



APPASIA BERHAD

Company No. 643683-U
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	As At 31 Dec 2017 (Unaudited)	As At 31 Dec 2016 (Audited)
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	536	1,150
Investment properties	3,230	3,699
Product development expenditure	-	400
Research and development expenditure	1,066	-
Investment in associate company	37	51
	<u>4,869</u>	<u>5,300</u>
Current Assets		
Inventories	179	287
Trade receivables	98,060	153
Other receivables	1,918	694
Tax recoverable	21	109
Fixed deposits placed with licensed bank	5,041	17
Cash and bank balances	15,494	5,176
	<u>120,713</u>	<u>6,436</u>
TOTAL ASSETS	<u>125,582</u>	<u>11,736</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	46,040	28,372
Share premium	4,411	4,411
Warrants reserve	20,489	20,982
Other reserve	(20,489)	(20,982)
Share issuance scheme option reserve	977	1,741
Foreign currency translation reserve	5	(9)
Accumulated losses	(24,813)	(24,472)
Total Equity	<u>26,620</u>	<u>10,043</u>
LIABILITIES		
Non-Current Liability		
Finance lease payables	50	141
Current Liabilities		
Trade payables	96,756	42
Other payables	2,064	1,392
Amount due to associate company	-	3
Finance lease payables	92	115
	<u>98,912</u>	<u>1,552</u>
Total Liabilities	<u>98,962</u>	<u>1,693</u>
TOTAL EQUITY AND LIABILITIES	<u>125,582</u>	<u>11,736</u>
Net assets per ordinary share attributable to owners of the parent (sen)	7.71	3.57

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 2016 and the accompanying explanatory notes attached in this interim financial statements.

APPASIA BERHAD

Company No. 643683-U
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter Ended	Quarter Ended	Year ended	Year ended
		31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	68,617	1,050	142,839	4,659
Cost of sales		(66,834)	(453)	(136,559)	(1,122)
Gross profit		1,783	597	6,280	3,537
Other income		35	75	980	491
Administrative expenses		(1,807)	(2,528)	(6,160)	(9,615)
Finance costs		(2)	(3)	(11)	(9)
Share of result of associate company		(55)	(9)	(55)	(9)
(Loss)/Profit from operations		(46)	(1,868)	1,034	(5,605)
Share-based payment		80	-	(1,251)	(1,248)
Profit/(Loss) before taxation		34	(1,877)	(217)	(6,853)
Taxation	B5	(173)	1	(199)	1
Net loss for the period		(139)	(1,876)	(416)	(6,852)
Other comprehensive income/(loss)					
Exchange translation differences for foreign operation		11	16	14	(6)
Total comprehensive loss for the period		(128)	(1,860)	(402)	(6,858)
Loss for the period attributable to:					
Owners of the parent		(139)	(1,876)	(416)	(6,852)
Total comprehensive loss attributable to:					
Owners of the parent		(128)	(1,860)	(402)	(6,858)
Loss Per Share (sen)					
Basic	B10	(0.04)	(0.67)	(0.14)	(2.43)
Diluted	B10	(0.04)	(0.67)	(0.11)	(2.43)

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 2016 and the accompanying explanatory notes attached in this interim financial statements.



APPASIA BERHAD

Company No. 643683-U
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	Attributable to Owners of the Parent						Distributable	Total Equity	
	Non-Distributable				Share Issuance Scheme Option	Foreign Currency Translation Reserve			Accumulated Losses
	Share Capital	⁽¹⁾ Share Premium	Warrants Reserve	Other Reserve					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Year ended 31 December 2017									
As at 1 January 2017	28,372	4,411	20,982	(20,982)	1,741	(9)	(24,472)	10,043	
Shares options granted under SIS	-	-	-	-	1,251	-	-	1,251	
Share options lapsed	-	-	-	-	(75)	-	75	-	
Exercised of shares options	6,850	-	-	-	(1,940)	-	-	4,910	
Conversion of warrants	425	-	(493)	493	-	-	-	425	
Private placement	10,393	-	-	-	-	-	-	10,393	
Total comprehensive income/(loss) for the period	-	-	-	-	-	14	(416)	(402)	
As at 31 December 2017	46,040	4,411	20,489	(20,489)	977	5	(24,813)	26,620	
Year ended 31 December 2016									
As at 1 January 2016	28,112	4,013	20,982	(20,982)	1,286	(3)	(18,231)	15,177	
Shares option granted under SIS	-	-	-	-	1,248	-	-	1,248	
Shares options lapsed	-	-	-	-	(611)	-	611	-	
Exercised of shares options	260	398	-	-	(182)	-	-	476	
Total comprehensive loss for the period	-	-	-	-	-	(6)	(6,852)	(6,858)	
As at 31 December 2016	28,372	4,411	20,982	(20,982)	1,741	(9)	(24,472)	10,043	

⁽¹⁾ Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 2016 and the accompanying explanatory notes attached in this interim financial statements.

APPASIA BERHAD

Company No. 643683-U
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	Year Ended 31 Dec 2017	Year Ended 31 Dec 2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(217)	(6,853)
Adjustments for:-		
Depreciation of investment properties	85	88
Depreciation of property, plant and equipment	567	836
Amortisation of research and development expenditure	141	-
Product development expenditure written off	309	-
Share-based payment	1,251	1,248
Inventories written off	37	-
Reversal of inventories written off	-	(52)
Share of result of associate company	55	9
Property, plant and equipment written off	58	33
Gain on disposal of property, plant and equipment	-	(21)
Gain on disposal of investment properties	(816)	-
Impairment of trade receivable	-	145
Loss on disposal of membership	18	-
Interest expense	11	9
Interest income	(5)	(137)
Unrealised loss/(gain) on foreign exchange	47	(125)
Operating profit / (loss) before working capital changes	1,541	(4,820)
Changes in working capital:		
Inventories	71	297
Trade receivables	(97,907)	219
Other receivables	(1,242)	1,183
Trade payables	96,714	(426)
Other payables	672	(185)
Associate company	(3)	3
	(1,695)	1,091
Cash used in operations	(154)	(3,729)
Interest paid	(11)	(9)
Interest received	5	137
Tax paid	(161)	(60)
Tax refund	50	37
Net cash used in operating activities	(271)	(3,624)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11)	(497)
Purchase of investment properties	-	(2,500)
Proceeds from disposal of property, plant and equipment	-	29
Proceeds from disposal of investment properties	1,200	-
Investment in associates company	(41)	(60)
Reversal/(Addition) of product development expenditure	91	(400)
Addition of research and development expenditure	(1,207)	-
Net cash generated from / (used in) investing activities	32	(3,428)

APPASIA BERHAD

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(The figures have not been audited)

	<u>Year Ended</u> <u>31 Dec 2017</u>	<u>Year Ended</u> <u>31 Dec 2016</u>
	RM'000	RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Proceeds from conversion of warrants	425	-
Proceeds from exercise of SIS options	4,910	476
Proceeds from private placement exercise	10,393	-
Decrease in fixed deposits pledged	-	242
Repayment of finance lease payables	(114)	(67)
Net cash generated from financing activities	<u>15,614</u>	<u>651</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	15,375	(6,401)
EFFECT OF EXCHANGE TRANSLATION DIFFERENCES ON		
CASH AND CASH EQUIVALENTS	(33)	118
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE FINANCIAL YEAR	<u>5,193</u>	<u>11,476</u>
CASH AND CASH EQUIVALENTS		
AT THE END OF THE FINANCIAL YEAR	<u><u>20,535</u></u>	<u><u>5,193</u></u>
Cash and cash equivalents comprises:		
Fixed deposits placed with licensed bank	5,041	17
Cash and bank balances	<u>15,494</u>	<u>5,176</u>
	<u><u>20,535</u></u>	<u><u>5,193</u></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 2016 and the accompanying explanatory notes attached in this interim financial statements.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING****A1. BASIS OF PREPARATION**

The interim financial statements is unaudited and has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016 and the accompanying explanatory notes. The explanatory notes attached to the interim financial statements provides 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 financial year ended 31 December 2016.

The significant accounting policies, methods of computations and interpretation adopted by AppAsia Berhad (“AppAsia” or “Company”) and its subsidiary companies (“Group”) in the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2016.

The adoption of the following MFRSs and amendments to MFRSs that come into effect on 1 January 2017 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Amendments to MFRS 107 Disclosure Initiative
- Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRSs 2014-2016 Cycle

MFRSs, amendments to MFRSs and IC Interpretation that are applicable to the Group but not yet effective

The Malaysian Accounting Standards Board had issued the following new standards, amendments to MFRSs and IC Interpretation. All of which are effective for the financial period beginning on or after 1 January 2018 unless otherwise mentioned. The Group did not early adopt these new standards, amendments to MFRSs and IC Interpretation.

- MFRS 9 Financial Instruments
- MFRS 15 and amendments to MFRS 15 Revenue from Contracts with Customers
- Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 140 Transfer of Investment Properties
- Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- MFRS 16 Leases (effective from 1 January 2019)
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (deferred until further notice)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**A2. AUDIT REPORT ON THE PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report on the preceding annual financial statements of the Group for the financial year ended 31 December 2016 was not subject to any qualification.

A3. SEASONALLY OR CYCLICAL FACTORS

The operation of the Group were not significantly affected by any major seasonal or cyclical factors during the current financial quarter under review and financial year-to-date.

A4. UNUSUAL ITEMS

There were no significant unusual items or events that arose, which affecting 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 year-to-date.

A6. DEBT AND EQUITY SECURITIES

On 18 December 2017, the Company has issued 31,381,000 new ordinary shares pursuant to the private placement at the issue price of RM 0.3312 per placement share.

Save for the above, there were no other 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.

A7. DIVIDEND PAID

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

A8. SEGMENTAL INFORMATION

In line with the Group's strategy to penetrate into different IT consumers market, the management has currently segregate the Group into 3 core business units based on different products, services and market segments as follows:

ICT Security and Cloud Business

Provides the solutions, products and services in the information technology security sector which include managed security services, security-enhanced enterprise solutions, managed infrastructure services, IT hardware and software trading, system development, IT security consultation, penetration testing and related professional services. Also provides advanced backup and Secure Enterprise File Management solutions and advanced cloud solution and services.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
A8. SEGMENTAL INFORMATION (CONT'D)
Digital Contents Business

Provide e-media technologies and solutions for digital media industries and contents aggregation, development of mobile applications, games and portal.

E-Commerce Business

Focus in the research, development of online marketplace which caters for business-to-business (B2B) and business-to-consumer (B2C) transactions and operations of e-commerce platforms.

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.

Results for year ended 31 December 2017

	ICT security and cloud business	Digital contents business	E-commerce business	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenues	1,673	2,064	139,102	-	142,839
Inter segment	654	600	603	(1,857)	-
Total revenue	2,327	2,664	139,705	(1,857)	142,839

Segment Results

Interest income	1	1	3	-	5
Finance costs	(4)	(3)	(4)	-	(11)
Depreciation and amortisation	(223)	(320)	(250)	-	(793)
Other non-cash items ⁽²⁾	295	(522)	(677)	-	(904)
Segment (loss)/gain before tax	(224)	(351)	358	-	(217)

Results for year ended 31 December 2016

	ICT security and cloud business	Digital contents business	E-commerce business	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenues	2,453	1,599	607	-	4,659
Inter segment	978	911	911	(2,800)	-
Total revenue	3,431	2,510	1,518	(2,800)	4,659

Segment Results

Interest income	48	40	49	-	137
Finance costs	(3)	(3)	(3)	-	(9)
Depreciation	(287)	(400)	(237)	-	(924)
Other non-cash items ⁽²⁾	(496)	(388)	(344)	-	(1,228)
Segment loss before tax	(1,416)	(2,276)	(3,152)	(9)	(6,853)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**A8. SEGMENTAL INFORMATION (CONT'D)**

⁽²⁾ Other non-cash items consist of the following as presented in the respective notes to the financial statements:

	As at 31 Dec 2017	As at 31 Dec 2016
	RM'000	RM'000
Loss on disposal of membership	(18)	-
Gain on disposal of property, plant and equipment	-	21
Gain on disposal of investment properties	816	-
Impairment on trade receivables	-	(145)
Property, plant and equipment written off	(58)	(33)
Product development expenditure written off	(309)	
Reversal of inventories written off	-	52
Inventories written off	(37)	-
Share-based payment	(1,251)	(1,248)
Unrealised (loss)/gain on foreign exchange	(47)	125
	<u>(904)</u>	<u>(1,228)</u>

A9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The valuations of property, plant and equipment and investment properties have been brought forward without any amendments from the previous audited financial statements.

A10. MATERIAL EVENTS SUBSEQUENT TO THE CURRENT FINANCIAL QUARTER

There was no material event subsequent 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 current financial quarter under review.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Save from the material events disclosed in Notes A10 in this quarterly report, there was no contingent liabilities and contingent assets at the end of the current financial quarter under review and financial period-to-date that has not been reflected in the interim financial statements.

A13. CAPITAL COMMITMENTS

There were no capital commitments during the period under review.



APPASIA BERHAD

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

	As at	As at
	31 Dec 2017	31 Dec 2016
	RM'000	RM'000
A company which a director has financial interest		
Multi Square Coating (Thailand) Company Limited		
- Sales	(184)	-

The above sales transaction is with a company in which a director of the Company has substantial financial interest.

Save for the above, 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.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS FOR THE ACE MARKET
B1. PERFORMANCE REVIEW

	Current quarter ended		Changes (%)	Cumulative quarter ended		Changes (%)
	31 Dec 17 RM'000	31 Dec 16 RM'000		31 Dec 17 RM'000	31 Dec 16 RM'000	
Revenue	68,617	1,050	6,435.0	142,839	4,659	2,965.9
Profit/(loss) before interest and taxation (PBIT/LBIT)	36	(1,874)	(101.9)	(206)	(6,844)	(97.0)
Profit/(loss) before taxation (PBT/LBT)	34	(1,877)	(101.8)	(217)	(6,853)	(96.8)
Loss after taxation (LAT)	(139)	(1,876)	(92.6)	(416)	(6,852)	(93.9)
Loss attributable to ordinary equity holders of the parent	(139)	(1,876)	(92.6)	(416)	(6,852)	(93.9)

Review of results for current quarter

For the current quarter financial period ended 31 December 2017, the Group's registered a revenue of RM 68.62 million, PBIT of RM 36,000 and PBT of RM 34,000 as compared to a revenue of RM 1.05 million, LBIT of RM 1.87 million and LBT of RM 1.88 million in the preceding quarter financial period ended 31 December 2016.

Commentary on revenue

The Group recorded a higher revenue for the current quarter, mainly due to revenue contributed from the e-commerce division in B2B sector as compared to the preceding quarter financial period ended 31 December 2016.

Commentary on LBIT/ LBT

The Group recorded an increase in PBIT and PBT for the current quarter financial period was mainly due to lower operating costs compared to preceding quarter financial period ended 31 December 2016.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**B1. PERFORMANCE REVIEW (CONT'D)****Review of results for the financial period ended 31 December 2017**

The Group's registered a revenue of RM 142.84 million, LBIT of RM 206,000 and LBT of RM 217,000 for the financial period ended 31 December 2017 as compared to a revenue of RM 4.66 million, LBIT of RM 6.84 million and LBT of RM 6.85 million in the preceding financial period ended 31 December 2016.

Commentary on revenue

The revenue growth came mainly from the e-commerce division as a result of the full launch of the B2B marketplace. The other key contributor to revenue growth was the continued increase in contribution from digital content compared to the preceding financial period ended 31 December 2016.

Commentary on LBIT/ LBT

The Group recorded a lower LBIT and LBT for the current financial period compared to the preceding financial period ended 31 December 2016, was in tandem with the increase in revenue and lower administrative and operation costs.

B2. COMMENTS ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

	Current quarter 31 Dec 2017 RM'000	Preceding quarter 30 Sep 2017 RM'000	Changes (%)
Revenue	68,617	65,002	5.6
(Loss)/Profit from operations	(46)	1,766	(102.6)
Profit before taxation	34	1,766	(98.1)
(Loss)/Profit after taxation	(139)	1,740	(108.0)
(Loss)/Profit attributable to ordinary equity holders of the parent	(139)	1,740	(108.0)

The Group recorded a profit before taxation of RM 34,000 for the current financial quarter under review as compared to profit before taxation of RM 1.77 million recorded in the immediate preceding quarter ended 30 September 2017.

The decrease in profit before taxation is mainly due to the amortisation of research and development expenditure and write off product development expenditure as stated in B12 during the current financial quarter, after taking into account a gain on disposal of investment properties of RM 0.82 million in the preceding quarter ended 30 September 2017 as a result of the disposal of 2 units of investment properties by Extol Corporation Sdn Bhd, a wholly-owned subsidiary of the Company.

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
B3. PROSPECTS FOR FINANCIAL YEAR 2018

The Board is optimistic that the Group has the strategy put in place, which is starting to yield results. The e-commerce division is expected to continue growing as the B2B marketplace gains more visibility and momentum.

The digital content is still experiencing growth in which our Chinese media clients continue to be ranked high in the Chinese media content sites. The ICT Security business is expected to remain stable.

B4. VARIANCE ON PROFIT FORECAST AND PROFIT GUARANTEE

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

B5. TAXATION

Income tax expense comprises the followings:

	Individual Quarter Ended		Cumulative Quarter Ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
In respect of the current period :-	RM'000	RM'000	RM'000	RM'000
Current year taxation	146	-	146	-
Effect of real property gain tax	27	-	27	-
(Over)/under provision in prior years	-	(1)	26	(1)
Total income tax expense	173	(1)	199	(1)

B6. STATUS OF CORPORATE PROPOSALS

Save for the material events disclosed in Notes A10 in this quarterly report, there was no other corporate proposal at the end of the current financial quarter under review and financial period-to-date that has not been reflected in the interim financial statements.

B7. STATUS OF UTILISATION OF PROCEEDS

The private placement was completed subsequent to the listing of 31,381,000 new ordinary shares on the Ace Market of Bursa Securities on 18 December 2017.

Purpose	Proposed Utilisation	Actual Utilisation	Balance Utilisation	Timeframe of Utilisation (from the date of listing of placement share)
	RM'000	RM'000	RM'000	RM'000
Working capital	7,835	224	7,611	within 12 months
Future business expansion	2,267	-	2,267	within 12 months
Expenses in relation to the Proposed Private Placement	291	291	-	within 2 weeks
Total	10,393	515	9,878	

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
B8. GROUP BORROWINGS AND DEBT SECURITIES

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

	Current Liabilities	Non-Current Liability	Total
	RM'000	RM'000	RM'000
Secured			
Finance lease payables	92	50	142

B9. MATERIAL LITIGATION

As at the date of this report, there is no material litigation or arbitration, which has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

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:

	Current quarter ended		Cumulative quarter ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Loss attributed to owners of the parent for the period (RM'000)	(139)	(1,876)	(416)	(6,852)
Weighted average number of issued ordinary shares ('000)	318,594	281,478	299,039	281,478
Basic loss per share (sen)	(0.04)	(0.67)	(0.14)	(2.43)

(b) Diluted loss per share

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

	Current quarter ended		Cumulative quarter ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Loss attributed to owners of the parent for the period (RM'000)	(139)	(1,876)	(416)	(6,852)
Weighted average number of issued ordinary shares ('000)	392,002	281,478	369,218	281,478
Diluted loss per share (sen)	(0.04)	(0.67)	(0.11)	(2.43)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
B11. REALISED AND UNREALISED LOSSES DISCLOSURE

Total accumulated losses may be analyzed as follows:

	As at 31 Dec 2017	As at 31 Dec 2016
	RM'000	RM'000
Total accumulated losses of the Company and its subsidiary companies:		
Realised	(20,633)	(20,510)
Unrealised	(47)	125
	<u>(20,680)</u>	<u>(20,385)</u>
Total accumulated losses from associate company:		
Realised	(55)	(9)
	<u>(20,735)</u>	<u>(20,394)</u>
Less: Consolidation adjustments	(4,078)	(4,078)
Total accumulated losses as per condensed consolidated statement of financial position	<u>(24,813)</u>	<u>(24,472)</u>

B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

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

	Current quarter ended		Cumulative quarter ended	
	31 Dec 17 RM'000	31 Dec 16 RM'000	31 Dec 17 RM'000	31 Dec 16 RM'000
Depreciation and amortisation	269	221	793	924
Impairment on trade receivables	-	145	-	145
Finance costs	2	3	11	9
Unrealised loss/(gain) on foreign exchange	20	(172)	47	(125)
Interest income	(2)	(29)	(5)	(137)
Rental income	(32)	(37)	(132)	(150)
Inventories written off	-	-	37	-
Property, plant and equipment written off	44	-	58	33
Product development expenditure written off	309	-	309	-
Loss on disposal of membership	(1)	-	18	-
Gain on disposal of property, plant and equipment	-	1	-	(21)
Gain on disposal of investment properties	-	-	(816)	-

B13. AUTHORISATION FOR ISSUE

The interim financial statements were authorized for issue on 22 February 2018 in accordance with resolution of the board of directors.