671
Foreign exchange (gain) / loss	(290)	123	(466)	(17)
Income tax expense	44	(155)	(1,391)	(4)
Profit / (Loss) for the period	4,039	512	14,182	(802)
Foreign currency translation				
Total comprehensive profit / (loss)	4,039	512	14,182	(802)
Attributable to :-				
Owners of the Company	4,039	512	14,182	(802)
Non-Controlling Interests				
	4,039	512	14,182	(802)
Total comprehensive profit / (loss) attributable to:-				
Owners of the Company	4,039	512	14,182	(802)
Non-Controlling Interests				
	4,039	512	14,182	(802)
Earnings / (Loss) per share - Basic (sen)	1.09	0.16	3.83	(0.25)
- Diluted (sen)	1.09	0.16	3.83	(0.25)

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 31 May 2018

	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Other Reserves - ESOS Reserve RM'000	Other Reserves - Foreign Exchange Reserve RM'000	Accumulated profit / (loss) RM'000	Equity Attributable to the Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Quarter ended 31 May 2018									
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						14,182	14,182		14,182
Profit for the period									
Comprehensive profit for the period						14,182	14,182		14,182
Issuance of shares	5,780						5,780		5,780
Balance as at 31 May 2018 (Unaudited)	19,148		2,629			9,586	31,363		31,363

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 31 MAY 2018**

	Unaudited 12 Months to date ended 31/05/2018 RM'000	Audited 12 Months to date ended 31/05/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	15,573	(798)
Adjustments for:		
Amortisation of intangible assets	631	627
Depreciation of property, plant and equipment	1,735	44
Cash discount allowed		-
Impairment loss on intangible assets		-
Impairment loss on trade receivables		534
Finance costs	51	36
Interest income	33	(17)
Unrealised gain on foreign exchange translation		17
Operating profit / (loss) before changes in working capital	<u>18,023</u>	<u>443</u>
Changes in working capital:-		
Inventories	(2)	5
Trade and other receivables	(2,348)	(1,207)
Trade and other payables	<u>5,849</u>	<u>943</u>
Cash generated from / (used in) operations	21,522	185
Interest paid		-
Interest received	(33)	17
Tax paid		(1)
Net cash generated from / (used in) operating activities	<u>21,489</u>	<u>201</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(1,245)	(136)
Purchase of intangible assets	(21,413)	N/A
Proceeds from disposal of fixed assets		-
Net cash used in investing activities	<u>(22,658)</u>	<u>(136)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in borrowings		-
Proceeds from issuance of shares	5,780	-
Expenses relating to Share premium & par value reduction		-
Net cash generated from financing activities	<u>5,780</u>	<u>-</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	4,612	66
EFFECT OF EXCHANGE RATE CHANGES		-
CASH AND CASH EQUIVALENTS AT 01 JUNE	1,593	1,527
CASH AND CASH EQUIVALENTS AT 31 MAY	<u>6,205</u>	<u>1,593</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	4,554	43
Cash and bank balances	<u>1,651</u>	<u>1,549</u>
	<u>6,205</u>	<u>1,593</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 31 May 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	
	31-May-18	31-May-17	31-May-18	31-May-17
	RM'000	RM'000	RM'000	RM'000
Malaysia		54	302	401
Singapore	12,261		15,053	31
Russia	4,596	4,858	32,908	5,282
Group revenue	<u>16,858</u>	<u>4,912</u>	<u>48,263</u>	<u>5,714</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 ended 31 May 2018, the Company has issued 80,599,075 new ordinary shares pursuant to the exercise of warrants as follows:

	Individual Quarter Ended		Individual YTD	
	31-May-18		31-May-18	
	No. of Shares Issued	Cash Proceeds RM	No. of Shares Issued	Cash Proceeds RM
Exercise Price at RM0.04 per warrants	<u>80,599,075</u>	<u>3,223,963</u>	<u>101,519,475</u>	<u>4,060,779</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 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.

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 RM5.081 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>31-May-18</u>	<u>28-Feb-18</u>	<u>31-May-18</u>	<u>31-May-17</u>	<u>31-May-18</u>	<u>31-May-17</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
P/(L)BITDA	5,689	3,814	5,689	883	17,990	(91)
Less : Amortisation of Intangible Assets	(157)	(157)	(157)	(196)	(631)	(627)
Less : Depreciation	(1,523)	(71)	(1,523)	(10)	(1,735)	(44)
Less : Finance cost	(14)	(13)	(14)	(10)	(51)	(36)
Profit / (Loss) before tax	<u>3,996</u>	<u>3,573</u>	<u>3,996</u>	<u>667</u>	<u>15,573</u>	<u>(798)</u>

The Group recorded profit before tax of RM5.081 million in the current quarter, and profit before tax RM3.573 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 RM1.391 million, consist of the following :-

	RM'000
Income tax expenses	377
Deferred tax expenses	1,014
	<u>1,391</u>

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

On 12 June 2018, KAF IB submitted on behalf an application to Bursa Securities to approval for an extension of time of six months until 28 December 2018 to complete the Proposed Private Placement.

SELECTED EXPLANATORY NOTES

23. Group Borrowings and Debt Securities

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	
	31/05/2018	31/05/2017
	RM'000	RM'000
Total accumulated profit / (losses) of UCrest Berhad and it's subsidiaries:		
- Realised	(1,535)	(18,055)
- Unrealised - in respect of other items of income and expense		(17)
	<u>(1,535)</u>	<u>(18,073)</u>
Add: Consolidation adjustments	13,751	13,477
Total Group accumulated profit / (losses) as per consolidated accounts	<u>12,216</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 31 May 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	
	31-May-18	31-May-17	31-May-18	31-May-17
Net Profit / (Loss) attributable to owners of the company (RM'000)	4,039	512	14,182	(802)
Weighted average number of ordinary shares in issue ('000)	370,123	319,527	370,123	319,527
Basic earnings / (loss) Per Share (sen)	<u>1.09</u>	<u>0.16</u>	<u>3.83</u>	<u>(0.25)</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)	4,039	512	14,182	(802)
Weighted average number of ordinary shares in issue ('000)	370,123	319,527	370,123	319,527
Adjusted for assumed conversion of warrants ('000)	37	50	37	50
Adjusted weighted average number of ordinary shares in issue and issueable ('000)	<u>370,160</u>	<u>319,577</u>	<u>370,160</u>	<u>319,577</u>
Diluted earnings / (loss) Per Share (sen)	<u>1.09</u>	<u>0.16</u>	<u>3.83</u>	<u>(0.25)</u>