

PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2016

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|-------------------------|--|-------------------------|---|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 30/06/2016 RM('000) | 30/06/2015 RM('000) | 30/06/2016 RM('000) | 30/06/2015 RM('000) |
| Revenue | 5,088 | 7,244 | 13,103 | 15,943 |
| Cost of sales | (2,154) | (3,382) | (6,616) | (8,538) |
| Gross profit | 2,934 | 3,862 | 6,487 | 7,405 |
| Other income | 924 | 190 | 1,177 | 381 |
| Administrative and general expenses | (2,990) | (3,556) | (6,184) | (6,133) |
| Operating profit | 868 | 496 | 1,480 | 1,653 |
| Finance cost | (372) | (80) | (693) | (102) |
| Profit before taxation | 496 | 416 | 787 | 1,551 |
| Taxation | - | - | - | - |
| Profit after taxation | 496 | 416 | 787 | 1,551 |
| Other comprehensive (loss)/income: | | | | |
| Exchange differences on translation of foreign operations | 52 | (20) | 1 | 96 |
| Total comprehensive income | 548 | 396 | 788 | 1,647 |
| PROFIT ATTRIBUTABLE TO | | | | |
| Owners of the parent | 497 | 447 | 810 | 1,618 |
| Non-controlling interests | (1) | (31) | (23) | (67) |
| | 496 | 416 | 787 | 1,551 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO | | | | |
| Owners of the parent | 549 | 427 | 811 | 1,714 |
| Non-controlling interests | (1) | (31) | (23) | (67) |
| | 548 | 396 | 788 | 1,647 |
| Weighted average number of ordinary shares in issue ('000) | 1,072,052 | 1,064,766 | 1,076,760 | 1,064,422 |
| Earnings per share (sen) | | | | |
| (a) Basic | 0.05 | 0.04 | 0.08 | 0.15 |
| (b) Fully diluted | 0.03 | 0.04 | 0.05 | 0.13 |

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

| | Unaudited As At 30/06/2016 RM('000) | Audited As At 31/12/2015 RM('000) |
|---|--|--|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 16,652 | 16,913 |
| Software development expenditure | 911 | 1,296 |
| Intangible assets | 63,198 | 63,595 |
| Other investments | 1,336 | 1 |
| Deferred tax assets | 1,107 | 130 |
| Trade receivables | 2,363 | 2,363 |
| | 85,567 | 84,298 |
| CURRENT ASSETS | | |
| Inventories | 3,983 | 821 |
| Other investments | 40,405 | 844 |
| Trade receivables | 38,731 | 39,460 |
| Other receivables, deposits and prepayments | 6,420 | 5,681 |
| Tax recoverable | 215 | 125 |
| Amount owing by ultimate holding company | 504 | 490 |
| Fixed deposits with licensed banks | 4,238 | 6,136 |
| Cash and bank balances | 5,859 | 5,874 |
| | 100,355 | 59,431 |
| TOTAL ASSETS | 185,922 | 143,729 |
| EQUITY AND LIABILITIES | | |
| Share capital | 108,284 | 106,581 |
| Share premium | 9,451 | 9,451 |
| Exchange translation reserve | (134) | (135) |
| Reserve on acquisition | (36,809) | (36,809) |
| Warrant reserve | 16,718 | 16,718 |
| ICULS | 37,854 | - |
| Other reserves | (14,748) | (14,748) |
| Retained earnings | 48,544 | 47,734 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | 169,160 | 128,792 |
| Non-controlling interests | 185 | 187 |
| TOTAL EQUITY | 169,345 | 128,979 |
| NON-CURRENT LIABILITIES | | |
| Finance lease liability | 42 | 42 |
| Bank borrowings | 4,435 | 4,435 |
| Deferred tax liabilities | 34 | 34 |
| | 4,511 | 4,511 |
| CURRENT LIABILITIES | | |
| Trade payables | 3,787 | 3,726 |
| Other payables and accrued expenses | 4,000 | 5,516 |
| ICULS | 4,073 | - |
| Finance lease liability | 31 | 61 |
| Bank borrowings | 75 | 150 |
| Bank overdraft | - | 679 |
| Tax payable | 100 | 107 |
| TOTAL CURRENT LIABILITIES | 12,066 | 10,239 |
| TOTAL LIABILITIES | 16,577 | 14,750 |
| TOTAL EQUITY AND LIABILITIES | 185,922 | 143,729 |
| Net assets per share attributable to owners of the parent (sen) | 15.62 | 12.08 |

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2016

| | Share Capital RM('000) | Share Premium RM('000) | Exchange Translation Reserve RM('000) | Reserve on Acquisition RM('000) | ICULS RM('000) | Other Reserves RM('000) | Warrants Reserves RM('000) | Retained Earnings RM('000) | Total RM('000) | Non- controlling Interests RM('000) | Total Equity RM('000) |
|---|------------------------------|------------------------------|--|--|-------------------|-------------------------------|----------------------------------|----------------------------------|-------------------|--|-----------------------------|
| Balance as at 1 January 2016 | 106,581 | 9,451 | (135) | (36,809) | - | (14,748) | 16,718 | 47,734 | 128,792 | 187 | 128,979 |
| Issuance of shares via exercise of Warrants | - | - | - | - | - | - | - | - | - | - | - |
| Issuance of ICULS | - | - | - | - | 39,428 | - | - | - | 39,428 | - | 39,428 |
| ICULS Conversion | 1,703 | - | - | - | (1,574) | - | - | - | 129 | - | 129 |
| Capital contribution by non-controlling interest | - | - | - | - | - | - | - | - | - | 20 | 20 |
| Profit for the period | - | - | - | - | - | - | - | 810 | 810 | (23) | 787 |
| Other comprehensive income | - | - | 1 | - | - | - | - | - | 1 | - | 1 |
| Total comprehensive income for the financial period | - | - | 1 | - | - | - | - | 810 | 811 | (23) | 788 |
| Balance as at 30 June 2016 | 108,284 | 9,451 | (134) | (36,809) | 37,854 | (14,748) | 16,718 | 48,544 | 169,160 | 185 | 169,345 |

FOR THE SECOND QUARTER ENDED 30 JUNE 2015

| | Share Capital RM('000) | Share Premium RM('000) | Exchange Translation Reserve RM('000) | Reserve on Acquisition RM('000) | ICULS RM('000) | Other Reserves RM('000) | Warrants Reserves RM('000) | Retained Earnings RM('000) | Total RM('000) | Non- controlling Interests RM('000) | Total Equity RM('000) |
|--|------------------------------|------------------------------|--|---------------------------------------|-------------------|-------------------------------|----------------------------------|----------------------------------|-------------------|--|-----------------------------|
| Balance as at 1 January 2015 | 106,233 | 9,274 | (932) | (36,809) | - | (14,747) | 16,718 | 45,523 | 125,260 | 96 | 125,356 |
| Issuance of share via exercise of Employees' Share Option Scheme | 348 | 69 | - | - | - | - | - | - | 417 | - | 417 |
| Profit for the period | - | - | - | - | - | - | - | 1,618 | 1,618 | (67) | 1,551 |
| Other comprehensive income | - | - | 96 | - | - | - | - | - | 96 | - | 96 |
| Total comprehensive income for the financial period | - | - | 96 | - | - | - | - | 1,618 | 1,714 | (67) | 1,647 |
| Balance as at 30 June 2015 | 106,581 | 9,343 | (836) | (36,809) | - | (14,747) | 16,718 | 47,141 | 127,391 | 28 | 127,419 |

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

| | 6 MONTHS ENDED 30/06/2016 RM('000) | 6 MONTHS ENDED 30/06/2015 RM('000) |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 787 | 1,551 |
| Adjustments for: | | |
| Amortisation of intangible assets | 571 | 504 |
| Government grant income | (90) | - |
| Depreciation of property, plant and equipment | 322 | 288 |
| Impairment on trade receivables | - | 1,010 |
| (Gain)/loss on disposal of property, plant and equipment | (64) | 21 |
| Unrealised (gain)/loss on foreign exchange | 179 | 129 |
| Dividend Income | (531) | - |
| Interest income | (92) | (145) |
| Interest expense | 693 | 102 |
| Gain on disposal of other investment | - | (49) |
| Operating profit before working capital changes | <u>1,775</u> | <u>3,411</u> |
| Changes in working capital: | | |
| Net change in current assets | (2,081) | (6,307) |
| Net change in current liabilities | <u>(3,222)</u> | <u>(5,081)</u> |
| Cash used in operations | (3,528) | (7,977) |
| Interest received | 92 | 145 |
| Tax paid | <u>(97)</u> | <u>(215)</u> |
| Net cash used in operating activities | <u>(3,533)</u> | <u>(8,047)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (60) | (1,945) |
| Proceeds from disposal of property, plant and equipment | 275 | 25 |
| Investment in unquoted share | (1,334) | - |
| Capital contribution by non-controlling interest | 20 | - |
| Net cash used in investing activities | <u>(1,099)</u> | <u>(1,920)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (120) | (102) |
| Fixed deposit released from pledge | 5,258 | - |
| Increase in other investments | (39,029) | - |
| Repayment of finance lease liabilities | (30) | (65) |
| Repayment of term loan | (75) | - |
| Proceeds from issuance of shares under ESOS & Warrants | - | 417 |
| Proceeds from issuance of shares of ICULS | <u>42,653</u> | <u>-</u> |
| Net cash from financing activities | <u>8,657</u> | <u>250</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 4,025 | (9,717) |
| EFFECTS OF EXCHANGE RATE CHANGES | - | 39 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 5,224 | 22,532 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>9,249</u> | <u>12,854</u> |
| Cash & cash equivalents at the end of the financial period comprise: | | |
| Cash and bank balances | 5,859 | 7,568 |
| Fixed deposits with licensed banks | 4,238 | 9,874 |
| Bank overdraft | <u>-</u> | <u>(2,761)</u> |
| | 10,097 | 14,681 |
| Less: Fixed deposits pledged to licensed banks | <u>(848)</u> | <u>(1,827)</u> |
| | <u>9,249</u> | <u>12,854</u> |

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED ("FPE") 30 JUNE 2016

A. EXPLANATORY NOTES

A1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Chapter 9, Part K Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of PUC Founder (MSC) Berhad ("PUCF") and its subsidiaries ("Group") for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.

A2 Changes in Accounting Policy

The accounting policies and methods of computation adopted by the Group in these unaudited condensed consolidated financial statements are consistent with those of the annual audited financial statements for the financial year ended 31 December 2015.

The adoption of the following MFRS that came into effect on 1 January 2016 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

| | |
|--|---|
| MFRS 14 | Regulatory Deferral Accounts |
| Amendments to MFRS 11 | Accounting for Acquisitions of Interests in Joint Operations |
| Amendments to MFRS 101 | Disclosure Initiative |
| Amendments to MFRS 116 and MFRS 138 | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to MFRS 127 | Equity Method in Separate Financial Statements |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Annual Improvements to MFRSs 2012 - 2014 Cycle | |
| Amendments to MFRS 10, MFRS 12 and MFRS 128 | Investment Entities: Applying the Consolidation Exception |

A3 Audit report of preceding annual financial statements

There were no audit qualifications to the annual audited financial statements of the Group for the financial year ended 31 December 2015.

A4 Seasonal or cyclical factors

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

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

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

A6 Material changes in estimates

Not applicable as there were no estimates reported by PUCF in the prior financial years.

A7 Debt and equity securities

During the current financial period, the issued and paid up share capital of PUCF increased from RM107,860,735 to RM108,284,045 pursuant to the conversion of 8,466,200 Irredeemable Convertible Unsecured Loan Stocks ('ICULS') into 4,233,100 new ordinary shares of RM0.10 each.

A8 Dividends

There were no dividends declared or paid in the current financial quarter under review.

A9 Segmental information

The Group's segmental revenue and profit after taxation for the financial period under review is as follows:-

| | CURRENT YEAR QUARTER 30/06/2016 RM('000) | PRECEDING YEAR CORRESPONDING QUARTER 30/06/2015 RM('000) | CURRENT YEAR TO DATE 30/06/2016 RM('000) | PRECEDING YEAR CORRESPONDING PERIOD 30/06/2015 RM('000) |
|------------------------------|---|--|---|---|
| Revenue | | | | |
| Business Segment | | | | |
| Biometrics | - | 2 | 243 | 348 |
| Advertising & Media | 4,900 | 7,140 | 12,320 | 15,317 |
| Financial Services | 188 | 102 | 540 | 278 |
| Renewable Energy | - | - | - | - |
| Others | - | - | - | - |
| | 5,088 | 7,244 | 13,103 | 15,943 |
| Profit after taxation | | | | |
| Business Segment | | | | |
| Biometrics | - | (859) | (2) | (1,670) |
| Advertising & Media | 1,806 | 1,399 | 4,254 | 3,506 |
| Financial Services | (18) | (124) | (33) | (285) |
| Renewable Energy | (313) | - | (779) | - |
| Others | (979) | - | (2,653) | - |
| | 496 | 416 | 787 | 1,551 |

A10 Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment reported in the current financial quarter under review.

A11 Capital commitments

The Group does not have any material capital commitments in respect of property, plant and equipment as at the end of the current financial quarter under review.

A12 Material events subsequent to the end of the quarter

The following are the material events subsequent to the current financial quarter under review:-

- (i) On 22 July 2016, the Group announced that the Company and Green Forever Energy Sdn Bhd ("GFE") have mutually agreed in writing to terminate the Term Sheet entered into between them with immediate effect due to the non-fulfilment of the conditions precedent of the Proposed Subscription, namely the approval from the Sustainable Energy Development Authority Malaysia for the Feed-in-Tariff application in respect of the proposed 425kw photovoltaic power plant to be constructed and operated by GFE.

A13 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to-date except for the following:

- (i) Joint venture with Greentech Malaysia Alliance Sdn Bhd ("GTMA") on 13 January 2016 whereby GTMA will subscribe 20% shareholdings in PUC Founder Technology Sdn Bhd ("PUCT"), an existing subsidiary of the Group. PUCT subsequently changed its name to Greentech Malaysia Founder Sdn Bhd on 15 January 2016.
- (ii) The PRC's Commercial and Industrial Bureau had, via its notification letter dated 17 June 2016, confirmed the completion of the winding up of Redhot Media International (Shanghai) Co.Ltd ("RHIS"). Pursuant thereto, RHIS is deemed dissolved.

A14 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets for the current financial quarter under review.

A15 Significant related party transactions

Save as disclosed below, there were no other related party transactions for the financial period under review:-

| | CURRENT YEAR TO DATE 30/06/2016 RM('000) | PRECEDING YEAR CORRESPONDING PERIOD 30/06/2015 RM('000) |
|---|---|---|
| Supply of a GPS-based geographical navigation application programme | 1,200 | 1,200 |
| Advertising and media charges on the obituary of late Mr. Cheong Chia Chieh | 34 | - |

B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**B1 Review of performance**

The Group recorded revenue and profit before tax of RM5.1 million and RM0.5 million respectively in the current quarter compared to RM7.2 million and RM0.4 million respectively recorded in the corresponding quarter.

The lower revenue is due to the decreased revenue contribution from the advertising and media segment, which was affected by slower market conditions due to global economic uncertainties. Notwithstanding the foregoing, the advertising and media segment recorded improvement in profit, while financial services segment recorded a lower loss, thereby leading to higher quarterly profit after tax for the Group.

Year to-date revenue and profit before tax is at RM13.1 million and RM0.8 million respectively compared to RM15.9 million and RM1.6 million in previous corresponding period. The lower revenue is due to the slower market conditions affecting the advertising and media segment. The lower profit before tax is mainly due to non-recurring expenses of approximately RM0.9 million incurred in relation to the issuance of ICULS.

B2 Variation of results against preceding quarter

| | CURRENT YEAR QUARTER ENDED 30/06/2016 RM('000) | PRECEDING QUARTER ENDED 31/03/2016 RM('000) | Variance | |
|------------------------|---|--|----------|------|
| | | | RM('000) | % |
| Revenue | 5,088 | 8,015 | (2,927) | -37% |
| Profit before taxation | 496 | 291 | 205 | 70% |

The decrease in revenue is mainly due to lower contribution from advertising and media segment and the cessation of the biometrics segment.

Profit before tax for the current quarter is affected by the lower profit before tax contribution from advertising and media segment. However, this impact is offset by the non-incurrence of ICULS-related expenses that took place in the preceding quarter.

B3 Prospects

Given the economic slowdown, the Board had expected some headwinds for its media and advertising business, hence the Group's diversification into the renewable energy business, which is a sunrise industry that is expected to provide the Group with recurring income.

The Board remains cautiously optimistic about the prospects of the Group's businesses in view that shareholders have approved its diversification into the renewable energy business in order to enhance its revenue stream and increase the Group's resilience to economic factors.

In relation to the financial services business units, the Group is focusing on the financial technology related services which is expected to contribute to the growth and development of this segment.

B4 Profit forecast or profit guarantee

The Group has not issued or disclosed in any public documents any profit forecast or profit guarantee for the current financial quarter under review.

B5 Taxation

| | CURRENT YEAR QUARTER 30/06/2016 RM('000) | PRECEDING YEAR CORRESPONDING QUARTER 30/06/2015 RM('000) | CURRENT YEAR TO DATE 30/06/2016 RM('000) | PRECEDING YEAR CORRESPONDING PERIOD 30/06/2015 RM('000) |
|---|---|--|---|---|
| Income tax | | | | |
| - Provision for previous and current period | - | - | - | - |
| Effective tax rate | 0% | 0% | 0% | 0% |

The effective tax rates of the Group for the current financial quarter and year to-date are lower than the statutory tax rate of 24% as certain subsidiary, namely EPP Solution Sdn Bhd, has been granted pioneer status under the Multimedia Super Corridor initiative. The Group also has subsidiaries established in the British Virgin Islands, namely AllChina.cn Ltd and Red Media Asia Ltd, that are not subjected to corporate taxation.

B6 Status of corporate proposals

Save as disclosed below, there is no other outstanding corporate proposal which has been announced but not yet completed as at the date of this report:-

Rights Issue of ICULS with Warrants

On 18 February 2016, the Group announced that as at the close of acceptance and payment for the Rights Issue of ICULS with Warrants at 5.00 p.m. on 5 February 2016 ("Closing Date"), the total valid acceptances and excess applications received under the Rights Issue of ICULS with Warrants were RM42,653,286.45 nominal value of the Rights ICULS together with 213,266,257 free Warrants-B. This represents an under-subscription of RM31,953,044.35 nominal value of the Rights ICULS or approximately 42.83% from the total of RM74,606,330.80 nominal value of the Rights ICULS together with 373,031,654 free Warrants-B available for subscription under the Rights Issue of ICULS with Warrants. Notwithstanding the under-subscription for the Rights Issue of ICULS with Warrants, the minimum subscription level of RM28,000,000.00 nominal value of the Rights ICULS for the Rights Issue of ICULS with Warrants was achieved and the Company will proceed with the Rights Issue of ICULS with Warrants.

The Rights ICULS and Warrants-B were listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 24 February 2016.

Status of utilisation of proceeds raised from the issuance of the ICULS

The status of the utilisation of proceeds arising from the ICULS as at 14 August 2016 is as follows:-

| | Proposed * utilisation RM('000) | Actual Utilisation RM('000) | Deviation RM('000) | % | Balance unutilised RM('000) | Expected time frame for utilisation |
|---|---------------------------------------|-----------------------------------|-----------------------|----------|-----------------------------------|---|
| Capital expenditure for construction of solar photovoltaic plants | 35,415 | (161) | - | - | 35,254 | within 24 months |
| Working capital | 6,238 | (80) | - | - | 6,158 | within 36 months |
| Defrayment of expenses in relation to the Rights Issue of ICULS with Warrants | 1,000 | (1,000) | - | - | - | within 6 months |
| | <u>42,653</u> | <u>(1,241)</u> | <u>-</u> | <u>-</u> | <u>41,412</u> | |

Note: *The details of the proposed utilisation have been modified to reflect the actual proceeds received.

Private Placement

The Board determined the issue price of the Placement Shares in accordance with market-based principles. As at 19 November 2014, total proceeds of RM16,003,000 have been raised from the Placement Shares over three tranches as follows:

- The issue price of the first tranche of Placement Shares comprising 22,720,000 Placement Shares was fixed at RM0.22 per Placement Share as announced on 19 August 2014, and the first tranche of Placement Shares was listed on 28 August 2014;
- The issue price of the second tranche of Placement Shares comprising 24,878,000 Placement Shares was fixed at RM0.205 per Placement Share as announced on 3 September 2014, and the second tranche of Placement Shares was listed on 11 September 2014;
- The issue price of the final tranche of Placement Shares comprising 36,905,000 Placement Shares was fixed at RM0.16 per Placement Share as announced on 20 October 2014, and the final tranche of Placement Shares was listed on 30 October 2014.

Status of utilisation of proceeds from Private Placement

The status of the utilisation of proceeds arising from the Private Placement as at 14 August 2016 is as follows:-

| | Proposed * utilisation RM('000) | Reallocation RM('000) | Actual Utilisation RM('000) | Deviation RM('000) | % | Balance unutilised RM('000) | Expected time frame for utilisation (from the date of completion of Private Placement) |
|---|---------------------------------------|--------------------------|-----------------------------------|-----------------------|----------|-----------------------------------|--|
| Investment in new businesses | 11,408 | (3,312) | (8,096) | - | - | - | within 18 months |
| Working capital | 4,370 | 3,312 | (7,682) | - | - | - | within 18 months |
| Defrayment of expenses in relation to the Private Placement | 225 | - | (225) | - | - | - | within 1 month |
| | <u>16,003</u> | <u>-</u> | <u>(16,003)</u> | <u>-</u> | <u>-</u> | <u>-</u> | |

Note: *The details of the proposed utilisation have been modified to reflect the actual proceeds received.

B7 Borrowings

The Group's borrowings as at 30 June 2016 are as follows:-

| | Short term RM('000) | Long term RM('000) | Total RM('000) |
|-------------------------|------------------------|-----------------------|-------------------|
| Secured | | | |
| Finance lease liability | 31 | 42 | 73 |
| Term Loan | 75 | 4,435 | 4,510 |
| | <u>106</u> | <u>4,477</u> | <u>4,583</u> |

B8 Material litigation

The Group does not have any material litigation as at the date of this interim financial report.

B9 Dividends

There were no dividends declared during the current financial quarter under review.

B10 Earnings per share**a. Basic earnings per share**

The basic earnings per share of the Group which is calculated by dividing the profit attributable to owners of the parent for the period by the weighted average number of shares in issue is as follows:-

| | 3 months ended 30 June | | Cumulative 6 months ended 30 June | |
|--|------------------------|-------------|-----------------------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| Profit attributable to owners of the parent (RM'000) | 497 | 447 | 810 | 1,618 |
| Weighted average number of ordinary shares in issue ('000) | 1,072,052 | 1,064,766 | 1,076,760 | 1,064,422 |
| Basic earnings per share (sen) | <u>0.05</u> | <u>0.04</u> | <u>0.08</u> | <u>0.15</u> |

b. Diluted earnings per share

The diluted earnings per share of the Group is calculated by dividing the profit attributable to owners of the parent for the period by the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued on the conversion of convertible securities into ordinary shares is as follows:-

| | 3 months ended 30 June | | Cumulative 6 months ended 30 June | |
|---|------------------------|------------------|-----------------------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Profit attributable to owners of the parent (RM'000) | 497 | 447 | 810 | 1,618 |
| Weighted average number of ordinary shares as per basic earnings per share computation ('000) | 1,072,052 | 1,064,766 | 1,076,760 | 1,064,422 |
| Assuming full exercise of ESOS ('000) | - | 64,873 | - | 64,873 |
| Assuming full exercise of Warrants ('000) | 467,640 | 92,858 | 467,640 | 92,858 |
| Weighted average number of ordinary shares diluted ('000) | <u>1,539,692</u> | <u>1,222,497</u> | <u>1,544,400</u> | <u>1,222,153</u> |
| Diluted earnings per share (sen) | <u>0.03</u> | <u>0.04</u> | <u>0.05</u> | <u>0.13</u> |

B11 Breakdown of realised and unrealised profit or losses of the Group

| | As at 30/06/2016 RM('000) | As at 30/06/2015 RM('000) |
|--|---------------------------------|---------------------------------|
| Total retained earnings of the Group | | |
| - Realised | 51,328 | 48,095 |
| - Unrealised | <u>1,072</u> | <u>133</u> |
| | 52,400 | 48,228 |
| Less: Consolidation adjustments | <u>(3,856)</u> | <u>(1,087)</u> |
| Total retained earnings as per consolidated accounts | <u>48,544</u> | <u>47,141</u> |

B12 Profit for the period

Profit before taxation is arrived after (crediting)/charging:-

| | CURRENT YEAR QUARTER 30/06/2016 RM('000) | PRECEDING YEAR CORRESPONDING QUARTER 30/06/2015 RM('000) | CURRENT YEAR TO DATE 30/06/2016 RM('000) | PRECEDING YEAR CORRESPONDING PERIOD 30/06/2015 RM('000) |
|--|---|--|---|---|
| Interest income | (47) | (59) | (92) | (145) |
| Dividend income | (382) | - | (531) | - |
| Interest expense | 372 | 80 | 693 | 102 |
| Depreciation and amortisation | 445 | 437 | 893 | 792 |
| Government grant income | (45) | - | (90) | - |
| Impairment - Trade receivables | - | 998 | - | 1,010 |
| (Gain)/loss on disposal of property, plant and equipment | - | (5) | (64) | 21 |
| (Gain)/loss on foreign exchange - Realised | (2) | - | (3) | - |
| (Gain)/loss on foreign exchange - Unrealised | (31) | 69 | 182 | 129 |

By Order of the Board

Cindy Lim Seck Wah
Secretary

Kuala Lumpur
26 August 2016