

**APPASIA BERHAD**  
 Company No. 643683-U  
 (Incorporated In Malaysia)

**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**  
 (The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		Current Year Quarter <u>30 Sept 2015</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sept 2014</u> RM'000	Current Year To Date <u>30 Sept 2015</u> RM'000	Preceding Year Corresponding Period <u>30 Sept 2014</u> RM'000
Revenue	A9	2,935	3,999	8,326	7,410
Cost of sales		<u>(1,197)</u>	<u>(3,190)</u>	<u>(2,954)</u>	<u>(6,375)</u>
Gross profit		1,738	809	5,372	1,035
Other income		342	104	535	179
Administrative expenses		<u>(3,205)</u>	<u>(1,640)</u>	<u>(8,921)</u>	<u>(10,943)</u>
<b>Loss from operations</b>		<b>(1,125)</b>	<b>(727)</b>	<b>(3,014)</b>	<b>(9,729)</b>
Interest expense		<u>(2)</u>	<u>(70)</u>	<u>(37)</u>	<u>(70)</u>
<b>Loss before taxation</b>		<b>(1,127)</b>	<b>(797)</b>	<b>(3,051)</b>	<b>(9,799)</b>
Taxation		<u>-</u>	<u>23</u>	<u>-</u>	<u>23</u>
<b>Loss after taxation</b>		<b>(1,127)</b>	<b>(774)</b>	<b>(3,051)</b>	<b>(9,776)</b>
<b>Other comprehensive income</b>					
Exchange difference arising on translation of foreign operation		(2)	-	(2)	-
<b>Total comprehensive loss for the period</b>		<b><u>(1,129)</u></b>	<b><u>(774)</u></b>	<b><u>(3,053)</u></b>	<b><u>(9,776)</u></b>
Loss after taxation attributable to:					
Equity holders of the parent		<u>(1,127)</u>	<u>(774)</u>	<u>(3,051)</u>	<u>(9,776)</u>
Total comprehensive loss attributable to:					
Equity holders of the parent		<u>(1,129)</u>	<u>(774)</u>	<u>(3,053)</u>	<u>(9,776)</u>
<b>Loss Per Share</b>					
Basic (sen)	B10	(0.40)	(0.56)	(1.09)	(7.06)
Diluted (sen)	B10	(0.40)	(0.56)	(1.07)	(7.06)

Notes:

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2014 and the accompanying explanatory notes attached in this interim financial statements.

The cumulative quarter for preceding year corresponding period 30 September 2014 is representing 9 months period from 01 January 2014 to 30 September 2014.

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**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At 30 Sept 2015 (Unaudited) RM'000	As At 31 Dec 2014 (Audited) RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	939	332
Investment properties	1,298	1,328
Goodwill	414	-
	2,651	1,660
<b>CURRENT ASSETS</b>		
Inventories	694	-
Trade receivables	1,508	1,400
Other receivables	640	800
Tax recoverable	114	69
Deposits placed with licensed banks	242	308
Cash and bank balances	13,530	2,179
	16,728	4,756
<b>TOTAL ASSETS</b>	<b>19,379</b>	<b>6,416</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	28,112	13,896
Share premium	4,013	4,082
Share-based payment reserve	1,286	-
Foreign currency translation reserve	(2)	-
Warrants reserve	20,982	-
Other reserve	(20,982)	-
Accumulated losses	(16,104)	(13,053)
<b>Total Equity</b>	17,305	4,925
<b>NON-CURRENT LIABILITY</b>		
Finance lease payables	159	75
<b>CURRENT LIABILITIES</b>		
Trade payables	177	548
Other payables	1,720	330
Finance lease payables	18	38
Bank borrowing	-	500
	1,915	1,416
<b>Total Liabilities</b>	2,074	1,491
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19,379</b>	<b>6,416</b>
Weighted average number of ordinary shares at RM0.10 par each ('000)	278,647	135,695
Net Asset per share (sen)	6.21	3.63

Notes:

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2014 and the accompanying explanatory notes attached in this interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<----- Attributable to Equity Holders of the Parent ----->							Total Equity RM'000
	<----- Non-Distributable ----->						Accumulated Losses RM'000	
	Share Capital RM'000	Share Premium RM'000	Share-Based Payment Reserve RM'000	Foreign Currency Translation Reserve RM'000	Warrants Reserve RM'000	Other Reserve RM'000		
<b>Current period-to-date ended</b>								
<b>30 September 2015</b>								
As at 1 January 2015	13,896	4,082	-	-	-	-	(13,053)	4,925
Issuance of shares pursuant to: -								
Rights issue	13,895	-	-	-	-	-	-	13,895
Share issuance scheme	321	266	-	-	-	-	-	587
Issuance of warrants	-	-	-	-	20,982	(20,982)	-	-
Issuance of shares expenses	-	(567)	-	-	-	-	-	(567)
Share-based payment	-	-	1,518	-	-	-	-	1,518
Exercised of SIS	-	232	(232)	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(2)	-	-	(3,051)	(3,053)
As at 30 September 2015	28,112	4,013	1,286	(2)	20,982	(20,982)	(16,104)	17,305
<b>Corresponding period-to-date ended</b>								
<b>30 September 2014</b>								
As at 1 January 2014	12,632	4,168	-	-	-	-	(678)	16,122
Issuance of shares pursuant to: -								
Private placement	1,264	-	-	-	-	-	-	1,264
Issuance of shares expenses	-	(86)	-	-	-	-	-	(86)
Total comprehensive loss for the period	-	-	-	-	-	-	(9,776)	(9,776)
As at 30 September 2014	13,896	4,082	-	-	-	-	(10,454)	7,524

Notes:

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 2014 and the accompanying explanatory notes attached in this interim financial statements.

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**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<u>1 Jan 2015 to 30 Sept 2015</u> RM'000	<u>Corresponding period 1 Jan 2014 to 30 Sept 2014</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(3,051)	(9,799)
Adjustments for:-		
Amortisation of product development expenditure	-	357
Bad debts written off	1	121
Depreciation of investment properties	30	41
Depreciation of property, plant and equipment	275	102
Gain on disposal of property, plant and equipment	-	(33)
Impairment of goodwill	-	3,541
Interest expense	37	70
Interest income	(166)	(74)
Inventories written off	-	134
Share-based payment	1,518	-
Unrealised gain on foreign exchange	(103)	-
Written off of property, plant and equipment	-	372
Written off of product development expenditure	-	2,525
Operating loss before working capital changes	(1,459)	(2,643)
Changes in working capital		
(Increase)/Decrease in inventories	(694)	444
(Increase)/Decrease in trade receivables	(109)	2,968
Decrease/(Increase) in other receivables	160	(306)
Decrease in trade payables	(371)	(4,693)
Increase in other payables	1,390	948
	376	(639)
Cash used in operations	(1,083)	(3,282)
Interest paid	(37)	(70)
Interest income	166	45
Tax paid	(45)	(93)
Foreign exchange translation differences	(2)	-
Net cash used in operating activities	(1,001)	(3,400)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	33
Purchase of property, plant and equipment	(774)	(273)
Uplift of fixed deposit	69	703
Placement of fixed deposit	(3)	-
Cash outflow from acquisition of business	(414)	-
Net cash (used in)/generated from investing activities	(1,122)	463
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Proceed on issuance of shares capital	14,216	1,264
Premium on issuance of shares capital	266	-
Issuance of shares expenses	(567)	(86)
Repayment of bank borrowing	(500)	(500)
Repayment of finance lease payables	(44)	-
Net cash generated from financing activities	13,371	678
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,248	(2,259)
FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	103	-
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	2,179	6,303
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	13,530	4,044
Cash and cash equivalents comprise:		
Deposits placed with licensed banks	242	308
Cash and bank balances	13,530	4,044
	13,772	4,352
Less: Fixed deposits pledged	(242)	(308)
	13,530	4,044

## Notes:

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2014 and the accompanying explanatory notes attached in this interim financial statements.

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**QUARTERLY REPORT**

Notes to the Quarterly Report for Third Quarter Ended 30 September 2015  
(The figures have not been audited)

**A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134 INTERIM FINANCIAL REPORTING**

**A1. BASIS OF PREPARATION**

The interim financial statements of AppAsia Berhad (“**AppAsia**” or “**Company**”) and its subsidiaries (“**AppAsia Group**” or “**Group**”) is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“**MFRS**”) 134 “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“**MASB**”), Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the ACE Market.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended (“**FYE**”) 31 December 2014 and the accompanying explanatory notes. These explanatory notes attached to the interim financial statement provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

The significant accounting policies and presentations adopted by the Group in this quarterly report are consistent with those adopted in the annual audited financial statements for the FYE 31 December 2014.

The adoption of the following Malaysian Financial Reporting Standards (“**MFRSs**”), Amendments to MFRSs and Issues Committee (“**IC**”) Interpretations that come into effect on 1 October 2013 did not have any significant impact on the unaudited condensed consolidated financial statements of the Group upon their initial application.

**Adoption of new and amended standards and interpretation**

During the financial period, the Group have adopted the following Amendments to MFRSs and IC Interpretation which are effective and mandatory for the current financial period:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Order Entities: Transition Guidance
Improvements 2009 – 2011 Cycle	

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**A1. BASIS OF PREPARATION (CONT'D)**

Adoption of above amendments to MFRSs and IC Interpretation did not have any significant impact on the financial statements of the Group.

**Standards issued but not yet effective**

The Group have not applied the following MFRSs that have been issued by the Malaysian Accounting Standard Board but are not yet effective for the Group:

	Effective dates for financial periods beginning on or after
Amendments to MFRS 119	1 July 2014
Defined Benefits Plans: Employee Contributions	
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014
MFRS 14	1 January 2016
Regulatory Deferral Accounts	
Amendments to MFRS 11	1 January 2016
Accounting for Acquisitions of Interests in Joint Operations	
Amendments to MFRS 116 and MFRS 138	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation	
Amendments to MFRS 116 and MFRS 141	1 January 2016
Agriculture: Bearer Plants	
Amendments to MFRS 127	1 January 2016
Equity Method in Separate Financial Statements	
Amendments to MFRS 10 and MFRS 128	1 January 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
MFRS 15	1 January 2017
Revenue from Contracts with Customers	
MFRS 9	1 January 2018
Financial Instruments (IMFRS 9 issued by IASB in July 2014)	

The Group intends to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Group.

**A2. AUDIT REPORT ON THE PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report on the preceding annual financial statements of the Group for the FYE 31 December 2014 was not subject to any qualification.

**A3. SEASONALLY OR CYCLICAL FACTORS OF INTERIM OPERATIONS**

The Group's operations are not materially affected by any major seasonal or cyclical factors during the financial quarter under review and financial period-to-date.

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**A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**

During the current financial quarter under review and the current financial period-to-date, there are no unusual significant items or events that arose, which affected the assets, liabilities, equity, net income or cash flows.

**A5. MATERIAL CHANGE IN ESTIMATES**

There were no material changes in estimates that have had material effect on the current financial quarter under review and financial period-to-date.

**A6. DEBT AND EQUITY SECURITIES**

There were no issuance, cancellations, or repayments of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares, repurchase and resale of treasury shares for the current financial quarter under review, other than disclosed as follows:-

- a) On 02 January 2015, the Company had completed the issue of the Rights Issue of Shares with Warrants of 138,956,400 new ordinary shares of RM0.10 each (“Rights Share”), together with 138,956,400 free detachable new warrants (“Warrants”) on the basis of one (1) Rights Share together with one (1) Warrants for every one (1) existing share at an issue price of RM0.10 per Rights Share.
- b) On 19 May 2015 and 24 June 2015, the Company has issued additional 860,000 and 1,900,000 new ordinary shares of RM0.10 each respectively at the exercise price of RM0.183 pursuant to the Shares Issuance Scheme (“SIS”).
- c) On 15 July 2015, the Company has issued additional 450,000 new ordinary shares of RM0.10 each at the exercise price of RM0.183 pursuant to the Shares Issuance Scheme (“SIS”).

The detailed movement of the issued and paid up capital and share premium for the Company is as follows: -

	<b>No. of shares issued and fully paid up ordinary shares of RM0.10 each '000</b>	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Total RM'000</b>
As at 01 January 2015	138,956	13,896	4,082	17,978
Issuance of shares via Rights Issue	138,956	13,895	-	13,895
Issuance of shares expenses	-	-	(567)	(567)
Issuance of shares via SIS	3,210	321	266	587
Exercised of SIS	-	-	232	232
As at 30 September 2015	<u>281,122</u>	<u>28,112</u>	<u>4,013</u>	<u>32,125</u>

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**A7. VALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES**

There were no revaluation of property, plant and equipment and investment properties during the financial quarter under review and financial period-to-date.

All property, plant and equipment and investment properties were stated at cost less accumulated depreciation.

**A8. DIVIDEND PAID**

No dividend was declared, approved or paid during the financial quarter under review and financial period-to-date.

**A9. SEGMENTAL INFORMATION**

In line with the Group's strategy to penetrate into different IT consumers market, the management has currently segregate the Group into 2 core business units based on different products, services and market segments as follows:

1. ICT Security Business

The ICT Security Business provides the solutions, products and services in the information technology security sector. It includes the managed security services, security-enhanced enterprise solutions, managed infrastructure services, IT hardware and software trading, professional consultancy, system development, security penetration testing, forensic research and specialized training services.

2. E-Commerce Business

The E-Commerce Business mainly focuses in the research, development and operation of the e-commerce websites and mobile applications. The Group aims to further expand the existing online fashion wholesale mall into a global e-marketplace targeted for various consumer markets. The major revenue of the E-Commerce Business is mainly from the online merchandize transaction.

The Group management strategically dedicates the operation of each business units to the respective subsidiaries and monitors the operation separately for effective resource allocation and performance assessment. Each business unit's performance is evaluated based on the long term business value and profitability.



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**A9. SEGMENTAL INFORMATION (CONT'D)**

The segmental revenue and results of the Group are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
ICT security business	1,638	3,999	5,424	7,410
E-commerce business	1,297	-	2,902	-
Total revenue	2,935	3,999	8,326	7,410
<b>Segment Results</b>				
ICT security business	161	(727)	2,187	(9,729)
E-commerce business	(1,286)	-	(5,201)	-
Loss from operations	(1,125)	(727)	(3,014)	(9,729)
Interest expense	(2)	(70)	(37)	(70)
Loss before taxation	(1,127)	(797)	(3,051)	(9,799)

**A10. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL QUARTER**

There was no material event to the end of the current financial quarter under review and financial period-to-date that has not been reflected in the interim financial statements.

**A11. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the period under review.

**A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

The counter claim against Mohd Badaruddin Bin Masodi fixed for trial on 25 and 26 May 2015 did not take place.

Mohd Badaruddin Bin Masodi had filed an appeal to the High Court of Kuala Lumpur against the dismissal of his striking out application. His appeal which is fixed on hearing on 8 September 2015 was rescheduled to 9 October 2015. On 9 October 2015, his appeal was argued before the High Court Judge and it was adjourned to 5 November 2015 for decision. On 5 November 2015, the High Court dismissed Mohd Badaruddin Bin Masodi's appeal with costs and agreed with the Session Court that the counter claim by Extol Ventures Sdn Bhd should go for trial.

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**A12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS (CONT'D)**

Meanwhile, at the Session Court, the Company's counter claim against Mohd Badaruddin Bin Masodi which was fixed for case management on 21 September 2015 was adjourned to 12 October 2015 and then to 6 November 2015 pending the disposal of Mohd Badaruddin Bin Masodi's appeal. On 6 November 2015, the said counter claim against Mohd Badaruddin Bin Masodi has been fixed for trial on 9 December 2015 and 11 December 2015.

**A13. OPERATING LEASE COMMITMENTS**

(a) Operating lease commitments as lessee

The future minimum lease payments payable under non-cancellable operating leases are:

	<b>As At</b>	<b>As At</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	-	724
Later than one year but not later than two years	-	905
	<hr/>	<hr/>
	-	1,629

(b) Leasing arrangements

The Group leases a number of computer equipment software under non-cancellable operating lease agreements. The lease term is 3 years. None of the leases includes contingent rentals.

**A14. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The Directors of the Company are of the opinion that there are no related party transactions which would have a material impact on the financial position and the business of the Group during the current financial quarter under review and financial period-to-date.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF THE BURSA SECURITIES FOR THE ACE MARKET**

**B1. REVIEW OF PERFORMANCE FOR THE CURRENT QUARTER AND FINANCIAL PERIOD-TO-DATE ENDED 31 DECEMBER 2014**

The Group recorded revenue in the current quarter ended 30 September 2015 of RM 2.94 million, representing an decrease of approximately 26.50% as compared to the revenue of corresponding quarter of the preceding period ended 30 September 2014 of RM 4.00 million.

The Group recorded a loss after taxation of RM1.13 million for the current quarter under review as compared to a loss after taxation of RM 0.77 million recorded in the corresponding quarter of the preceding year.

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**B2. COMPARISON OF CURRENT QUARTER WITH THE IMMEDIATE PRECEDING QUARTER**

	<b>Current quarter 30 September 2015 RM'000</b>	<b>Preceding quarter 30 June 2015 RM'000</b>
Revenue	2,935	1,909
Gross profits	1,738	782
Gross Margin	59.22%	40.96%
Loss before taxation	(1,127)	(2,776)

The Group recorded revenue in the current quarter ended 30 September 2015 of RM 2.94 million, representing an increase of 53.93% as compared to the revenue of previous quarter ended 30 June 2015 of RM 1.91 million. The increase was due to the increase in revenue for both ICT security and E- Commerce segments during the financial quarter. However, ICT security segment contributed the main portion of the revenue.

The Group recorded a loss before taxation of RM 1.13 million for the current quarter under review as compared to a loss before taxation of RM 2.78 million recorded in the previous quarter ended 30 June 2015.

**B3. PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

The Board is of the view that, barring any unforeseen circumstances, the ICT security segment is expected to remain challenging given the competitive market. Our Group will continue and try our best to improve in meeting better result in ICT security segment.

Besides, our Group is optimistic about the company's future by expanding into the e-commerce business. The Group had recorded a significant increase in revenue in current quarter review as compared with previous quarter in the e-commerce segment.

**B4. VARIANCE ON PROFIT FORECAST AND PROFIT GUARANTEE**

Not applicable as no profit forecast or profit guarantee was provided.

**B5. TAXATION**

Income tax income comprises the followings:

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30 September 2015</b>	<b>30 September 2014</b>	<b>30 September 2015</b>	<b>30 September 2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
In respect of the current period				
Taxation				
- Current year	-	-	-	-
- Overprovision in prior year	-	23	-	23
Deferred taxation	-	-	-	-
Total income tax income	-	23	-	23

No provision for taxation expenses for the quarter as no chargeable income within the Group.

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**B6. STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals announced but not completed as at the date of this report.

**B7. STATUS OF UTILISATION OF PROCEEDS**

The Status of utilization of the proceeds from Rights Issue of Shares with Warrants as follows:

<b>Purpose</b>	<b>Proceeds Raise RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Amount Unutilised RM'000</b>	<b>Intended Timeframe for utilisation (from the date of listing i.e 2 January 2015)</b>
Research and development for new product	3,882	1,423	2,459	Within 24 months
Purchase of production and operation equipment	1,151	456	695	Within 24 months
Working Capital	8,296	7,277	1,019	Within 24 months
Listing Expenses	567	567	-	Within 2 weeks
<b>Total</b>	<b>13,896</b>	<b>9,723</b>	<b>4,173</b>	

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

The Group's borrowings denominated in Ringgit Malaysia as at the end of the current quarter under review are as follows:

	<b>30 September 2015 RM'000</b>
<b>Secured – short term</b>	
Finance lease payables	18
<b>Secured – long term</b>	
Finance lease payables	159
<b>Total Borrowings</b>	<u>177</u>

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**B9. MATERIAL LITIGATION**

As at the reporting date, the following are the material litigation against the Group.

The counter claim against Mohd Badaruddin Bin Masodi fixed for trial on 25 and 26 May 2015 did not take place.

Mohd Badaruddin Bin Masodi had filed an appeal to the High Court of Kuala Lumpur against the dismissal of his striking out application. His appeal which is fixed on hearing on 8 September 2015 was rescheduled to 9 October 2015. On 9 October 2015, his appeal was argued before the High Court Judge and it was adjourned to 5 November 2015 for decision. On 5 November 2015, the High Court dismissed Mohd Badaruddin Bin Masodi's appeal with costs and agreed with the Session Court that the counter claim by Extol Ventures Sdn Bhd should go for trial.

Meanwhile, at the Session Court, the Company's counter claim against Mohd Badaruddin Bin Masodi which was fixed for case management on 21 September 2015 was adjourned to 12 October 2015 and then to 6 November 2015 pending the disposal of Mohd Badaruddin Bin Masodi's appeal. On 6 November 2015, the said counter claim against Mohd Badaruddin Bin Masodi has been fixed for trial on 9 December 2015 and 11 December 2015.

**B10. LOSS PER SHARE**

## (a) Basic loss per share

The basic loss per share for the current financial quarter and financial period to-date are computed as follows:

	<b>Current quarter ended 30 September 2015</b>	<b>Cumulative quarter ended 30 September 2015</b>
Net loss attributed to equity holders of the Company (RM'000)	(1,127)	(3,051)
Weighted average number of ordinary shares of RM0.10 in issue ('000)	281,054	278,647
Basic loss per shares (sen)	(0.40)	(1.09)

## (b) Fully diluted loss per share

The diluted loss per share for current financial quarter and financial period to-date are computed as follows:

	<b>Current quarter ended 30 September 2015</b>	<b>Cumulative quarter ended 30 September 2015</b>
Net loss attributed to equity holders of the Company (RM'000)	(1,127)	(3,051)
Weighted average number of ordinary shares of RM0.10 in issue ('000)	281,054	285,770
Diluted loss per shares (sen)	(0.40)	(1.07)

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**B11. REALISED AND UNREALISED LOSSES DISCLOSURE**

Total accumulated losses may be analyzed as follows:

	<b>As at 30 September 2015 RM'000</b>	<b>As at 31 December 2014 RM'000</b>
Total accumulated losses of the group		
Realised	(12,039)	(11,985)
Unrealised	-	-
	<hr style="width: 100%; border: 0.5px solid black;"/> (12,039)	<hr style="width: 100%; border: 0.5px solid black;"/> (11,985)
Less: Consolidation adjustments	(4,065)	(1,068)
Total accumulated losses as per condensed consolidated statement of financial position	<hr style="width: 100%; border: 0.5px solid black;"/> (16,104)	<hr style="width: 100%; border: 0.5px solid black;"/> (13,053)

**B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**

Total comprehensive loss for the period was derived after charging / (crediting) the following items:

	<b>Current quarter ended 30 September 2015 RM'000</b>	<b>Cumulative quarter ended 30 September 2015 RM'000</b>
Bad debts recovery	(17)	(19)
Bad debts written-off	-	1
Depreciation and amortisation	113	305
Realised (gain)/loss on foreign exchange	(17)	17
Unrealised gain on foreign exchange	(65)	(103)
Interest expense	2	37
Interest income	(71)	(166)
Rental income	(37)	(109)