

# APPASIA BERHAD

Company No. 643683-U  
(Incorporated In Malaysia)

## QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 Dec 2018

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	As At 31 Dec 2018 (Unaudited) RM'000	As At 31 Dec 2017 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	437	536
Investment properties	2,352	2,402
Research and development expenditure	1,684	1,066
Investment in associate company	-	37
	<u>4,473</u>	<u>4,041</u>
<b>Current Assets</b>		
Inventories	152	179
Trade receivables	16,286	98,639
Other receivables	2,368	1,858
Tax recoverable	457	63
Fixed deposits placed with licensed bank	4,048	5,041
Cash and bank balances	2,961	15,494
Assets classified as held for sale	-	828
	<u>26,272</u>	<u>122,102</u>
<b>TOTAL ASSETS</b>	<b><u>30,745</u></b>	<b><u>126,143</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	50,464	50,451
Warrants reserve	20,489	20,489
Other reserve	(20,489)	(20,489)
Share issuance scheme option reserve	790	978
Foreign currency translation reserve	-	5
Accumulated losses	(24,161)	(24,813)
<b>Total Equity</b>	<u>27,093</u>	<u>26,621</u>
<b>LIABILITIES</b>		
<b>Non-Current Liability</b>		
Finance lease payables	<u>46</u>	<u>50</u>
<b>Current Liabilities</b>		
Trade payables	1,374	96,772
Other payables	2,150	2,557
Provision for taxation	-	51
Finance lease payables	82	92
	<u>3,606</u>	<u>99,472</u>
<b>Total Liabilities</b>	<u>3,652</u>	<u>99,522</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>30,745</u></b>	<b><u>126,143</u></b>
Net assets per ordinary share attributable to owners of the parent (sen)	7.85	7.71

#### Notes:

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 2017 and the accompanying explanatory notes attached in this interim financial statements.

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 Dec 2018****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 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	40,082	68,617	178,545	142,839
Cost of sales		(39,429)	(66,974)	(173,512)	(136,699)
Gross profit		653	1,643	5,033	6,140
Other income		33	35	1,670	980
Administrative expenses		(965)	(1,666)	(6,125)	(6,019)
Finance costs		(2)	(2)	(8)	(11)
Share of result of associate company		(5)	(55)	(32)	(55)
<b>(Loss)/Profit from operations</b>		<b>(286)</b>	<b>(45)</b>	<b>538</b>	<b>1,035</b>
Share-based payment		-	80	-	(1,251)
<b>(Loss)/Profit before taxation</b>		<b>(286)</b>	<b>35</b>	<b>538</b>	<b>(216)</b>
Taxation	B5	179	(173)	(97)	(199)
<b>Net (loss)/profit for the period</b>		<b>(107)</b>	<b>(138)</b>	<b>441</b>	<b>(415)</b>
<b>Other comprehensive (loss)/income</b>					
Exchange translation differences for foreign operation		-	11	23	14
<b>Total comprehensive (loss)/income for the period</b>		<b>(107)</b>	<b>(127)</b>	<b>464</b>	<b>(401)</b>
(Loss)/Profit for the period attributable to:					
Owners of the parent		(107)	(138)	441	(415)
Total comprehensive (loss)/profit attributable to:					
Owners of the parent		(107)	(127)	464	(401)
(Loss)/Profit Per Share (sen)					
Basic	B10	(0.03)	(0.04)	0.13	(0.14)
Diluted	B10	(0.03)	(0.04)	0.13	(0.11)

**Notes:**

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 2017 and the accompanying explanatory notes attached in this interim financial statements.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 Dec 2018

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(The figures have not been audited)

	Attributable to Owners of the Parent						Distributable Accumulated Losses	Total Equity
	Non-Distributable				Share	Foreign		
	Share Capital	* Share Premium	Warrants Reserve	Other Reserve	Issuance Scheme Option	Currency Translation Reserve		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Year ended 31 December 2018</b>								
As at 1 January 2018	50,451	-	20,489	(20,489)	978	5	(24,813)	26,621
Effect of MFRS 9 adoption (Note A1 (b))	-	-	-	-	-	-	(1)	(1)
As at 1 January 2018 (Restated)	50,451	-	20,489	(20,489)	978	5	(24,814)	26,620
Share options lapsed	-	-	-	-	(184)	-	184	-
Exercised of shares options	13	-	-	-	(4)	-	-	9
Total comprehensive income for the year	-	-	-	-	-	23	441	464
Deregistration of foreign subsidiary	-	-	-	-	-	(28)	28	-
As at 31 December 2018	50,464	-	20,489	(20,489)	790	-	(24,161)	27,093
<b>Year ended 31 December 2017</b>								
As at 1 January 2017	28,372	4,411	20,982	(20,982)	1,741	(9)	(24,472)	10,043
Issuance of ordinary shares	10,393	-	-	-	-	-	-	10,393
Shares option granted under SIS	-	-	-	-	1,251	-	-	1,251
Shares options lapsed	-	-	-	-	(74)	-	74	-
Conversion of warrants	425	-	(493)	493	-	-	-	425
Exercised of shares options	6,850	-	-	-	(1,940)	-	-	4,910
Total comprehensive loss for the year	-	-	-	-	-	14	(415)	(401)
Transfer in accordance with S618(2) Co.Act,2016	4,411	(4,411)	-	-	-	-	-	-
As at 31 December 2017	50,451	-	20,489	(20,489)	978	5	(24,813)	26,621

\*

The new Companies Act 2016 (the "Act"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM4.411 million become part of the Company's share capital pursuant to the transitional provisions 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 the amount standing to the credit of its share premium account of RM4.411 million for purposes as set out in Sections 618(3). 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 2017 and the accompanying explanatory notes attached in this interim financial statements.)

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## QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 Dec 2018

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	Year Ended 31 Dec 2018	Year Ended 31 Dec 2017
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	538	(216)
Adjustments for:-		
Depreciation of investment properties	57	85
Depreciation of property, plant and equipment	215	566
Amortisation of research and development expenditure	335	141
Development expenditure written off	-	400
Share-based payment	-	1,251
Inventories written off	-	37
Property, plant and equipment written off	41	57
Gain on disposal of property, plant and equipment	(20)	-
Gain on disposal of investment properties	(1,579)	(816)
Gain on disposal of associate company	(5)	-
Share of result of associate company	32	55
Impairment loss of trade receivables	1	-
Interest expense	8	11
Interest income	(166)	(114)
Unrealised loss on foreign exchange	29	47
Operating (loss)/profit before working capital changes	(514)	1,504
Changes in working capital:		
Inventories	27	70
Trade receivables	82,352	(98,485)
Other receivables	(510)	(1,169)
Trade payables	(95,398)	96,730
Other payables	(407)	1,194
Associate company	-	(3)
	(13,936)	(1,663)
Cash used in operations	(14,450)	(159)
Interest paid	(8)	(11)
Interest received	166	114
Tax paid	(576)	(151)
Tax refund	33	50
Net cash used in operating activities	(14,835)	(157)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(212)	(10)
Proceeds from disposal of property, plant and equipment	75	-
Proceeds from disposal of investment properties	2,400	1,200
Investment in associates company	-	(40)
Addition of research and development expenditure	(953)	(1,207)
Proceeds from shares disposal of associates company	10	-
Net cash generated from / (used in) investing activities	1,320	(57)

## APPASIA BERHAD

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### QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 Dec 2018

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figures have not been audited)

	<b>Year Ended 31 Dec 2018</b>	<b>Year Ended 31 Dec 2017</b>
	<u>RM'000</u>	<u>RM'000</u>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Proceeds on issuance of shares	-	10,393
Proceeds from conversion of warrants	-	425
Proceeds from exercise of SIS options	9	4,910
Addition of finance lease payables	100	-
Repayment of finance lease payables	(114)	(115)
Net cash (used in) / generated from financing activities	(5)	15,613
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(13,520)	15,399
<b>EFFECT OF EXCHANGE TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>	(6)	(57)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	20,535	5,193
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	7,009	20,535
Cash and cash equivalents comprises:		
Fixed deposits placed with licensed bank	4,048	5,041
Cash and bank balances	2,961	15,494
	7,009	20,535

#### Notes:

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 2017 and the accompanying explanatory notes attached in this interim financial statements.

## **APPASIA BERHAD**

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### **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 2017 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 2017.

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2018 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2017 except as disclosed below:

As of 1 January 2018, the Group have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

#### **MFRSs and amendments effective for annual period beginning on or after 1 January 2018:**

Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)

Amendments to MFRS 2: Share-based Payment: Classification and Measurement of Share-based Payment Transactions

MFRS 9: Financial Instruments

MFRS 15: Revenue from Contracts with Customers

MFRS 15: Revenue from Contracts with Customers: Clarifications to MFRS 15

Amendments to MFRS 128: Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)

Amendments to MFRS 140: Investment Property: Transfers of Investment Property

IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

The adoption of the above pronouncement has no material financial impact to the Group other than as asset out below:

#### **i. MFRS 9: Financial intruments**

The Group adopted MFRS 9: Financial Instruments on 1 January 2018. MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

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

MFRS 9 contains three principal classifications categories for financial assets: measured at amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale. The Group has elected to classify the equity investments as FVTPL and present subsequent changes in the investment’s fair value to profit or loss.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (“ECL”) model. Under MFRS 9, loss allowances will be measured on either 12 month ECLs or Lifetime ECLs. As allowed by the transitional provision of MFRS 9, the Group elected not to restate the comparatives.

Effects arising from the initial application of the new impairment model and the recognition of equity investments to FVTPL are as follows:

	<b>Impact of adoption of MFRS 9 to opening balance at 1 January 2018</b>
	<b>RM '000</b>
Decrease in retained earnings	(1)
Decrease in trade receivables	(1)

#### ii. MFRS 15: Revenue from Contract with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The application of MFRS 15 does not have a material effect on the Group’s financial statements.

### **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 2017 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.

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### **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**

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 the following core business units based on different products, services and market segments as follows:

#### ICT Security 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.

#### 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.

#### Digital Contents

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

#### Management Services

Investment holding and provision of management services.

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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## A8. SEGMENTAL INFORMATION (CONT'D)

### Results for year ended 31 Dec 2018

	ICT security business	E-commerce business	Digital Contents	Management Services	Eliminations	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenues	517	175,306	2,545	177	-	178,545
Inter segment	257	-	41	2,004	(2,302)	-
<b>Total revenue</b>	<b>774</b>	<b>175,306</b>	<b>2,586</b>	<b>2,181</b>	<b>(2,302)</b>	<b>178,545</b>
<b>Segment Results</b>						
Interest income	3	12	1	-	-	16
Finance costs	-	-	-	(8)	-	(8)
Depreciation and amortisation	(21)	(160)	(222)	(204)	-	(607)
Other non-cash items <sup>(1)</sup>	1,579	(65)	(27)	(997)	395	885
Segment gain/(loss) before tax	893	(731)	877	(5,731)	5,230	538

### Results for year ended 31 Dec 2017

	ICT security business	E-commerce business	Digital Contents	Management Services	Eliminations	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenues	1,482	139,135	2,114	108	-	142,839
Inter segment	294	3	-	1,560	(1,857)	-
<b>Total revenue</b>	<b>1,776</b>	<b>139,138</b>	<b>2,114</b>	<b>1,668</b>	<b>(1,857)</b>	<b>142,839</b>
<b>Segment Results</b>						
Interest income	1	3	1	-	-	5
Finance costs	-	-	-	(11)	-	(11)
Depreciation and amortisation	(62)	(85)	(160)	(485)	-	(792)
Other non-cash items <sup>(1)</sup>	816	(140)	(1)	(1,651)	-	(976)
Segment gain/(loss) before tax	766	1,379	640	(2,946)	(55)	(216)

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

	As at 31 Dec 2018	As at 31 Dec 2017
	RM'000	RM'000
Gain on disposal of property, plant and equipment	20	-
Gain on disposal of investment properties	1,579	816
Gain on disposal of associate company	5	-
Development expenditure written off	-	(400)
Impairment loss of trade receivables	(1)	-
Property, plant and equipment written off	(41)	(57)
Inventories written off	-	(37)
Listing expenses written off	(648)	-
Share-based payment	-	(1,251)
Unrealised loss on foreign exchange	(29)	(47)
	<b>885</b>	<b>(976)</b>

## **APPASIA BERHAD**

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### **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 were no material events 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**

On 16 November 2018, the Company had filed an application to Companies Commission of Malaysia (“CCM”) to strike off the name of AppAsia Pay Sdn. Bhd. (“APSB”), a wholly-owned subsidiary of the Company from the Register of the Companies Commission of Malaysia under Section 550 of the Companies Act, 2016.

On 27 November 2018, the Company had entered into a Sale & Purchase Agreement for Shares (“SPA”) with Mr Chiam Siong Keng (“the Purchaser”) to dispose 100,000 ordinary shares in AppAsia Express Sdn. Bhd. (“AESB”), representing 20% equity interest in AESB for a total cash consideration of RM10,000 (“Proposed Disposal”) only, resulting AESB ceased to be an associate company of the Company.

On 27 November 2018, the Company had entered into a Shares Sale Agreement (“SSA”) with the vendors of TBH Borneo Sdn Bhd (“TBH”), namely Ng Wai Leong and Khor Chin Chye (collectively, the “Vendors”) to purchase of the entire shareholding in TBH comprising 2,000,000 ordinary shares (“Sale Shares”) which represent 100% of the issued and paid-up capital of TBH to the Company for a total cash consideration of RM500,000 (“Proposed Acquisition”). As at the end of the current financial year ended 31 December 2018, the proposed acquisition has yet to be completed.

Save for the above, there were no changes in the composition of the Group during the current financial quarter under review.

### **A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Save for the material events disclosed in Notes A10 in this quarterly report, there were 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.

### **A14. SIGNIFICANT RELATED PARTY TRANSACTIONS**

There were 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.

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### 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 2018 RM'000	31 Dec 2017 RM'000		31 Dec 2018 RM'000	31 Dec 2017 RM'000	
Revenue	40,082	68,617	(41.6)	178,545	142,839	25.0
(Loss)/Profit before interest and taxation (PBIT/LBIT)	(284)	37	(867.6)	546	(205)	(366.3)
(Loss)/Profit before taxation (PBT/LBT)	(286)	35	(917.1)	538	(216)	(349.1)
(Loss)/Profit after taxation (PAT/LAT)	(107)	(138)	(22.5)	441	(415)	(206.3)
(Loss)/Profit attributable to ordinary equity holders of the parent	(107)	(138)	(22.5)	441	(415)	(206.3)

#### Review of results for current quarter

For the current quarter financial period ended 31 December 2018, the Group registered a revenue of RM 40.08 million, LBIT and LBT of RM 0.28 million as compared to a revenue of RM 68.62 million, PBIT and PBT of RM 0.04 million in the same quarter for the financial period ended 31 December 2017.

#### Commentary on revenue

The Group recorded a lower revenue for the current quarter, mainly due to a slowdown in sales under the e-commerce division as compared to the same quarter for the financial period ended 31 December 2017.

#### Commentary on PBIT/ PBT

The Group recorded an increase in LBIT and LBT for the current quarter financial period compared to the same quarter for the financial period ended 31 December 2017 and it was mainly due to the decrease in revenue.

#### Review of results for the financial year ended 31 December 2018

The Group registered a revenue of RM 178.55 million, PBIT and PBT of RM 0.55 million for the financial year ended 31 December 2018 as compared to a revenue of RM 142.84 million, LBIT and LBT of RM 0.22 million in the financial year ended 31 December 2017.

#### Commentary on revenue

The revenue growth was contributed mainly from the e-commerce and digital contents business segment.

#### Commentary on PBIT/ PBT

The positive PBIT and PBT results for current financial year ended 31 December 2018 were mainly contributed by the gain on disposal of investment properties.

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**B2. COMMENTS ON MATERIAL CHANGE IN PROFIT/(LOSS) BEFORE TAXATION**

	<b>Current quarter 31 Dec 2018 RM'000</b>	<b>Preceding quarter 30 Sep 2018 RM'000</b>	<b>Changes (%)</b>
Revenue	40,082	44,220	(9.4)
Loss from operations	(284)	(302)	(6.0)
Loss before taxation (LBT)	(286)	(304)	(5.9)
Loss after taxation (LAT)	(107)	(286)	(62.6)
Loss attributable to ordinary equity holders of the parent	(107)	(286)	(62.6)

The Group recorded a loss before taxation of RM 0.29 million for the current financial quarter under review as compared to the loss before taxation of RM 0.3 million recorded in the immediate preceding quarter ended 30 Sep 2018.

The lower LBT in current quarter is mainly due to the decrease in operating costs as compared to the previous quarter.

**B3. PROSPECTS FOR FINANCIAL YEAR 2019**

Due to the increased competition and the lower profit margin which is attributable to higher marketing costs, the outlook of the e-commerce business remains challenging.

However, the Group is optimistic of the e-commerce industry and shall strive to increase its market share by proper strategisation and prudent management.

The Group is also hopeful to increase its income from the digital content, IT security and cloud businesses.

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

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

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### B5. TAXATION

Income tax expense comprises the followings:

	Individual Quarter Ended		Cumulative Quarter Ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
In respect of the current period :-	RM'000	RM'000	RM'000	RM'000
Provision for current year taxation	(103)	146	(101)	146
(Over) / Underprovision for taxation in prior year	(76)	-	(76)	26
Effect of real property gain tax	-	27	72	27
Total income tax expense	(179)	173	97	199

### B6. STATUS OF CORPORATE PROPOSALS

On 1 October 2018, The Company proposes to undertake the Proposed Share Capital Reduction. The Proposed Share Capital Reduction entails the reduction of RM24.00 million of the issued share capital of AppAsia pursuant to Section 116 of the Act.

The corresponding credit of RM24.00 million arising from such cancellation will be utilised to eliminate the accumulated losses of the Company and the balance will be credited to the retained earnings account of the Company which can be utilised to set-off future losses (i.e. may be due to impairment loss in subsidiaries or operating loss) and such other manners as the Board deems fit and as permitted by the relevant and applicable laws and the Company's Constitution. Further information could refer to announcement on 1 October 2018.

Subsequent to the event, a special resolution as set in the Notice of Extraordinary General Meeting ("EGM") dated 18 October 2018 was duly passed by way of poll at the EGM of the Company held on 9 November 2018.

On 18 December 2018, the Company had via its legal counsel, filed a petition to the High Court of Malaya, Kuala Lumpur in relation to the Proposed Share Capital Reduction. The hearing for the Petition has been scheduled on 6 March 2019.

## APPASIA BERHAD

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### 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 RM'000	Actual Utilisation RM'000	Deviations RM'000	Balance Utilisation RM'000	Time frame for utilisation RM'000
Working capital	7,835	6,553	167*	1,449	within 24 months #
Future business expansion	2,267	1,608	-	659 ^	within 24 months #
Expenses in relation to the Proposed Private Placement	291	124	(167)*	-	-
<b>Total</b>	<b>10,393</b>	<b>8,285</b>	<b>-</b>	<b>2,108</b>	

\* In view of the actual expenses incurred in relation to the private placement being lower than estimated, the excess has been utilised for working capital purposes.

# As disclosed in the Company's announcement dated 27 February 2019 for the extension of a further 12 months to utilise the working capital and future business expansion.

^ The balance utilisation to be used in the future which include the Group's future new business segment under credit financing.

### 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 RM'000	Non-Current Liabilities RM'000	Total RM'000
<b>Secured</b>			
Finance lease payables	82	46	128

## APPASIA BERHAD

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### B9. MATERIAL LITIGATION

As at the date of this report, there was 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)/PROFIT PER SHARE

(a) Basic (loss)/profit per share

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

	Current quarter ended		Cumulative quarter ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
(Loss)/Profit attributed to owners of the parent for the period (RM'000)	(107)	(138)	441	(415)
Weighted average number of issued ordinary shares ('000)	345,250	318,594	345,247	300,995
Basic (loss)/profit per share (sen)	(0.03)	(0.04)	0.13	(0.14)

(b) Diluted (loss)/profit per share

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

	Current quarter ended		Cumulative quarter ended	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
(Loss)/Profit attributed to owners of the parent for the period (RM'000)	(107)	(138)	441	(415)
Weighted average number of issued ordinary shares ('000)	345,250	392,002	346,613	371,175
Diluted (loss)/profit per share (sen)	(0.03)	(0.04)	0.13	(0.11)

## APPASIA BERHAD

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### B11. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivative financial instruments

As at 31 December 2018, the Group does not hold any derivative financial instruments.

(b) Disclosure of gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of financial liabilities reported by the Group during the financial period under review.

### B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Current quarter ended		Cumulative quarter ended	
	31 Dec 2018 RM'000	31 Dec 2017 RM'000	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Depreciation and amortisation	152	268	607	792
Impairment of trade receivables	(71)	-	1	-
Finance costs	2	2	8	11
Unrealised loss on foreign exchange	1	20	29	47
Interest income	(17)	(52)	(166)	(114)
Rental income	(5)	(20)	(34)	(120)
Inventories written off	-	-	-	37
Property, plant and equipment written off	-	43	41	57
Gain on disposal of property, plant and equipment	-	-	(20)	-
Gain on disposal of investment properties	-	-	(1,579)	(816)
Gain on disposal of associate company	(5)	-	(5)	-

Save for items disclosed above and in the Condensed Consolidated Statement of Comprehensive Income, the other items under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

### B13. AUTHORISATION FOR ISSUE

The interim financial statements were authorized for issue on 27 February 2019 in accordance with resolution of the board of directors.